PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 448 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2005–2006

COMPRISING PERIOD
26 June—14 July 2006

£105
(Two parts not sold separately)

Cam 124

(04/07)

HER MAJESTY'S GOVERNMENT

MEMBERS OF THE CABINET

(Formed by the Rt. Hon. Tony Blair, MP, May 2005)

PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt. Hon. Tony Blair, MP

DEPUTY PRIME MINISTER AND FIRST SECRETARY OF STATE—The Rt. Hon. John Prescott, MP

CHANCELLOR OF THE EXCHEQUER—The Rt. Hon. Gordon Brown, MP

LEADER OF THE HOUSE OF COMMONS AND LORD PRIVY SEAL—The Rt. Hon. Jack Straw, MP

SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS—The Rt. Hon. Margaret Beckett, MP

SECRETARY OF STATE FOR TRADE AND INDUSTRY—The Rt. Hon. Alistair Darling, MP

SECRETARY OF STATE FOR THE HOME DEPARTMENT—The Rt. Hon. John Reid, MP

SECRETARY OF STATE FOR HEALTH—The Rt. Hon. Patricia Hewitt, MP

SECRETARY OF STATE FOR CULTURE, MEDIA AND SPORT—The Rt. Hon. Tessa Jowell, MP

MINISTER FOR THE CABINET OFFICE AND MINISTER FOR SOCIAL EXCLUSION (CHANCELLOR OF THE DUCHY OF LANCASTER)—The Rt. Hon. Hilary Armstrong, MP

SECRETARY OF STATE FOR NORTHERN IRELAND AND SECRETARY OF STATE FOR WALES—The Rt. Hon. Peter Hain, MP

LEADER OF THE HOUSE OF LORDS AND PRESIDENT OF THE COUNCIL—The Rt. Hon. The Baroness Amos

SECRETARY OF STATE FOR CONSTITUTIONAL AFFAIRS AND LORD CHANCELLOR—The Rt. Hon. The Lord Falconer of Thoroton, QC

SECRETARY OF STATE FOR INTERNATIONAL DEVELOPMENT—The Rt. Hon. Hilary Benn, MP

SECRETARY OF STATE FOR EDUCATION AND SKILLS—The Rt. Hon. Alan Johnson, MP

SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT—The Rt. Hon. Ruth Kelly, MP

SECRETARY OF STATE FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS—The Rt. Hon. David Miliband, MP

SECRETARY OF STATE FOR WORK AND PENSIONS—The Rt. Hon. John Hutton, MP

SECRETARY OF STATE FOR DEFENCE—The Rt. Hon. Des Browne, MP

SECRETARY OF STATE FOR TRANSPORT AND SECRETARY OF STATE FOR SCOTLAND—The Rt. Hon. Douglas Alexander, MP

MINISTER WITHOUT PORTFOLIO—The Rt. Hon. Hazel Blears, MP

PARLIAMENTARY SECRETARY TO THE TREASURY—The Rt. Hon. Jacqui Smith, MP

CHIEF SECRETARY TO THE TREASURY—Stephen Timms, Esq, MP

DEPARTMENTS OF STATE AND MINISTERS

Cabinet Office—

MINISTER FOR THE CABINET OFFICE AND MINISTER FOR SOCIAL EXCLUSION (CHANCELLOR OF THE DUCHY OF LANCASTER)—The Rt. Hon. Hilary Armstrong, MP

MINISTER WITHOUT PORTFOLIO The Rt. Hon. Hazel Blears, MP

PARLIAMENTARY SECRETARIES—
Pat McFadden, Esq, MP
Edward Miliband, MP

Communities and Local Government—

SECRETARY OF STATE AND MINISTER FOR WOMEN—The Rt. Hon. Ruth Kelly, MP

MINISTERS OF STATE—
Minister for Local Government—Phil Woolas, MP
Minister for Housing and Planning—Yvette Cooper, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Angela E. Smith, MP
Meg Munn (Minister for Women and Equality)
The Baroness Andrews, OBE

Constitutional Affairs—

SECRETARY OF STATE—The Rt. Hon. The Lord Falconer of Thoroton, QC

MINISTER OF STATE—
The Rt. Hon. Harriet Harman, QC, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Baroness Ashton of Upholland
Bridget Prentice, MP
Vera Baird, QC, MP

Culture, Media and Sport—

SECRETARY OF STATE—The Rt. Hon. Tessa Jowell, MP

MINISTER OF STATE—

Minister of Sport—The Rt. Hon. Richard Caborn, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—

Shaun Woodward, Esq, MP

David Lammy, Esq, MP

Defence—

SECRETARY OF STATE—The Rt. Hon. Des Browne, MP

MINISTER OF STATE—The Rt. Hon. Adam Ingram, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—

Tom Watson, Esq, MP

The Lord Drayson

Education and Skills—

SECRETARY OF STATE—The Rt. Hon. Alan Johnson, MP

MINISTERS OF STATE—

Minister for Schools—Jim Knight, MP

Minister for Higher Education and Lifelong Learning—Bill Rammell, MP

Minister for Children and Families—The Rt. Hon. Beverley Hughes, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—

The Lord Adonis

Phil Hope, MP

Parmjit Dhanda, Esq, MP

Environment, Food and Rural Affairs—

SECRETARY OF STATE—The Rt. Hon. David Miliband, MP

MINISTERS OF STATE—

Minister for Climate Change and the Environment—Ian Pearson, MP

Minister for Sustainable Farming and Food—The Rt. Hon. The Lord Rooker

PARLIAMENTARY UNDER-SECRETARIES OF STATE—

Ben Bradshaw, Esq, MP

Barry Gardiner, MP

Foreign and Commonwealth Affairs—

SECRETARY OF STATE—The Rt. Hon. Margaret Beckett, MP

MINISTERS OF STATE—

Minister for Europe—The Rt. Hon. Geoffrey Hoon, MP

Minister for Trade—The Rt. Hon. Ian McCartney, MP

Minister for the Middle East—Dr. Kim Howells, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—

The Lord Triesman

Health—

SECRETARY OF STATE—The Rt. Hon. Patricia Hewitt, MP

MINISTERS OF STATE—

Rosie Winterton, MP

Andy Burnham, MP

The Lord Warner

Caroline Flint, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—

Ivan Lewis, Esq, MP

Home Office—

SECRETARY OF STATE—The Rt. Hon. John Reid, MP

MINISTERS OF STATE—

Minister for Policing, Security and Community Safety—Tony McNulty, Esq, MP

Minister for Criminal Justice and Offender Management—The Baroness Scotland of Asthal, QC

Minister for Immigration, Citizenship and Nationality—Liam Byrne, Esq, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—

Joan Ryan, MP

Vernon Coaker, Esq, MP

Gerry Sutcliffe, Esq, MP

International Development—

SECRETARY OF STATE—The Rt. Hon. Hilary Benn, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—Gareth Thomas, Esq, MP

Law Officers' Department—

ATTORNEY-GENERAL—The Rt. Hon. The Lord Goldsmith, QC

SOLICITOR-GENERAL—Mike O'Brien, QC, MP

ADVOCATE-GENERAL FOR SCOTLAND—The Lord Davidson of Glen Cova, QC

Leader of the House of Commons—

LEADER OF THE HOUSE OF COMMONS AND LORD PRIVY SEAL—The Rt. Hon. Jack Straw, MP

DEPUTY LEADER OF THE HOUSE OF COMMONS—Nigel Griffiths, MP

Northern Ireland—

SECRETARY OF STATE—The Rt. Hon. Peter Hain, MP

MINISTER OF STATE—
David Hanson, Esq, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Maria Eagle, MP
Paul Goggins, MP
David Cairns, MP

Paymaster General's Office—

PAYMASTER GENERAL—The Rt. Hon. Dawn Primaroio, MP

Privy Council Office—

LORD PRESIDENT OF THE COUNCIL AND LEADER OF THE HOUSE OF LORDS—The Rt. Hon. The Baroness Amos

Scotland Office—

SECRETARY OF STATE—The Rt. Hon. Douglas Alexander, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—
David Cairns, MP

Trade and Industry—

SECRETARY OF STATE—The Rt. Hon. Alistair Darling,MP

MINISTERS OF STATE—
Minister for Trade—The Rt. Hon. Ian McCartney, MP
Minister for Industry and the Regions—The Rt. Hon. Margaret Hodge, MP, MBE
Minister for Energy—Malcolm Wicks, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Sainsbury of Turville (Minister for Science and Innovation)
Jim Fitzpatrick (Minister for Consumer Affairs and Competition Policy)

Transport—

SECRETARY OF STATE—The Rt. Hon. Douglas Alexander, MP

MINISTER OF STATE—
Dr. Stephen Ladyman, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Derek Twigg, MP
Gillian Merron, MP

Treasury—

PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt. Hon. Tony Blair, MP

CHANCELLOR OF THE EXCHEQUER—The Rt. Hon. Gordon Brown, MP

CHIEF SECRETARY—Stephen Timms, Esq, MP

PAYMASTER GENERAL—The Rt. Hon. Dawn Primarolo, MP

FINANCIAL SECRETARY—John Healey, MP

ECONOMIC SECRETARY—Ed Balls, Esq, MP

PARLIAMENTARY SECRETARY—The Rt. Hon. Jacqui Smith, MP

LORDS COMMISSIONERS—
Dave Watts, Esq, MP
Alan Campbell, Esq, MP
Kevin Brennan, MP
Frank Roy, Esq, MP
Claire Ward, MP

ASSISTANT WHIPS—
Ian Cawsey, Esq, MP
Steve McCabe, MP
Liz Blackman, MP
Tony Cunningham, MP
Huw Irranca-Davies, MP
Jonathan Shaw, MP
Michael Foster, Esq, MP

Wales Office—

SECRETARY OF STATE—The Rt. Hon. Peter Hain, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—
Nick Ainger, Esq. MP

Work and Pensions—

SECRETARY OF STATE—The Rt. Hon. John Hutton, MP

MINISTERS OF STATE—
Minister for Employment and Welfare Reform—Jim Murphy, Esq.
Minister for Pensions Reform—James Purnell, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Anne McGuire, MP
James Plaskitt, Esq. MP
The Lord Hunt of Kings Heath, OBE

Her Majesty's Household—

LORD CHAMBERLAIN—The Rt. Hon. The Lord Luce, GCVO, DL

LORD STEWARD—The Duke of Abercorn, KG

MASTER OF THE HORSE—The Lord Vestey

TREASURER—The Rt. Hon. Bob Ainsworth, MP

COMPTROLLER—The Rt. Hon. Thomas McAvoy, MP

VICE-CHAMBERLAIN—John Heppell, Esq. MP

CAPTAIN OF THE HONOURABLE CORPS OF GENTLEMAN-AT-ARMS—The Rt. Hon. The Lord Grocott

CAPTAIN OF THE QUEEN'S BODYGUARD OF THE YEOMAN OF THE GUARD—The Lord Davies of Oldham

LORDS IN WAITING—The Lord Bassam of Brighton, The Lord Evans of Temple Guiting, CBE, The Lord McKenzie

BARONESSES IN WAITING—The Baroness Crawley, The Baroness Farrington of Ribbleton, The Baroness Royall of Blaisdon

---

SECOND CHURCH ESTATES COMMISSIONER, REPRESENTING CHURCH COMMISSIONERS—Sir Stuart Bell, MP

HOUSE OF COMMONS

THE SPEAKER—The Rt. Hon. Michael J. Martin, MP

CHAIRMAN OF WAYS AND MEANS—The Rt. Hon. Sir Alan Haselhurst, MP

FIRST DEPUTY CHAIRMAN OF WAYS AND MEANS—Mrs. Sylvia Heal, MP

SECOND DEPUTY CHAIRMAN OF WAYS AND MEANS—Sir Michael Lord, MP

CHAIRMEN'S PANEL

David Amess, Janet Anderson, Hugh Bayley, Miss Anne Begg, Joe Benton, John Bercow, Sir John Butterfill, Martin Caton, Christopher Chope, Derek Conway, Frank Cook, John Cummings, Mrs. Janet Dean, Roger Gale, Mike Hancock, Jimmy Hood, Mrs. Joan Humble, Eric Illsley, Martyn Jones, David Marshall, Eric Martlew, Edward O'Hara, Bill Olner, Greg Pope, David Taylor, Mike Weir, Hywel Williams, David Wilshire, Ann Winterton, Sir Nicholas Winterton

HOUSE OF COMMONS COMMISSION

The Rt. Hon. The Speaker (Chairman), Sir Stuart Bell, MP, Nick Harvey, MP, The Rt. Hon. David Maclean, MP, The Rt. Hon. Mrs. Theresa May, MP, The Rt. Hon. Jack Straw, MP

SECRETARY OF THE COMMISSION—David Natzler

ASSISTANT SECRETARY—Geoffrey Farrar

ADMINISTRATION ESTIMATE AUDIT COMMITTEE

The Rt. Hon. Mrs. Theresa May, MP (Chairman), Nick Harvey, MP, Sir Thomas Legg, KCB, QC, David Taylor, FCA

SECRETARY OF THE AUDIT COMMITTEE—Tracey Garratty

BOARD OF MANAGEMENT

Sir Roger Sands KCB (Chief Executive), Helen Irwin (Clerk of Committees, Department of the Clerk of the House), Peter Grant Peterkin, CB, OBE (Serjeant at Arms), John Pullinger (Librarian), Andrew Walker (Director of Finance and Administration), Lorraine Sutherland (Editor of the Official Report), Sue Harrison (Director of Catering Services), Joan Miller (Director of Parliamentary ICT)

SECRETARY OF THE BOARD OF MANAGEMENT—Robert Twigger

SPEAKER'S SECRETARY—Angus Sinclair

SPEAKER'S COUNSEL—John Vaux

SPEAKER'S CHAPLAIN—Rev. Canon Robert Wright

MEDICAL ADVISER TO THE SPEAKER—Dr. Ron Zeegen, OBE, FRCP, MRCS, DObst, RCOG

PARLIAMENTARY COMMISSIONER FOR STANDARDS—Sir Philip Mawer

PARLIAMENTARY SECURITY CO-ORDINATOR—Peter Mason

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 448**

FIFTEENTH VOLUME OF SESSION 2005-2006

House of Commons

Monday 26 June 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Canberra Bomber

1. **Mr. Roger Gale** (North Thanet) (Con): With what he plans to replace the Canberra Bomber as a wet film camera platform. [79710]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): After the retirement from service of the Canberra PR9 at the end of next month, we will continue to provide military intelligence, surveillance, target acquisition and reconnaissance capabilities through a combination of in-service systems and new equipment programmes such as ASTOR and Watchkeeper, which will incrementally deliver enhanced capability.

Mr. Gale: The analysts are all agreed that wet film—traditional film—provides a higher definition and resolution than any other service. What the Minister has described is a platform for providing digital surveillance, which is not good enough. We have known for a long time that Canberra is going out of service at the end of the month. What will provide a platform for the wet film cameras?

Mr. Ingram: We propose to invest between £2 billion and £2.5 billion per annum over the next 10 years on our network-enabled capability. That will give us a range of stand-off surveillance systems, which will greatly enhance our capability. The hon. Gentleman says authoritatively that wet film is the only way forward, but that is not the analysis of those who are considering our new requirements for a network-enabled capability, which co-ordinates what is happening in the field and what we see from the sky and provides enhanced communication to people on the ground.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is there any risk that the successor to the Canberra will not be end-on to the retirement date for Canberra, and that we shall therefore avoid a capability gap of the sort that some analysts have been predicting for some time?

Mr. Ingram: We have a range of new systems coming on-stream, one of which is ASTOR, which is the overall capability, while the Raptor reconnaissance pod will be fitted to Tornados and is expected to be ready for operation before the end of this year. That will provide an enhanced capability and is a wet film concept upgraded to digital technology. I hear what my hon. Friend and the hon. Member for North Thanet (Mr. Gale) say, but our proposal is based on what we believe to be the appropriate technology for the decades ahead. It is a major investment based on the best analysis of what we need to meet our requirements in the field.

Mr. Henry Bellingham (North-West Norfolk) (Con): Will the Minister find time today to pay tribute to the last remaining Canberra PR9 squadron based at RAF Marham? Such squadrons are in many ways the

unsung heroes of numerous conflicts over the past 40 years or so, flying in extremely tough conditions in all weathers.

Mr. Ingram: I am only too happy to do so. The media has shown some good news footage about all that recently, pointing to the age of some of the crew who have been with that aircraft for a considerable number of years and provided work of incredibly high quality. I am sure that those who fly on the replacement reconnaissance aircraft, combined with the unmanned facility, will provide an equally high standard in the decades to come.

Mr. Gerald Howarth (Aldershot) (Con): I join my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) in paying tribute to this singular aircraft, its contribution to the Royal Air Force and its capabilities over the past 55 years. No other aeroplane can hold a candle to the service that the Canberra has given. I understand that even Her Majesty the Queen had a small tear in her eye as she saw the last Canberra fly over Buckingham palace.

I have seen the Canberra in operation in Oman, where I spoke to the crew. As my hon. Friend the Member for North Thanet (Mr. Gale) says, there is no substitute for wet film. Given the Minister's acceptance of the singular capability of the Canberra, its replacement with what he described as a combination of incremental improvements is no substitute for the Canberra. When will Project Dabinett, the Ministry of Defence's study of the long-term replacement for that capability report? Are not our armed forces again being made to carry the operational risk of yet another capability gap because the Ministry of Defence makes it decisions not on military imperatives but to deliver more short-term savings to the Chancellor of the Exchequer, who now struts around the country pretending to be the new friend of the armed forces?

Mr. Ingram: I do not know whether the hon. Gentleman wanted to ask a question or to make a political attack. I shall deal with the political attack first. Let us remember that we have seen the largest real-terms increase in defence expenditure for 20 years. That will procure, for land, sea and air, a substantial upgrade of all our equipment needs for decades ahead.

The hon. Gentleman asked about a specific project; I do not have any information to hand on when a report on it is likely, but I will write to him.

As for the idea that what we are doing is short-term and represents a cut, I have given the figure for the investment that we shall be making in digital technology. What we are doing is all about improving the capability of our operatives in the field. That is the direction in which our European allies and the United States are going, and it will give us inter-operability with our main allies. I do not see it as a cut; I see it as an enhanced capability.

Iraq

2. **Mr. David Ruffley** (Bury St. Edmunds) (Con): If he will make a statement on the security situation in Iraq. [79711]

The Secretary of State for Defence (Des Browne): Before I answer the question I will, with the permission of the House, take the opportunity on a special day to pay tribute to those who, through their exceptional valour, have earned either the Victoria Cross or the George Cross. My ministerial colleagues, along with members of Her Majesty's loyal Opposition and representatives of the Liberal Democrats, were privileged to be at a commemorative service for the 150th anniversary of the Victoria Cross and the 50th anniversary of the Victoria Cross and George Cross Association in Westminster abbey this morning in the presence of His Royal Highness the Prince of Wales. Those of us who were present at that very simple and dignified service, in the presence of holders of those decorations, were both honoured and humbled to be there.

While there has been an increase in violence across Iraq in recent months, the majority of attacks remain confined to four out of 18 provinces. Although across three of the provinces in Multi-National Division (South-East) the security situation remains relatively calm, in Basra there has been a recent increase in violence. However, on 19 June the Prime Minister of Iraq announced a security plan for Basra which has been agreed with the coalition forces. He also announced that the Iraqi security forces would take responsibility for the security of Muthanna province from next month. Both those events were unfolding during my visit last week. As they have very important implications for our troops, I am sure Members will understand why I decided there and then to extend my visit at the expense of my contribution to the defence policy debate in the House on Thursday.

Mr. Ruffley: Nearly a quarter of the British soldiers lost in hostile action in Iraq were in Snatch Land Rovers at the time. Those vehicles are widely recognised to be inadequately armoured to withstand roadside bombs, and are consequently seen as a soft target for insurgents. In the interests of preventing unnecessary deaths, will the Secretary of State tell us which specific vehicles he is considering deploying as replacements for Snatch Land Rovers in Iraq?

Des Browne: The hon. Gentleman has made a good point. The Snatch Land Rover was a popular option earlier in the campaign in Afghanistan, because it was mobile and a good all-rounder, and had the right profile to help our troops to engage with the people of Basra in Multi-National Division (South-East). I think Members will appreciate that a vision of our troops thundering down narrow streets with battle tanks was not exactly what we wanted to convey to the people of Basra and other parts of south-east Iraq.

Things are changing. As I have said, the level of violence in Basra has increased. I will not go into detail for obvious reasons, but the weapons that the terrorists are using have changed radically, as I have seen for myself on visits. I have seen that that is a serious issue, and have asked for a review. There are medium and long-term plans relating to vehicles, and I shall be considering what we can do to respond to the situation in the short term—although we do also respond by means of tactics and operational instructions.

John Smith (Vale of Glamorgan) (Lab): Is my right hon. Friend satisfied that enough is being done to secure the border with Iran, and to prevent Iranian influence in southern Iraq and Basra? I am thinking particularly of the transport of improvised explosive devices which are being used against Snatch vehicles.

Des Browne: I am sure my hon. Friend is aware of the size of the land border between Iraq and Iran. I am sure he is also aware of something that is very clear to me: many of the people living in that area do not necessarily accept in their lifestyles the lines that others have drawn on the maps for them. There are tribes that move freely across the borders and have done so for generations, long before any European country had any interest in that part of the world. It is highly unlikely that any military operation will change that way of life. That having been said, we are very aware of the malign influence that interference by those outside Iraq's borders can have on its politics and destiny. My hon. Friend can rest assured that that is significantly high in our interest and that of the Iraqi Government, and will figure as part of the Basra security plan.

Ann Winterton (Congleton) (Con): The Minister of State said last week in the debate:

"Our focus at all times is the protection of our personnel".—[*Official Report*, 22 June 2006; Vol. 447, c. 1502.]

Bearing that in mind, what street parameters are regarded as reasonably acceptable—including width and spacing between buildings—for Snatch armoured Land Rovers to patrol in urban areas in Iraq?

Des Browne: I cannot give the hon. Lady a response to a specific question about sizes of streets, and I apologise to her if she thinks that I should be able to do so. I shall look into the issue and if it is of any relevance to the point that I think underlies her question, I will be in touch with her. Decisions on which vehicles to use on operations are for the commanders on the ground. They have to weigh up several points—including the levels of protection, which have been the focus of the debate on the Snatch Land Rover, its mobility, and the ability to reduce the threat through tactics—and they then make a choice. In the view of the general who has responsibility for that area, protection is 30 per cent. about equipment, 60 per cent. about tactics and—because soldiering is a difficult and dangerous operation in those circumstances—the other 10 per cent. is accounted for by other elements.

Mr. James Arbuthnot (North-East Hampshire) (Con): In Baghdad a couple of weeks ago I was surprised to discover that NATO has a training mission there. What does the Secretary of State envisage as the future of that training mission? Does he envisage that it will take over the whole of the training in Iraq when the multinational security transition command is wound up next year?

Des Browne: I know that the right hon. Gentleman had an important and informative visit to Iraq with his Select Committee. I am not in a position to give him a direct response to that question at this stage, but NATO training is very important to building capacity in the Iraqi security forces. It is certain that beyond the date that he mentions, when the planned multinational training comes to an end, there will continue to be a need for training for the Iraqi security forces, and it is almost certain that NATO countries, if not NATO itself, will make a significant contribution to that.

Nick Harvey (North Devon) (LD): What assessment does the Secretary of State make of the effect that the indefinite detention of 14,000 Iraqi prisoners, under the authority of the multinational forces, is having on perpetuating the insurgency? What measures are in place to charge and try those people under any recognisable judicial procedure and what hope is there that the reconciliation moves being mooted by the new Prime Minister might lead to the release of some of those people soon?

Des Browne: The hon. Gentleman will be aware that, in addition to those who are in the detention principally of the United States, some 30,000 others are in the detention of the Iraqi Government. In all my meetings last week with a significant number of Iraqi Ministers, including the Prime Minister and the President, I discussed the issue of detention. It is an important issue and, in my view, there is no possibility of a sustainable and long-term future for the new Government of Iraq beyond the point of relying on coalition forces if they have large numbers of people in detention and insufficient judicial capacity to deal with them. Consequently, I was pleased that the need to address the significant number of people in detention was a significant part of the reconciliation statement made yesterday by Prime Minister Maliki. However, hon. Members have to understand that many of those people are detained because they are a danger to the Iraqi people. The Government's ability to deal with those detained in the context of reconciliation will be a function of their ability to build a judicial system that can deal with that number of people.

Dr. Liam Fox (Woodspring) (Con): General Casey, the top American commander in Iraq, said last week:

"We are quite confident that the Iranians, through their covert special operations forces are providing weapons, I.E.D. technology and training to Shia extremist groups in Iraq."

Do the Government share that very serious American assessment of Iranian involvement, and what increased risk does it pose to our troops?

Des Browne: I have said, and my predecessor said, that from the nature of some of those weapons, and the coincidence in the description of them and the weapons in the hands of those who have been associated with Iran in the delivery of violence through terrorist activity in other parts of the world, some of them are believed to have their roots in Iran. Whether they are being brought into Iran on the instructions and direction of the Iranian Government or by other elements is not yet clear. However, those sophisticated weapons pose a considerable threat to our forces.

Dr. Fox: Clearly, there is an increased risk. Lord Drayson told the other place recently that in Iraq, the Snatch Land Rover

"provides the mobility and level of protection that we need."—[*Official Report, House of Lords*, 12 June 2006; Vol. 12, c. 2.]

Fusilier Gordon Gentle was killed by a road-side bomb way back in June 2004, and since then other soldiers have been killed who would have survived if they had been in properly armed vehicles.

Snatch Land Rovers do not offer the level of protection that our troops need in Iraq, yet we continue to use them. Why are our troops not given the level of protection that they need, and which American troops already enjoy? Commanders cannot deploy vehicles that they do not have.

Des Browne: As I have already said to the House, it is open to commanders to deploy vehicles that have heavier protection than the Snatch Land Rover and they have to make—*[Interruption.]* Other vehicles are available to them; there is a choice. However, commanders must be free to make decisions in relation to the operations for which they deploy soldiers. I have already said to the House that I am aware of the issue: I could not but be aware of it following my visit last week and, indeed, my earlier visit. I have asked for a review of what we can do in the long term and immediately. I shall see what we can do immediately to respond to the changing situation, although significant measures other than those in relation to the vehicle's armour must be taken. We are at the leading edge of some of them, and electronic counter-measures, in particular.

Veterans Challenge Fund

3. **Mr. Eric Joyce** (Falkirk) (Lab): What projects the veterans challenge fund has supported in the last 12 months. [79712]

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): The veterans challenge fund allows communities to celebrate the role veterans play in our society by financing projects that support the three pillars of the veterans strategy. They are: to provide excellent preparation for the transition of service personnel back to civilian life; to provide advice and support for those of our veterans who need it; and to ensure that the nation recognises, understands and commemorates veterans' contribution to society.

In the past 12 months the fund has supported 23 projects, ranging from work with rough-sleeping veterans to support for the ongoing Victoria Cross and George Cross anniversary celebrations.

Mr. Joyce: I thank my hon. Friend for that answer. A number of my constituents have contacted me with a view to setting up a local advice facility for veterans. Will he agree to meet them along with me at some point?

Mr. Watson: I should be delighted to meet them. That sounds exactly the sort of initiative for which the veterans challenge fund was created.

Iraq

4. **Harry Cohen** (Leyton and Wanstead) (Lab): When he expects UK forces to leave Basra. [79713]

The Secretary of State for Defence (Des Browne): The requirement for a continuing coalition presence in Basra will persist until clearly defined conditions are achieved. As with all 18 Iraqi provinces, it is the achievement of those conditions that will ultimately determine when Iraqi security forces can take over responsibility for security.

Harry Cohen: Is not the purpose of UK forces in Basra to maintain order and to ensure basic amenities? If so, why did a state of emergency have to be declared after a surge of killings, and why is Bill Neely, ITN's international editor, reporting on limbs amputated for lack of basic medical supplies, children dying from preventable diseases, and no treatment for cancer patients for three years in Basra's main hospital? Why are Ministers sleep-walking when they should be waking up to their responsibilities? If they say, "Can't do", should not it be a case of "Can't stay"?

Des Browne: My hon. Friend's position on the presence of British forces in Iraq is well known, as it has been over the years. The fact is that British forces in Basra have seen an improvement in a significant number of the services available to the people of Basra. There has been an increase in violence over the last few months, but that is entirely coincidental with the period between the election and the formation of the Iraqi Government. The Iraqi Government are now in place and the Prime Minister, the new Defence Minister and the new Minister of the Interior have publicly stated that security in Basra is a priority. They have developed a plan that will be led by the Iraqi security forces themselves, in the form of the Iraqi army. There are significant difficulties; the Iraqi police have been significantly infiltrated by violent groups who are part of an outside process and there is a degree of corruption, but the plan addresses those issues. To suggest that the situation for the ordinary people of Basra is no better since British forces have been there is not true—it has improved for them.

Mr. Julian Brazier (Canterbury) (Con): Whatever the time scale for our armed forces in Basra, the Secretary of State's earlier comments on possible replacements for the Snatch Land Rover in Basra and elsewhere in Iraq are welcome, provided they lead to early action. I urge the right hon. Gentleman to consider the grievous gap in our capability for clearing mines for light forces, which in practice means most of our forces in Iraq, and indeed in Afghanistan. Both those factors are putting lives at risk unnecessarily.

Des Browne: I thank the hon. Gentleman for his opening comments. I have already made my position clear to the House, so it is unnecessary to repeat it. I shall take into account the hon. Gentleman's second point, although I am not aware of a level of risk immediately generated by the absence of capability that he suggests.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): When the members of the Select Committee on Defence were in Iraq recently we met members of the 10th Division and General Latif. As well as giving the Iraqis support in training, did my right hon. Friend hold discussions

with the Iraqi Government about how they can be resourced in terms of equipment and other things they need to do the job that they are eager and willing to take over in neighbouring states, as well as playing their part in bringing security to Basra?

Des Browne: I, too, met General Latif and visited the 10th Division. At that stage, he was proudly showing off to me the equipment allocated to him. The indications were that if there had been a blockage in relation to the necessary equipment, the equipment was now forthcoming. The 10th Division was deploying forces in Basra city when I was there, giving security in the city a clear Iraqi face, which was welcome both to our troops and to the people of the city.

Veterans' Day

5. **Ben Chapman** (Wirral, South) (Lab): If he will make a statement on Veterans' day. [79714]

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): I am pleased that the first-ever national Veterans' day is taking place on 27 June. Not only will a major event be organised at the Imperial War museum in London, but we know of 150 events that are being organised locally across the UK. More than 70 events have received financial support from the Department at a total cost of about £130,000. I am delighted that this opportunity to celebrate the achievements of our veterans is being embraced so enthusiastically by organisers, veterans and the general public.

Ben Chapman: While many congratulations are due on the introduction of Veterans' day and all that has been achieved, may we turn our attention to how we recognise those involved in more recent conflicts, such as the Falklands, now approaching its 25th anniversary? But a more pressing point—at least for me—is the situation of those interned by the Japanese during hostilities in the second world war. Can my hon. Friend update me on how we are settling that debt of honour?

Mr. Watson: I shall answer both parts of that supplementary question. I can confirm that there will be a major celebration of the 25th anniversary of the Falklands. I probably speak for both sides of the House when I give the reason why. Today, many of us were in the company of the most remarkably brave people, who have served their country in military and civilian capacities. Some of them served in the Falklands and they deserve a commemoration 25 years on. My view is that the anniversary should be celebrated in the UK and the Falklands. I am not in a position to sketch out the detail yet, but I will report to the House when we have more information.

On my hon. Friend's second point, I am pleased to say that the criteria for the new 20-year residence criterion for the far east prisoner of war scheme have been agreed with my hon. Friend the Member for Hendon (Mr. Dismore) and the chairman of the Association of British Civilian Internees Far East Region. They will be implemented with effect from today. I hope to place the detailed rules in the Library of the House. Those who were British at the time of their internment who think that they meet the criterion of 20 years residence in the UK between 1945 and 7 November 2000, whether they were civilians or members of the armed forces of the British empire, should apply to the Veterans Agency. We expect the first payments to be made very shortly.

Sir Patrick Cormack (South Staffordshire) (Con): The Minister's answers to both those questions will be warmly welcomed throughout the House and the country, but would it not focus attention on what we owe to the veterans, and also enable young people to be taught just what is involved, if we had the commemoration as a public holiday?

Mr. Watson: The granting of a public holiday is not in my gift, but the hon. Gentleman's point about young people, for whom the Falklands war is something that they learn about in history, is well made and I hope that, as part of our commemorations of 25 years, we can involve school and youth groups up and down the country.

Ann Coffey (Stockport) (Lab): The Stockport British Legion was presented with a cup for its outstanding fundraising last year. This year, it will surpass even last year's effort. Will my hon. Friend join me in congratulating the British Legion, the Normandy Veterans Association and the Combined Services Association in Stockport on the valuable work that they do in helping veterans? His announcement on extending the veterans medal has been warmly welcomed.

Mr. Watson: The whole House will wish to congratulate Stockport British Legion. My hon. Friend failed to invite me up to visit the British Legion personally, but if she were to do so, perhaps I could do that during the summer recess.

Mr. Mark Harper (Forest of Dean) (Con): I welcome the Minister's announcement about the far east prisoners of war. I know that that has taken a good deal of time, and I hope that that will deal with the rest of the outstanding cases. As for the suggestion from my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) about a veterans day, it may not be within the Minister's power to grant a day's holiday, but since there has been some criticism this year of the extent to which the Chancellor has tried to involve himself with veterans day and since he appears to be all-powerful in the Government, perhaps the Minister could have a word with him to see whether he could grant such a day.

Turning to next year's celebrations, veterans day in 2007, which will be coterminous with the 25th anniversary of the Falklands conflict, will be particularly poignant. I urge the Minister to assert the primacy of the Ministry of Defence on that issue and to work closely with Opposition Front-Bench Members to make sure that we have a day that will truly be worthy of our veterans.

Mr. Watson: Let me give the hon. Gentleman a commitment that we can do that. The whole House needs ownership of that commemoration. I hope that his input and that of his colleagues will be paramount. As for the Chancellor granting a bank holiday, I am not sure whether that is in his gift either, although, of course, he is all-powerful.

Afghanistan

6. **Mr. Andrew Mackay** (Bracknell) (Con): What the mission statement is for United Kingdom troops in Afghanistan. [79715]

The Secretary of State for Defence (Des Browne): UK forces in Afghanistan are primarily deployed as part of the international security assistance force. The ISAF mission, as published, is to help the Afghan Government to create a secure environment in which their authority can be extended across the entire country and reconstruction of the country can be taken forward. Of course, that objective will not be achieved by military means alone, and consequently the British Government have undertaken an unprecedented degree of cross-governmental co-ordination to ensure that we deliver a fully integrated package that addresses governance, security, economic development and political and social change.

Mr. Mackay: I am sure that the Secretary of State will agree that that objective will also not be secured with only 6,000 NATO troops in the southern part of Afghanistan. Is it not essential that more troops are made available, and what is he doing to ensure that that happens?

Des Browne: The right hon. Gentleman will be aware that no one is yet at full operational capability in southern Afghanistan. We are in southern Afghanistan with several international partners—Canada, the United States, the Netherlands, Estonia, Denmark, Romania and Australia—and for our part, in Helmand province, we believe that we have deployed an important and appropriate force. I do not necessarily accept that there are insufficient forces in any other part of southern Afghanistan. However, the issue will need to be kept constantly under review by ISAF and NATO. It will be incumbent on us to ensure that we deploy sufficient forces to enable us to carry out the task in hand. However, the right hon. Gentleman should not forget that the Afghan army itself is increasingly deploying forces to that area. The assessment of those soldiers that I am given is that they are of the highest calibre.

Mr. James Gray (North Wiltshire) (Con): I know that the Secretary of State will agree that central to a successful deployment in Afghanistan will be the heavy-lift capability provided by the Hercules aircraft from RAF Lyneham, which is in my constituency. In that context, he will know that one of the contributory factors to the tragic crash of a Hercules in Iraq last year might have been the absence of foam flame retardant in the wing tanks. Will he tell us how quickly the retardant will be fitted in the Hercules fleet and how many planes will be fitted with it? Will he confirm that all the planes that are deployed in Afghanistan will have that safeguard fitted to them?

Des Browne: I am happy to accept the hon. Gentleman's invitation to pay tribute to the contribution that the Hercules—and, more importantly, those who fly the Hercules—have made to military operations in not only Afghanistan and Iraq at present, but elsewhere. He knows, as I am sure that the House does, that we intend to fit the flame-retardant foam into Hercules and to ensure that those that are deployed to the theatre are fitted with that. I have said in public, so I have no reason to say anything different from the Dispatch Box, that we hope to be able to do that by August for the first of them. We will ensure that sufficient numbers of Hercules are fitted with the appropriate retardant foam so that operations can be conducted.

Royal Marine Corps

7. **Michael Fabricant** (Lichfield) (Con): What assessment he has made of the likely future structure of the Royal Marine Corps within the UK's defensive capability; and if he will make a statement. [79716]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The Royal Marines make a unique and essential contribution to our armed forces and have done so for more than three centuries. We remain firmly committed to maintaining a world-class Royal Marine force and amphibious capability.

Michael Fabricant: I am grateful to the Minister for that answer. I think that hon. Members on both sides of the House will recognise and applaud the work of the Royal Marines, especially in the deployment to Afghanistan that will take place shortly. What thoughts do the Minister and the Department have about the formation of a future additional fourth commando of the Royal Marines? Has he thought about the formation of a new special operations group with commandos from the Royal Marines, the Parachute Regiment and others who have done the commando course at Lympstone?

Mr. Ingram: On the latter point, the hon. Gentleman might be aware that a special support regiment has been stood up and is based at St. Athan. The question of the fourth manoeuvre unit of the Commando Brigade is being examined, although no recommendations have reached Ministers' desks yet. I will wait and see what the recommendations are before giving the hon. Gentleman an answer to his specific question because I will have to see the merits, benefits and, perhaps, disbenefits of the proposal before reaching a considered opinion. Work is in hand to achieve that, however.

Mr. Mike Weir (Angus) (SNP): The Minister will know that there has been a lot of speculation in Scottish newspapers recently about the possible deployment of 45 Commando, which is based in my constituency, to Afghanistan. Those troops have

special expertise—they are technology experts—in winter warfare. Given the Secretary of State's earlier answer, will the Minister assure us that any such deployment would keep UK troops within the agreed ISAF parameters and would not represent an extension to the UK's involvement in Afghanistan?

Mr. Ingram: No decision has been taken as to the next deployment, but 45 Commando clearly has particular capabilities and is trained for specific purposes, and that comes into play as part of the planning process, in both the medium and long term. However, I do not know whether the hon. Gentleman is arguing for it not to be deployed or he is in favour of it being deployed. I do not know where his party currently stands on that because we are talking about a NATO mission, and his party is of course opposed to NATO. Therefore, I am unsure where he is coming from on this issue. I meet 45 Commando personnel regularly and I can say that, in common with all other members of Her Majesty's armed forces, they actually like being deployed. We have to make proper judgments accordingly as to when and how often that deployment takes place.

Dr. David Kelly

8. **Norman Baker** (Lewes) (LD): If he will make a statement on the role played in his Department by Dr. David Kelly. [79717]

The Secretary of State for Defence (Des Browne): Dr Kelly's role in the Department, on secondment from the Defence Science and Technology Laboratory, Porton Down, was as an adviser to the Ministry of Defence and the Foreign and Commonwealth Office on Iraq's chemical and biological weapons capabilities, the work of the United Nations Commissions dealing with inspections in Iraq, and on issues relating to the chemical weapons convention and the biological and toxin weapons convention. Dr. Kelly also advised the UN Monitoring, Verification and Inspection Commission on training, and communicated Iraq issues to the media and institutions. All that was set out in the Hutton report.

Norman Baker: Dr. Kelly made an immense contribution to the security of this country and the world. As part of his work for the Department, shortly before his death he co-authored a report for the United States and the UK that was delivered to the US on 27 May 2003, and which made it clear that the so-called mobile biological weapons laboratories were nothing of the sort. However, two days later President Bush indicated,

"we have found the weapons of mass destruction",

which Dr. Kelly flatly contradicted in public afterwards. What discussions took place between the UK and the US regarding Dr. Kelly's public statement about that matter, and what investigations have been conducted to establish where the fake trailers masquerading as mobile laboratories came from? If the Secretary of State cannot answer now, will he please write to me?

Des Browne: I do not think that the hon. Gentleman will be surprised that I approach the Dispatch Box to confirm that I am unable to answer a question of such a nature without having had some prior notice of it. However, what I will say is that it is my understanding that although the hon. Gentleman has publicly said, in terms, that he is about to devote one year of his life to pursuing investigations in relation to Dr. Kelly and the circumstances surrounding his death, it is not my intention, periodically or consistently, to start an investigation from the Dispatch Box. The position is that Lord Hutton investigated fully the circumstances surrounding the death of Dr. Kelly and it would be entirely inappropriate for me to start picking up aspects of that case piecemeal. However, I will look carefully into the question he has asked to see if I can provide any information, despite the fact that my Department was entirely open in respect of Dr. Kelly's role and all the evidence that it had for the Hutton report. If, contrary to my view, there is anything of assistance that I can communicate to the hon. Gentleman, I will do so.

Army Recruitment

9. **Mr. Philip Dunne** (Ludlow) (Con): What recent trends he has identified in levels of recruitment to the Army. [79718]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): A combination of high employment, a prosperous and strong economy, attractive alternatives in further education and stiff competition from other employers have all increased the pressure on the Army in its efforts to attract young men and women. To counter this, the Army's recruiting group has redoubled its recruiting effort through advertising campaigns. During recent months, its intensive marketing campaign has paid dividends and the number of applications has increased. The challenge now is to convert that interest into enlistments.

Mr. Dunne: With unprecedented numbers of Territorial Army soldiers and other reservists currently serving in Iraq and Afghanistan, and yet with TA strength at its lowest level since its formation more than 100 years ago, what do the Government plan to do to fix the recruitment crisis now affecting all our reserve forces?

Mr. Ingram: As of 14 June 2006, some 574 members of the Territorial Army—about 1.8 per cent. of the TA—were deployed on operations overall, of whom 397 are serving in Iraq. Extensive efforts are being made to achieve better recruiting. As at April 2006, the TA's strength was more than 2 per cent. higher than it was one year ago, and it is at its highest level since June 2004. Its strength has increased by about 900 since the beginning of the year, which could indicate a trend. However, in respect of the TA, the reserves and the regular forces, constant effort needs to be made to keep the marketing intensity high, because that is what the competition is doing to attract young men and women into their areas of interest. We are beginning to see some trends that are to our benefit, but we can maintain them only through such intensive effort.

Mr. Lindsay Hoyle (Chorley) (Lab): I know that my right hon. Friend is well aware that Lancashire and the entire north-west is a very fertile recruitment area for the armed forces. However, has the time not come to ensure that, in addition to good recruitment, we enjoy good retention in the north-west by moving Army bases from the south to the north, which is where the families live? That is much overdue and much needed, and the time has come to recognise the needs of our troops.

Mr. Ingram: It is about recognising the need of the armed forces overall—in this case, the Army. Part of the basing reason is to be close to training areas, and that is why we still have extensive basing in Germany and in the south—to be close to those training areas—but my hon. Friend raises a good point, which he should follow with interest in the months and years ahead. Super-garrisons are being considered as part of the future Army structure, but it is too early to say where the lay-down of such garrisons will be—whether in Northern Ireland, Scotland, the north-east, the north-west, the midlands or the south. However, all that work is under way. Moving troops involves spending an extensive amount of money on infrastructure and has to be planned for. That will not happen overnight, but work is under way to achieve some of those objectives.

Sir Nicholas Winterton (Macclesfield) (Con): I am very pleased indeed to follow the hon. Member for Chorley (Mr. Hoyle) in emphasising the importance of the north-west to Army recruitment. Will the Minister accept that the TA makes an increasingly important contribution to our armed forces, and certainly in respect of recruitment? He recently admitted to me that there has been a problem with the payment of the bounty to TA soldiers in the north-west, in that soldiers who deserve the bounty have not been awarded it. Will he ensure that that matter is corrected at a very early date?

Mr. Ingram: I agree with the first part of the hon. Gentleman's comments: the TA plays a substantial part in all that we do, and not just in Iraq and Afghanistan, but elsewhere. In many ways, that is perhaps why we are beginning to see, once again, an increase in recruitment. In fact, we are getting indications that people want to join the TA because deployment is becoming a feature of the role, whereas before, that was not necessarily the case. The rebalancing of the TA is about restructuring it to make it more usable and better focused on the regular service, so we have attended to some of those issues. I do not recollect saying to the hon. Gentleman what he said that I said about the bounty, although I might have done so in a written answer, of which I write hundreds in a given period. I do not think that I have given that answer, but I will check whether I have, and if there is an issue to be addressed, it will be.

Dr. Liam Fox (Woodspring) (Con): Recent figures that I have before me show that only one infantry battalion in the whole Army is now at full strength; on average, each battalion is one third below combat strength. Can the Minister confirm that the infantry battalion soldier manning deficit is about 3,000, and that the Government's own prediction is that that will worsen while we are deploying more troops abroad? If that is not overstretch, just how would he describe it?

Mr. Ingram: I do not accept that overall analysis from the hon. Gentleman. I have given an indication of the trends and we are beginning to see some benefit from our intensive marketing campaign. I do not deny that we are under-strength, that we find it hard to hit our targets, or that we are under-target, but I should point out that, historically, that has always been the case. What we have tried to do through the new future infantry structure and future Army structure is to get the balance right—to set realistic targets and then to try to achieve them.

In my reply to the hon. Member for Newark (Patrick Mercer), I said that the recruiting environment is difficult. The economy is very strong and we face a lot of competition from elsewhere in the marketplace, so to speak, which is why we are now investing so heavily in the marketing campaign. We can measure the impact in two ways: one of our marketing strategies led to 15,000 expressions of interest, and the Everest west ridge campaign led to an additional 15,000 expressions of interest. What we have to do now is turn those expressions of interest into actual enlistment. That is the next objective.

Iraq

10. **Patrick Mercer** (Newark) (Con): If he will make a statement on recent ground operations in Iraq. [79719]

The Secretary of State for Defence (Des Browne): Coalition operations across Iraq continue to uphold security, to develop robust, self-reliant and capable Iraqi security forces, and to promote effective governance, economic growth and reconstruction. Increasingly, Iraqi security forces are taking the lead in such operations.

Patrick Mercer: The Secretary of State will be aware that 20 Armoured Brigade was recently deployed for ground-holding operations in Iraq, expecting to be there for slightly more than six months. No sooner had its personnel arrived than that tour was extended to seven and a half months. I do not doubt that the soldiers and airmen of the brigade will take that on the chin, but the decision has come as a hammer blow to their families, wives and children, many of whom are isolated in Germany. I am sure that the right hon. Gentleman agrees with me that no Ministry of Defence that knows its business could have allowed such a nonsense to occur. Will he tell the House how he will stop that piece of routine planning being made a complete nonsense of again?

Des Browne: I recognise that the hon. Gentleman has significant knowledge of these matters, but I do not accept that such decisions are an indication of the Department or the military not knowing what they are doing. On occasion, as he is aware, there is a need to review decisions and to change them. I have met many soldiers on both of my visits to Iraq and I know that they will do the job that they are asked to do, but I

accept entirely that we must keep their families constantly in mind. The families face as much pressure in the absence of their family members in theatre as do the members in theatre doing what they are trained to do as British soldiers. I undertake to ensure, as far as it is within my power to do so, that in future planning is conducted in a way that gives families the maximum possible degree of certainty, subject of course to the fact that circumstances may cause us to review decisions that have been made.

Mark Pritchard (The Wrekin) (Con): Earlier the Secretary of State said that there would be an immediate review of the types of vehicles used by our armed forces in Iraq. When is that review likely to report to the House? Does he agree that, although winning hearts and minds is important, keeping our troops on the ground safe is even more important? Is it not time that we moved them out of Land Rovers, reduced foot patrols and got our troops into Warrior armoured vehicles?

Des Browne: We have already agreed to supplement Snatch with a new patrol vehicle, Vector, which will come into service in 2007. We are currently upgrading the protection on the FV430 to allow it to be used more widely, and we have already upgraded the protection on the Warrior, the Saxon and the CVR(T). Such issues are being considered day-to-day, on an ongoing basis, and the steps that can be taken are being taken. As a consequence of my own observations and information that has been brought to my intention, I asked for a review of the matter. That review is ongoing, but I am not able to give the hon. Gentleman a specific date for its completion. I accept that the protection of our armed forces is my most important priority as Secretary of State for Defence.

Cadet Forces

12. **Mrs. Madeleine Moon** (Bridgend) (Lab): What recent steps his Department has taken to support the cadet forces. [79721]

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): The cadet forces organisation offers a vast range of personal development and educational opportunities for young people, allowing them to increase their self-esteem, build their confidence and ultimately realise their full potential. It is widely recognised that in addition to this, they act as a force for good in their communities.

The MOD invests £95 million a year in the development of the cadet forces and furthermore the armed forces support the cadet forces with a significant benefit in kind in the form of training facilities, material and manpower resources.

Mrs. Moon: I thank the Minister for that response. I am fortunate in my constituency in having active sea, air and Army cadet forces. So much so, that this weekend the 5 Cadet Battalion of the Royal Welch was presented with a new banner by Colonel David Cox on behalf of past members.

Back in April, I was pleased to be present when 2117 Squadron of Kenfig Hill air training corps was presented with state-of-the-art communication equipment by Selex Systems. Will the Minister join me in thanking those armament businesses that support cadet forces by giving them equipment and by allowing them to experience the latest equipment and the latest technologies? Also, will—

Mr. Speaker: Order. Will the hon. Lady resume her seat? I used to be a corporal in the cadets and I am enjoying what the hon. Lady is saying, but we must get on with the questions. I think that the Minister will be able to reply.

Mr. Watson: I will be brief, corporal. *[Interruption.]* Sorry. I meant no disrespect, Mr. Speaker.

My hon. Friend the Member for Bridgend (Mrs. Moon) is right to congratulate local businesses that build partnerships with local cadet forces. The situation that she describes is one that we would hope could be replicated throughout the country. Such gifts help broaden even further the range of opportunities and experience that is open to our young people.

Dr. Andrew Murrison (Westbury) (Con): The Minister will be aware of the importance of cadet forces in personal development for young people, but they are important also in terms of recruitment to the armed forces. What assessment has the hon. Gentleman made of the poor state of repair of many of the premises occupied by cadet forces? What will he do to improve matters?

Hon. Members: Private Watson!

Mr. Watson: This chastened Private Watson will take away the hon. Gentleman's suggestion and consider it. There is not a deep pot of money for our cadet forces, but they do remarkable things with small pots of money. Wherever we can help them, we do so.

Iraq

13. **Stephen Hammond** (Wimbledon) (Con): What recent assessment he has made of the security situation in Iraq. [79722]

The Secretary of State for Defence (Des Browne): I refer the hon. Gentleman to the answer I gave earlier today to the hon. Member for Bury St. Edmunds (Mr. Ruffley).

Mr. Hammond: I listened carefully to the answers given by the Secretary of State. In response to one of the earlier questions, he said that there is a threat posed to the security situation in Iraq and to our forces by infiltrators in the security services and the police force. Could he confirm whether he has spoken to the new Iraqi Defence Minister about this? What steps will the UK take in conjunction with the new Iraqi Government to eradicate infiltrators?

Des Browne: The hon. Gentleman is correct that I identified that threat, which I do not think will be news to anyone in this place. I think that it was well known that the Iraqi police service had been infiltrated by militia and other organisations.

As part of the Basra security plan, and particularly for the Multi-National Division (South-East), although I am sure that the arrangement will need to be run in other parts of Iraq, the Army is being deployed to create the opportunity to arrest from the police force those officers who are corrupt or those officers who are involved in violent gangs and use their position in the police to perpetrate violence.

The hon. Gentleman asks me whether I have spoken to the new Iraqi Defence Minister about these matters. I have not only spoken to the Defence Minister, but also to the new Iraqi Minister of the Interior and with the Prime Minister. He can be reassured that all of them explicitly recognise that this is a problem and that something needs to be done about it. We have, with the Iraqi security forces in Basra, been doing something about it over the past week or thereabouts, and have arrested individuals.

Veterans

14. **Mr. Kevan Jones** (North Durham) (Lab): If he will make a statement on Government support for veterans. [79723]

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): The Government provide a comprehensive programme of recognition and support for veterans. This includes an excellent resettlement package for service personnel returning to civilian life; high-quality pension and compensation schemes; measures to meet veterans' health and welfare needs; and initiatives such as Veterans' day and the veterans badge, recognising veterans and the debt of honour that we owe them.

Mr. Jones: I thank my hon. Friend for his reply. I attended an excellent Veterans' day in my constituency on Saturday with more than 50 veterans, who welcomed the badge that the Minister has announced. However, one group of individuals in my constituency, which is a former mining community, have been left out—the Bevan boys, who contributed to the war effort and deserve the recognition that other veterans have received. Will my hon. Friend look at the issue to see whether those brave people, many of whom lost their lives in the mines, can receive recognition?

Mr. Watson: There is great merit in my hon. Friend's suggestion. Other hon. Members, including my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks), have raised the matter in the House, and I agree to ask my officials to look at extending the scheme.

Colchester Garrison

16. **Bob Russell** (Colchester) (LD): Whether provision has been made under the private finance initiative contract for the new Colchester garrison to house all members of Her Majesty's armed forces who require accommodation in Colchester. [79725]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The accommodation that is being provided under the Colchester PFI is sufficient to meet all current endorsed requirements for Her Majesty's armed forces personnel who are permanently based at the garrison. Those requirements are, of course, kept under review.

Bob Russell: I am grateful for that answer, which is on the record. I shall watch the Ministry of Defence—I hope that the Minister will confirm that he, too, will do so—to make sure that it does not seek to rent houses from the private sector to accommodate soldiers whom they cannot accommodate within the garrison.

Mr. Ingram: Usually, the hon. Gentleman gives credit to the PFI. Stage 1 will provide 1,145 bed spaces out of a total of 2,231. The scheme is ahead of schedule, and delivery will probably be complete in September this year—three months early—so significant progress has been made. As for his specific question, 56 single personnel are currently living in substitute single living accommodation—SSLA—and it is anticipated that there will be no new requirement for SSLA after phase 1 is completed.

Orders of the Day

Charities Bill

[Relevant documents: The Report of the Joint Committee on the Draft Charities Bill of Session 2003-04, HC 660, and the Government's response thereto, Cm 6440.]

Order for Second Reading read.

3.32 pm

The Minister for the Cabinet Office (Hilary Armstrong): I beg to move, That the Bill be now read a Second time.

The Bill is part of a renewed drive by the Government to break down the barriers that face the charitable sector. Charities and voluntary organisations play a fundamental role in the fabric of our society, and provide a vital service to individuals and communities. By creating the office of the third sector and introducing the Bill, we have underlined our commitment to the growing importance of charitable endeavour in our society by helping to release charities' potential for further public good. There are about 190,000 charities on the public register in England and Wales, with a combined annual income of over £39 billion.

The sector has significant social and economic weight, but as society evolves, so our charities must be given the freedom to meet the challenges of the modern world. The Bill will enable them to keep pace with the modern social landscape while ensuring that they are accountable to the public whom they serve. One of the most important ways in which the Government can support and enable the charitable sector to develop is to create a framework within which charitable endeavour can thrive.

We have three clear aims for the Bill. First, we wish to provide a legal and regulatory environment that enables all charities, however they work, to realise their potential. Secondly, we wish to encourage a vibrant and diverse sector, independent of Government, and thirdly, we wish to sustain high levels of public confidence in charities through effective regulation.

Andrew Selous (South-West Bedfordshire) (Con): Will the right hon. Lady give way?

Hilary Armstrong: It is a bit early, but yes. I have not got into my speech yet.

Andrew Selous: The right hon. Lady is very gracious. I apologise for intervening a little early on. Will she assure the House that nothing in the Bill will remove the presumption that religion is a public benefit?

Hilary Armstrong: The hon. Gentleman might like to wait to hear what I say about that, but I am confident that religion certainly has a charitable purpose and that religious organisations will be able to demonstrate effectively that they are of public benefit. That is the key point of the Bill. Both criteria have to be met. Any organisation that is charitable and produces public benefit is allowed considerable tax concessions, which is public money, because otherwise they would be paying that. However, as I say, I am confident that any religion that I have come across would be able to meet both criteria.

The Bill will make improvements—

Bob Spink (Castle Point) (Con): Will the right hon. Lady also reassure universities and the higher education sector that research and knowledge transfer will remain charitable activities in the public benefit?

Hilary Armstrong: I have learned already that there are incredible legal issues here, and I do not want to say anything that will lead me into giving lawyers any more money than they are already entitled to. The hon. Gentleman has wound two questions into his one intervention. One concerns the status of universities, to which I will come later. If, say, they are part of a research programme that a medical charity is undertaking, again they will have to meet the public benefit test, but I am confident that they would do so. As I say, I will come to the particular status of universities later.

The Bill will make improvements in several—

David Taylor (North-West Leicestershire) (Lab/Co-op): Bracketed with my right hon. Friend's very popular assertion that she does not want the legal profession to have any more money than it already receives, I am sure that it would be equally popular if she were to incorporate private schools in that. Is she minded to accept an amendment from a group of us that would prevent organisations that charge unduly restrictive fees from being granted charitable status? That is just as worthy an aim in this admirable Bill.

Hilary Armstrong: Again, I shall deal with that specifically later in my speech, so I should be extremely grateful if my hon. Friend would hang on until then, when he may wish to intervene again.

The Bill will make improvements—

John Bercow (Buckingham) (Con): Will the right hon. Lady give way?

Hilary Armstrong: I am anxious to get into the meat of my speech, but I will take this further intervention.

John Bercow: I am extremely grateful to the right hon. Lady, who has certainly been very generous at an early stage of her remarks, but I am trying to follow what I think is the chronological sequence of the Bill, and I think that my question is apposite. Are the order-making powers under proposed new clause 3A to the Charities Act 1993, referring to registration of charities, subject to the negative procedure of the House or to its affirmative counterpart; and whichever it is, may we have a draft of the regulations before the Bill's passage?

Hilary Armstrong: Again, I shall deal with that later in my speech. The hon. Gentleman says that he wants to deal with the Bill in sequence, but I have not yet begun to deal with the Bill—I was still in my preamble.

The Bill will make improvements in several areas of the law and in the regulation of charities. The most

[Hilary Armstrong]

important improvements concern the definition of "charity", the constitution, functions and powers of the Charity Commission as regulator and in its relationship with the Government, the creation of a new corporate legal form for charities, which will be called the charitable incorporated organisation, changes to ensure that effective and proportionate regulation applies right across the charitable sector, including those charities which are not currently required to register with the Charity Commission, and the regulation of people who collect in public for charity. I shall deal with each of those specific areas in more detail.

The Bill is the result of a thorough process, including extensive consultation with charities themselves and significant time spent in the other place. I know that many hon. Members are active trustees, volunteers and, indeed, supporters of charities, and they are well aware of the strong support for the Bill across the breadth of the charitable sector.

The Bill originated in a review by the Prime Minister's strategy unit, which was published in 2002, of charities and the wider not-for-profit sector. We received more than 1,000 responses to the public consultation on that review, and those responses showed clear and strong support for the great majority of the review's recommendations, which form the main content of the Bill.

The Bill was published in draft in May 2004, and it received thorough pre-legislative scrutiny by a Joint Committee, which was skilfully chaired by my right hon. Friend the Member for Darlington (Mr. Milburn), who is in his place today. The Government accepted more than three quarters of the Joint Committee's recommendations, and the Bill emerged the better for it.

The Bill was first introduced in December 2004 in another place, where it was extensively debated, and it fell when Parliament was dissolved in April last year for the general election. It was reintroduced at the first opportunity in this Parliament, and it has had more than 60 hours of debate so far.

It has been well over a decade since any significant changes have been made to charity law, and many of the aspects of the current law are considerably older than that. Charity law has simply not kept pace with changes in our society and in the diverse voluntary sector.

The Bill extends to England and Wales, but not to Scotland or Northern Ireland, where charity law is a devolved matter. Even before devolution, there were three different systems of charity regulation in the UK—one for England and Wales, one for Scotland and one for Northern Ireland. In July 2005, the Scottish Parliament passed an Act including many of the reforms that our Charities Bill will make for England and Wales, and similar proposals are being worked up in Northern Ireland. After all those reforms have been enacted, the three systems will continue to be compatible without being identical.

The Charities Bill contains 78 clauses and 10 schedules, and it is divided into four parts. Part 1 of the Bill contains the provisions defining "a charity", which are very important. Any organisation which falls within the definition gains access not only to valuable tax exemptions, but to a special status, which enjoys a high degree of popular trust and confidence.

Richard Burden (Birmingham, Northfield) (Lab): I welcome the Bill, which contains many useful provisions. Will my right hon. Friend comment on one issue concerning definitions? She may be aware that one of the purposes which falls within the definition is the advancement of amateur sport. A number of activities which common sense indicates are sports are often excluded from the definition of being sports by the Charity Commission, including angling, ballooning, billiards, pool, snooker, crossbow shooting, rifle shooting, pistol shooting, flying, gliding, motor sports and parachuting. I declare an interest as a participant in one of those sports—while I am on my feet, I shall declare another interest, because I am married to the chief executive of a national charity.

Hilary Armstrong: My hon. Friend, whose main interest is in motor sport, recognises that we are, for the first time, classing amateur sport as a charitable purpose. In doing so, the main aim was to promote healthy recreation, so sport has been defined as, in many ways, involving physical skill and exertion. I am not sure how much motor sport fulfils that criterion. However, the Charity Commission, in consultation with the Department for Culture, Media and Sport, will be willing to consider any representations on what exactly the addition to charitable purposes will mean. As my hon. Friend suggests, and as hon. Members' earlier interventions made clear, once one puts any new definition into a Bill, there arise all sorts of questions about its interpretation. One of the aspects that Ministers are struggling with is the possibility that putting certain things into the Bill will raise uncertainties in the minds of charitable organisations, and others, as to whether they will be covered. I am anxious not to put money into lawyers' pockets, so I am being fairly careful in that respect.

The scope of charities has developed over the centuries to reflect changes in what society has at any one time regarded as worthy of inclusion. Some sorts of endeavour, such as the relief of poverty, have always been seen as charitable, while others, such as the promotion of human rights, have been accepted relatively recently. Clause 2 provides a list of the many forms of charitable endeavour or charitable purposes, at the same time preserving the flexibility to recognise new charitable purposes in order to accommodate future changes in society. The Bill does not take away the charitable status of any purpose that is already charitable. No charity will wake up on the day after the Bill becomes law to find that as a result the purpose for which it exists has ceased to qualify as charitable.

An organisation cannot be a charity unless its purposes are exclusively charitable. That means that its purposes must fall wholly within the purposes listed in the Bill. To qualify as a charity, an organisation must not only have exclusively charitable purposes but be for the public benefit. The Bill preserves the existing law on the definition and test of public benefit, with one change. Under the existing law, there is the presumption that charities established for the relief of poverty, the advancement of education or the

advancement of religion are for the public benefit. Charities established for all other purposes do not benefit from that presumption. The Bill abolishes that presumption. That will create a level playing field on which all charities will have to show that they are for the public benefit. To do so, an organisation will have to show that it generates identifiable benefits that reach, or are available to, a sufficiently large section of the public. Given the great diversity of charitable endeavour, the nature of those benefits and how they reach the public will vary greatly.

Sir Patrick Cormack (South Staffordshire) (Con): The right hon. Lady will know that the Christian Institute, among other bodies, has expressed concern about the withdrawal of that presumption. It worries, for instance, that missionary activities could be liable to reinterpretation. Can she reassure it, and me, that that will not be the case?

Hilary Armstrong: I can give the hon. Gentleman a clear reassurance that that will not be the case. However, I would like to clarify the position on the charitable status of fee-charging charities.

Bob Spink: I seek further clarification. When a charity registers, it must establish that it is working its activities in the public good. According to the Bill, it must also do so on a continuing basis. How often would that question be raised by the Charity Commission, and how burdensome might that ongoing requirement be for charities?

Hilary Armstrong: That will be for the Charity Commission to determine, but any charity already has to publish annually a report outlining what it is doing. That has to be public and I expect all organisations to take that opportunity to express what they are doing to meet the Bill's public benefit demands. It will be for the Charity Commission to issue guidance and to pursue the matter that the hon. Gentleman raised.

As I was saying, I would like to clarify the Bill's position on the charitable status of fee-charging charities.

Mr. Andrew Turner (Isle of Wight) (Con): The Minister mentioned that charities would have to have "identifiable benefits", so will she explain the identifiable benefits of the advancement of religion?

Hilary Armstrong: The issue is based at the moment on case law. I know that religions could mention some significant aspects of what they do that relate to public benefit, though they may differ from religion to religion. It is nevertheless important for them to be clear, if they are securing taxpayers' money, that they are accountable. That is the whole purpose of public benefit. If organisations are exempted from paying taxes, they need to be able to demonstrate to the public how it will benefit. It is not identifiable in the sense that I can describe precisely what the benefits should be, but it is identifiable in that it must be clear that activities benefit the public in a way that the public can identify and respond to. The Bill is partly about securing public confidence in charitable status.

I really must move on now to issues about fee charging. I am aware of considerable discussion among right hon. and hon. Members and the media about that matter, particularly with regard to the independent schools sector. Until now, owing to a presumption built up through case law, independent schools have automatically been granted charitable status if they requested it. Previous legislation, including the Charities Act 1992, did not deal with the problem, but the Bill before Parliament today will abolish the presumption that independent schools can be charitable simply because they provide educational services. For the first time, they will have to demonstrate public benefit in order to gain charitable status. That same principle will apply to all fee-charging charities in whatever sector they operate.

Many organisations—whether they be a hospice, a local museum, an outreach programme or any other organisation that charges a fee but is charitable—provide vital services and are held in great affection by the communities that they serve, and the Bill will require each to be assessed on its own merits and judged accordingly. Several of my hon. Friends have already suggested that they would prefer an amendment to specify more clearly in the Bill what the public benefits should be. I remain to be convinced of the necessity of that and am anxious about the downsides. By trying to be more specific, we do not want to exclude organisations that should not be excluded. I hope that hon. Members, especially my hon. Friends, understand that we are determined that there will be a test of public benefit, which we expect to be meaningful, but that trying to identify matters too clearly frequently brings disbenefits that nobody anticipated.

Martin Horwood (Cheltenham) (LD): The Minister has been clear about some of the organisations that would not be affected by the Bill's new version of the public benefit rule but will she clarify—for her hon. Friends as well as me—whom she would expect to lose charitable status as a result of the Bill? To be meaningful, the measure must affect somebody when compared with current legislation.

Hilary Armstrong: The measure means that every organisation that seeks charitable status will have to be clear about how it believes that it benefits the public, and the Charity Commission will assess that. The Charity Commission is the regulator, which will produce guidance. It is not its aim to ensure that some people lose charitable status. It will listen to what Parliament is saying, and I believe that Parliament is strongly of the view that it wants the public benefit test to be meaningful. I would expect the Charity Commission to reflect that in its guidance.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I welcome my right hon. Friend's reference to the engagement of Parliament in the process. She is wise to resist too tight a definition but there is a great deal of knowledge in the House, and if the Charity Commission, in reaching its conclusions—as it must as an independent body—listens to Members of

[Alun Michael]

Parliament, that is infinitely preferable to a tight hand of legislation or Government. I encourage her to proceed in that way.

Hilary Armstrong: My right hon. Friend understands well how Ministers approach such matters. There are frequently so many different legal interpretations, and we do not want charities to become too engaged in legal cases. Another aspect of the Bill makes it easier for matters to be sorted out through tribunals. They should be sorted out on a case-by-case basis and I believe that the Charity Commission will listen carefully to what we say. I trust that it will be guided by what Parliament says.

Tom Levitt (High Peak) (Lab): My right hon. Friend knows that many independent schools have excellent drama, sporting, field study and other facilities and that, increasingly, state schools throughout the country are entering into partnerships and gaining access to those facilities. Does she believe that those independent schools will be more or less likely to share those facilities if they are forced to lose 4.5 per cent. of their income through the removal of charitable status?

Hilary Armstrong: My hon. Friend makes a good point. We intend to ensure that we get the best educational opportunities for every child in this country. The independent schools, in partnership with the state, can contribute to that aim. I would expect them to do so. I envisage the Charity Commission considering such direct and indirect benefits.

Sir Patrick Cormack: The Minister gave a most helpful answer to my earlier intervention. I accept the point made by the right hon. Member for Cardiff, South and Penarth (Alun Michael). Will the Minister ensure that the Charity Commission's attention is drawn to what is said not only on the Floor of the House today but in Committee and during remaining stages? It is important that it knows that Parliament is passing it great power, and is not asking it to nit-pick, ride hobby-horses or have agendas, but to consider, in the broadest way, what can deliver benefit and good to the public, and interpret matters accordingly.

Hilary Armstrong: I thank the hon. Gentleman. I hope that I have made it clear to the House that I would encourage the Charity Commission, although I would not want to interfere in its independence, to take note of all our debates on the Floor of the House and in Committee.

Part 2 of the Bill is divided into 11 chapters, each of which deals with some aspect of the regulation of charities. Chapter 1 of part 2 converts the Charity Commission into a corporate body. Currently, its functions are discharged by the five charity commissions. The chapter also contains reforms to the commission, modernising its constitution, governance and powers to build on its current effectiveness. We are giving the commission five new statutory objectives and are requiring it to report annually to Parliament on the extent to which it has met its objectives. I hope that that reassures the hon. Member for South Staffordshire (Sir Patrick Cormack) and others about the commission's relationship to Parliament.

We are also putting the commission under a duty to have regard to the principles of best regulatory practice, including the principle of proportionality under which a regulator's action must be proportionate to the risk posed by the problem with which it deals. We included that Joint Committee recommendation after listening carefully to the debate in the other place. In fact, the commission already operates in accordance with that principle, and recent surveys have recorded the high levels of satisfaction among charities that have dealt with it.

The commission is and will remain a non-ministerial department. We believe that its independence from Ministers is of paramount importance for the proper regulation of charities and for public confidence in the regulatory system. The Bill expressly prevents any Minister from controlling or directing the commission in its regulatory work. Those changes are to ensure that we have a Charity Commission that is independent and emboldened but accountable, regulated and effective.

Chapter 2 of part 2 creates a new charity tribunal. At the moment, anyone wanting to challenge a regulatory decision or order made by the commission must take it to the High Court, which is daunting and prohibitively expensive for the vast majority of charities. The new tribunal will provide a simpler, quicker and cheaper route through which to challenge the commission and improve its accountability.

Chapter 3 of part 2 deals with the registration of charities. There are three main changes. First, the Bill raises from £1,000 to £5,000 the income threshold above which a charity must register with the Charity Commission. The Joint Committee on the draft Bill found that there was a consensus for a registration threshold of £5,000. Charities whose income falls below the threshold will be able to register with the commission if they so wish, which will give more freedom to smaller, local charities.

Secondly, the Bill brings the arrangements for excepted charities into line with those for other charities. Excepted charities are those which fall within the regulatory powers of the commission but which are not currently required to register with it. They include some charities within the Church of England and other Christian Churches, and some charities within the armed forces. Requiring such charities to register will not significantly increase the regulatory burden on them but will rightly increase the transparency and accountability of those charities, which have exactly the same entitlement to tax relief as registered charities. To ease the transition from excepted to registered status, we are starting by requiring only those with an income of more than £100,000—the top 10 per cent. or so—to register. As we have said, we expect gradually to bring more of those charities into registration in future.

Thirdly, the Bill introduces new arrangements for the so-called exempt charities, which will include the universities, other places of further and higher education, some registered social landlords and some museums and galleries. Exempt charities are those that are currently outside the Charity Commission's supervisory and monitoring powers. They enjoy the status and fiscal benefits that other charities have, but

there is currently no mechanism for monitoring their compliance with charity law. The Bill changes that.

When a regulator is already in place—for example in the case of registered social landlords who are regulated by the Housing Corporation—that regulator will take on responsibility for monitoring compliance with charity law. When no suitable regulator is already in place, the Charity Commission will take on that responsibility. The proposed new regulators have been identified following extensive discussion with the relevant regulators and charities, and will be prescribed by regulation. The purpose of the changes is to ensure that modern and effective regulation extends right across the charity sector, not just to some parts of it.

Chapter 5 modernises the Charity Commission's regulatory powers. It includes new powers for the commission to suspend or remove trustees and employees from membership of their charities. Chapters 6 and 7 raise the income threshold above which charities must have their accounts professionally audited, releasing about 3,000 charities from that obligation.

A development that we believe will be particularly useful in the longer term is the creation by chapter 8 of part 2 of a new legal form called the charitable incorporated organisation, or CIO. That could bring significant deregulatory benefits by allowing charities to take an incorporated form without having to submit to regulation under company law as well as charity law. A charity in CIO form will be treated and regulated as a charity, but not as a company. Existing charities will be able to take on CIO form, and new charities will be able to start up in CIO form.

Perhaps three quarters of a million people in England and Wales are trustees of charities, giving their time, commitment and expertise, unpaid, to the service of others. Trusteeship is a demanding yet personally rewarding endeavour. We want to encourage more and a greater diversity of people to be trustees of charities.

James Duddridge (Rochford and Southend, East) (Con): Would the Minister react warmly to the tabling of amendments that would allow people with learning disabilities to be trustees in organisations where there are learning-disability issues?

Hilary Armstrong: I never like to make commitments on amendments, but I should be very surprised if that were not already possible. I am fairly sure that it is, because I am fairly sure that I know someone with learning difficulties who is involved. I shall examine the position.

Chapter 9 of part 2 contains three provisions that will be helpful to trustees in their stewardship of charities. The first will allow a charity to pay a trustee who is willing and able to provide his or her charity with a professional or trade service that it needs. I emphasise that the Bill will not allow payment of a trustee for carrying out the ordinary duties of trusteeship, nor will it allow charities' paid employees to be trustees at the same time. It preserves the voluntary principle of trusteeship which is part of the ethos of charity. The second provision will allow trustees to apply to the Charity Commission for relief from personal liability for breach of trust when they have acted honestly and reasonably, but their action has nevertheless caused some loss to their charity. The third will allow trustees to pay for trustee indemnity insurance using their charity's money.

Those measures are intended to encourage more people to become or continue as trustees by giving them confidence that they will not be personally penalised for an honest mistake. The fear of having to pay out of one's own pocket to make good an honest mistake can be a real deterrent both to the taking on of a trusteeship and to innovation in the running of a charity.

Chapters 10 and 11 of part 2 will allow smaller charities to alter their own constitutions without needing the Charity Commission's permission. The rules restricting charities' abilities to spend their capital endowments will also be relaxed, though the concurrence of the commission will be required before they may override the wishes of a donor who has given a large sum as an endowment on condition that only the income from it can be spent. Some legal and technical obstacles to mergers between charities will also be removed. Decisions whether or not to merge will of course remain for charities themselves: it is not the Government's role to procure mergers between charities or to put pressure on charities to merge. However, it should be easier for them to merge, if that is their wish.

An important part of the Bill, part 3, is the reforms to the regulation of public charitable collections. The present arrangements do not work as well as they could, because different types of collection are subject to different sets of licensing rules, and because the rules are applied differently from one local authority to another. Through the Charities Act 1992 it was intended to introduce a new scheme for the regulation of fundraising, but the relevant part of the 1992 Act was never introduced because the proposed scheme was thought to be unworkable in practice.

We propose in part 3 of the Bill a new, unified licensing scheme to iron out the inconsistencies. We responded to a recommendation made by the Joint Committee on the draft Bill by giving the Charity Commission the role of determining the eligibility of organisations to carry out public collections. Charities and other bodies wanting to carry out public collections will be able to apply to the Charity Commission for a public collections certificate lasting for up to five years. Public collections in the street will continue to require, as well as that certificate, a permit from the local authority to authorise the time and place of the collection. For public collections from house to house, which includes from pub to pub, a public collections certificate will be needed and the collection must be notified to the local authority. The Bill brings face-to-face fundraising, sometimes called "chugging", within the statutory licensing scheme.

Elsewhere in part 3 there is a reserve power for the Government to introduce a statutory scheme for the regulation of charity fundraising generally. We have said that that power will be exercised only if self-regulation fails. I am glad to say that self-regulation, led by the recently established Fundraising Standards Board, is getting off the ground very well. The Government hope and expect that self-regulation

[Hilary Armstrong]

will be effective in the longer term, although the power in the Bill will be available should self-regulation fail.

Tom Levitt: My right hon. Friend describes some welcome changes in regulation that involve some significant new powers and responsibilities for the Charity Commission. Can she assure the House that the commission will have the capacity and the funding to deliver on those powers?

Hilary Armstrong: My hon. Friend raises an important point. We are working with the Charity Commission so that we have a better estimate of what the reforms will cost. We will have to consider the situation once the figures are clearer than they are at present.

Other provisions of part 3 include provisions to put beyond doubt the Government's power to fund charities and other voluntary organisations. That responds to the concern of the Home Affairs Committee about the lack of a proper statutory power for the Home Secretary's funding of voluntary organisations. The Bill gives the National Assembly for Wales the same funding power as it gives to the UK Government.

Mr. David Drew (Stroud) (Lab/Co-op): I am surprised that the fiscal regime for charities is not addressed in the Bill and I hope that we will be able to take account of that in consideration of the Bill. In particular, the question whether VAT can be recovered is crucial in determining whether charities in the social and health care area are effective in spending their money. Is that an issue that the redefinition of charities will help to address? Discussions with the Treasury just seem to lead to even greater opacity.

Hilary Armstrong: I hear my hon. Friend, but the problem is that his "opaque area" carries a bill of about £500 million. In any financial matter, the Government must take an overall view about their priorities. It is always for the Treasury to take that view first, through the Budget and its proposals in the Finance Bill, rather than it being done in a Bill such as the one before us. Matters will move and change over the years, and the Government take the overall management of the economy very seriously. We have done very well at it, and I do not want to be the Minister who undermines it through something in this Bill, given that the economy is a matter for my right hon. Friend the Chancellor of the Exchequer.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The hon. Member for Stroud (Mr. Drew) raised a very important question. In Shrewsbury, the League of Friends of the Royal Shrewsbury hospital raises hundreds of thousands of pounds every year to buy vital hospital equipment, which the Government do not therefore need to purchase. It is important that the Minister takes on board its view that it would benefit greatly from not having to pay VAT on that vital equipment.

Hilary Armstrong: That is a fair point, and many such points can be made. However, our investment in the health service means that that league and others can continue to purchase equipment and services that are often not central to the national health service. The leagues do a very good job, but we have put additional money into the health service—considerably more than £500 million. Priorities must be set and judgments made. I could make a comment, but I am not going to do so. *[Interruption.]* I am sure that the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) knows that it might be about the investment in the health service, and who supported it and who did not.

Daniel Kawczynski: The hon. Lady is being charitable.

Hilary Armstrong: I am.

Part 4 contains the final provisions, including one that will require the Government to commission a general review of the operation of the Act within five years of Royal Assent and to report it to Parliament. That is an important provision. We will then be able to consider some questions about which hon. Members, for perfectly sound reasons, have concerns. The Government are introducing the Bill, but the regulator will be at arm's length—at least—from the Government. Parliament will want to review how measures such as the public benefit test are interpreted. We will have the opportunity to do so, because the Bill provides for a review within five years. The Bill will allow us to judge the legislation's effect on various matters, including public benefit, as I said, and public confidence in charities.

Another provision in part 4 will pave the way for the consolidation of charities' statute law to make it easier for charities and their advisers to read and understand the law. I am sure that many of us welcome that.

The Bill will support the work of thousands of people and organisations, working throughout the country to make a real impact on their communities, by improving the ways in which charities are run and regulated. The Bill's overall effect will be deregulatory. It will liberate charities and enable them to provide an even better service, while ensuring that they are fairly and rigorously accountable to the public.

The Bill enjoys high support from people in the voluntary and community sector, many of whom have been involved in drafting it. It gives me great pleasure to present it, and I commend it to the House.

4.19 pm

Mr. Andrew Turner (Isle of Wight) (Con): I welcome the Chancellor of the Duchy of Lancaster and her Parliamentary Secretary to their new responsibilities. It must be a great relief to the right hon. Lady to be relieved from the vow of silence that binds the Government Chief Whip, and I am sure that it will do us all good to benefit from the additional intellectual weight that the hon. Member for Doncaster, North (Mr. Miliband) brings to the new office of the third sector.

Last week, I talked briefly to some youngsters in my constituency about the Bill. One aspect of it interested them. It was not the public benefit test or the

establishment of the charity tribunal. It was not even the transformation, after 400 years, of the charity commissioners into a body corporate. The thing that interested them was the section on fundraising and whether we will retain the ban—as they see it—on volunteers shaking their tins during street collections. Those youngsters, like youngsters nationally, are the best—they keep up a tradition of fundraising for charity at the numerous carnivals in my constituency, which date back to the first documented carnival in Britain that took place in Ryde in 1888. However, as collectors compete with the amplified music on many carnival floats and with bands such as the Medina marching band, the Wight Diamonds or the Vectis corps of drums, and 40,000 excited spectators, it is difficult for them to draw attention to themselves if they are banned from even rattling their collecting tins. If local councils have the power to impose such a ban—many people think they do—they should use it sparingly, if at all.

I would not be forgiven if I did not pursue that point in Committee because little things, as well as strategic issues, matter in legislation. If we get the little things wrong, as the Licensing Act 2003 is demonstrating, we disrupt people's lives and destroy the local voluntary effort that is at the heart of much charity work, whether it is fundraising for large charities such as the National Society for the Prevention of Cruelty to Children, with a national turnover of nearly £90 million a year, or for small charities such as the Isle of Wight Historic Lifeboat Trust, with an annual turnover of between £5,000 and £10,000.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): As the hon. Gentleman canters through his proposals and comments on the Bill, will he tell me whether he agrees with the right hon. Member for Witney (Mr. Cameron), who wants to set the voluntary sector free, or with the 19th-century philanthropic view of the voluntary sector espoused by the chief executive of the Association of Chief Executives of Voluntary Organisations, or with the view expressed by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith)?

Mr. Turner: I shall return to the issue of the 19th-century philanthropic view of charities, but of course I agree with my right hon. Friend the Leader of the Opposition.

Although it is important that charities are effectively regulated to protect the charity brand and to ensure that donations are properly used in pursuance of a charity's objectives, we should not, by over-regulation, drive out individuals who have an appetite to help their fellow man but do not desire to become bogged down in bureaucracy.

David Taylor: The hon. Gentleman unsurprisingly pledges loyalty to the views of his party leader. He referred to the NSPCC in warm terms. Does he accept and endorse the views of a previous Conservative leader, the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), who urged the NSPCC to stop shouting and start working? Is that the hon. Gentleman's view of the NSPCC?

Mr. Turner: I congratulate the hon. Gentleman on getting to point 2 on the parliamentary Labour party sheet. My belief is that we should assist charities to do their jobs better. Many of them—in fact, virtually all of them—want to do that.

At a time when all political parties are enthusing about the role of the third sector in the supply of public services, it is as well to remember that charities and voluntary organisations were the first providers of public services. That is because they were set up by a diverse, and sometimes eccentric, range of individuals and groups to do the good that those individuals and groups wanted to do. Some of that will fit into a national or local strategy, but much of it will not. Those benevolent institutions have continued to serve their public right into the 21st century, while the state has learned from them and taken on some of their responsibilities. Some of that state involvement was to ensure equity of access to essential services; some was rooted in the belief, sadly reflected in the words of a Government Back Bencher, that

"philanthropism...applied in the 19th century"

and that

"private charity is no substitute for organised justice."—[*Official Report*, 15 March 2006; Vol. 443, c. 1541.]

That sentiment is now thankfully rare and the value of the voluntary sector as a deliverer of services, an innovator and a social entrepreneur is recognised and celebrated across the political spectrum.

Indeed, the Government's confidence in community organisations as deliverers of change, in relation to foundation hospitals and trust schools, has sometimes found more support on the Conservative Benches than on the Government Benches. None the less, I welcome the Prime Minister's announcement last week that there is no longer an ideological barrier to involving the private and voluntary sectors in the delivery of public services. Perhaps, as Steve Bubb, the chief executive of the Association of Chief Executives of Voluntary Organisations, told the *Financial Times* on Friday,

"things are finally beginning to move"

after repeated pledges since 2000, but limited action. Like him, we will believe it when we see it. The *Financial Times* said:

"Tony Blair announced a review of the procurement and supply of community equipment worth £200 million a year. This included everything from wheelchairs to the provision of aids needed to keep people out of care homes and to get them out of, or prevent them from entering, hospital.

"Big organisations including the Royal National Institute for the Deaf and Royal National Institute for the Blind and the Red Cross will be involved in the review and will be encouraged to bid for the revamped service that will result."

I am underwhelmed. Out of an NHS budget of £75 billion, the Prime Minister is able to find £200 million-worth of work for the charity sector. I have news for him: in my constituency, the Red Cross already has that sort of contract. He will have to do better than that to turn his good intentions into reality.

Tom Levitt: I was present at the conference at which the Prime Minister gave his speech on Thursday, as was the Parliamentary Secretary, my hon. Friend the Member for Doncaster, North (Edward Miliband). The Prime Minister's announcements, of which that was

[Tom Levitt]

one example—we are talking about something that is in addition to the valuable work that the voluntary sector already does in the health service—were widely welcomed not just by people from the third sector and the voluntary sector, but by everyone at that conference, including partners in the private sector and the local government sector. It was a good conference with a positive outcome that will take us forward in a way that the hon. Gentleman's Government never managed to do in the past.

Mr. Turner: Of course, we all welcome the sentiment. The question is how long it will take the Prime Minister to implement sentiments that he expressed in 2000.

It is right for the Government to see the third sector as an alternative provider of public services, but they must realise three things. If a charity is commissioned to deliver a service, it must be able to decide how. Voluntary organisations work so well because, as the Chancellor of the Duchy of Lancaster said, their independence leaves them free to innovate. If Governments—national or local, of whatever political colour—prescribe how the service should be provided, the hard-won expertise of those charities will be wasted and the contract will not be delivered as well as could have been the case. If one sets up a national or regional contract—perhaps that is what the Prime Minister intends for home-care appliances—one loses the local autonomy and local commitment, and probably the local fundraising, which add love and care to contract delivery.

If we demand that voluntary organisations meet the Government's objectives too closely, we may find, as the National Council for Voluntary Organisations suggested in its discussion paper in 2001, that each

"may be perceived as little more than an agent of the state."

It is essential that charities are not too restricted so that the public continue to trust them. Furthermore, we have known for years that too many Government contracts with charities and voluntary organisations last only a single year. Funding often arrives late from Departments. If a contract is too short, long-term planning is impossible and organisations cannot take the risk of investing for the future. Indeed, they sometimes have to divert other income to keep the contract afloat. Staff become uncertain about the future and thus look for new jobs, and delivery declines and the vulnerable suffer.

Meg Hillier: The hon. Gentleman is being dismissive of the important step that the Prime Minister announced. I speak as someone who saw one relative die while waiting for a wheelchair to be provided by a private company on contract, while another waited six months. In the meantime, it was the voluntary sector that provided. The view of the Prime Minister and the Government that such things should be provided properly and well through a good contract with the voluntary sector is the right step forward.

Mr. Turner: The hon. Lady is absolutely right. I have no dispute with that at all.

Tom Levitt: The hon. Gentleman should read the Prime Minister's speech of last Thursday in which he identified the problem of short-term funding. We are addressing that through the way in which local authorities and others are funded, and it should also be addressed through the way in which the voluntary sector is funded. Is the hon. Gentleman aware that the sector is a partner in the delivery of services? The nightmare scenario that he described will not happen in a proper partnership in which the views of different sides are respected. If the partnership cannot agree how the services should be delivered, there simply will not be a partnership, but we will not see the nightmare about which he talks.

Mr. Turner: I am not sure that I was talking about any kind of nightmare at all. I was saying that there is a great opportunity for the voluntary and charity sectors.

The problem is that seven out of 13 Departments still do not even keep records of whether funding is agreed before the beginning of the financial year, or of whether their contracts run for more than one year, despite the advice of the Public Accounts Committee. Of those Departments that kept records, the Northern Ireland Office was best—I congratulate it on that—but the Home Office, which was the sponsoring Department for the voluntary sector, was worst.

The Bill is important for the charity sector and the people and purposes that that sector serves. It has already been thoroughly scrutinised. It was one of the first Bills to be subject to pre-legislative scrutiny and it has twice been rigorously examined in another place. However, several provisions remain that will need to be debated and, perhaps, amended in Committee if the Bill is to allow the sector to meet its potential.

The most contentious matter is clearly the public benefit test. Since the 17th century—and in codified form since 1891—there has been a requirement to demonstrate public benefit for most charitable purposes. However, as the Minister said, there has been a presumption of public benefit for the relief of poverty, the advancement of religion and the advancement of education. The Bill will abolish that presumption, so any organisation with a charitable purpose will have to demonstrate a public benefit. The Bill provides for a tortuous and near-incomprehensible formula. Ministers have reassured Parliament that although that will mean that our case law will be allowed to develop, the public benefit test will remain unchanged.

Three groups seem to want to the public benefit test to become more onerous. The first is represented by the Charity Commission, the NCVO and, rather surprisingly, the British Red Cross. The second is a group of lawyers and others who think that although the law on charities has never been the same in England as in Scotland, there should be a post-devolution situation in which Scotland drives England. I was grateful to the Minister for pointing out the objective that the three legal systems should be compatible, but not identical. The third group is the few Government Back Benchers who are chaffing at their failure to maintain the iron grip of mediocrity on Britain's state schools, with the support, for some reason, of the illiberal democrats to my left. Their motive is essentially to strike down independent schools, which

have shown that pupils can get a better education than they could have done from the state. They ignore the damage done to voluntary hospitals and to charitable retirement homes. They do not seem to have thought of the effect on universities, all of which have always charged fees.

David Taylor: I thank the hon. Gentleman for releasing his iron grip on what is a mediocre speech. Can he say whether Her Majesty's Opposition are likely to support a wholly admirable and worthwhile amendment that is due to be tabled and that would prevent organisations that charge unduly excessive fees from being granted charitable status?

Mr. Turner: In my speech, which the hon. Gentleman kindly described as mediocre, I was about to say that we will support the Government in voting down proposals for a more onerous public benefit test. I prefer—

David Lepper (Brighton, Pavilion) (Lab/Co-op): I take the hon. Gentleman back to a comment he made a few moments ago. I paused before intervening because I wanted to think about what he said. Did he really mean to say that most state education is mediocre, or did I mishear him?

Mr. Turner: I can assure the hon. Gentleman that he did not hear those words.

I prefer to look at the presumption of public benefit from another direction. Its abolition will create extra work for the Charity Commission and impose a greater bureaucratic burden on charities. If they have to divert resources toward demonstrating public benefit, that will reduce the amount of good that they are able to do.

Daniel Kawczynski: My hon. Friend mentioned that private schools will be affected. He will know that one of the best private schools in the country—Shrewsbury—is in my constituency. It does a lot for charity and is very good for the community in Shrewsbury. These plans will affect it, and I am worried about the impact on it of the extra bureaucracy involved in meeting these requirements.

Mr. Turner: I am concerned about the impact on schools such as Shrewsbury, but I must say that I am far more concerned about the impact on small and much less expensive independent schools that benefit from charitable status and fulfil a public benefit by providing education.

I find it inconceivable that a charity whose objective is the relief of poverty would not, prima facie, be providing a public benefit. Can any Member suggest that a trust for the relief of poverty would not be providing such a benefit? *[Interruption.]* The Minister for the Cabinet Office says "No", but money spent on proving that what is provided is a public benefit, or on adjudicating on that question, is surely money wasted.

Secondly, removing that presumption from organisations for the advancement of religion is absurd and opens up a huge debate about whether religious activities have a public benefit. I am talking not about the activities that flow from religion, as most of them are covered by other charitable purposes, but about directly religious activities such as prayer and moral leadership.

Martin Horwood: Am I right in thinking that the hon. Gentleman is therefore retreating even from the position of his noble Friends in another place? They said that "all charities" should

"have to meet a public benefit test, no matter what their purposes are".—[*Official Report, House of Lords*, 28 June 2005; Vol. 673, c. 154.]

That is the view of the Conservative party in the House of Lords, which, is hardly the most progressive of organisations.

Mr. Turner: I am asking Ministers, either now or in Committee, to justify requiring organisations for the relief of poverty to spend time and money demonstrating that they provide a public benefit.

Hilary Armstrong *rose*—

Alun Michael *rose*—

Mr. Turner: I will give way to the right hon. Lady.

Hilary Armstrong: I think that the hon. Gentleman has misunderstood the Bill. He is absolutely right in saying that a presumption has been removed, but there has always been the view that public benefit ought to be able to be demonstrated. Every organisation is now expected, as it registers, to publish information annually, so that the public know what it is doing, what its objectives are and how it is fulfilling them, and how it is raising money. Most organisations also want to tell the public what they are spending that money on, and that they are not spending it mainly on administration. I do not believe that individual organisations will face any additional costs if they are already seeking to inform the public properly. One of the purposes of the Bill is to maintain public confidence in the charitable sector, and the only way to do that—

Mr. Deputy Speaker (Sir Michael Lord): Order. The right hon. Lady has made her point.

Mr. Turner: I am grateful to the right hon. Lady for having attempted to explain a difficult point. I would like to know the justification for organisations for the relief of poverty spending money on demonstrating that what they do is not only charitable—that is, it falls within the definition of charitable purposes—but for public benefit.

Alun Michael: Does the hon. Gentleman accept that even if the presumption remains, such organisations ought to show how they are producing value for the public benefit? Will he turn his eyes to the fourth of the categories of charitable purpose in the Bill, which is

"the advancement of health or the saving of lives"?

[Alun Michael]

Is it not sensible to establish a level playing field whereby all organisations are subject to the same light regime—not a heavy bureaucratic one—and the same requirements?

Mr. Turner: I do not think that it is possible to come up with an example of an organisation for the relief of poverty that is not conferring a public benefit. I shall talk about the fourth category of charitable purpose, but first I want to finish my point on religion.

Can any hon. Member say what it is in religious activity that confers an identifiable public benefit—the words used by the Minister for the Cabinet Office? I am talking not about the relief of poverty, which is ancillary to much religious activity, but about religious activities such as prayer and moral leadership. How is an organisation to go about demonstrating the public benefit of prayer, which is work for the advancement of religion? How does one demonstrate objectively that prayer offers a public benefit? It may in fact be extremely difficult to prove that the work of an organisation for the advancement of religion is for public benefit, and our fear is that the way will be opened to interminable disputes, which will be no more than a job creation scheme for lawyers and the Charity Commission.

Finally, who can argue that education is not for public benefit?

Meg Hillier: In my constituency, there are many groups of different faiths, and it would be hard for me to find a single one that did not provide some demonstrable public good other than moral leadership and prayer, to which the hon. Gentleman referred. If I would find that hard in my multicultural, multi-faith constituency, I suspect that that would be true in other parts of the country.

Mr. Turner: That is precisely the point that I was trying—clearly unsuccessfully—to make. The good, other than prayer and moral leadership, is covered by other charitable purposes. The Bill requires a religious organisation, if it is claiming charitable status only under clause 2(2)(c), to demonstrate that the religious activity itself—the prayer and moral leadership—gives a public benefit. I am at a loss to see how one demonstrates the public benefit of prayer.

Martin Horwood: It seems to me to be fairly demonstrable that if a large number of people take comfort from prayer—they can be asked whether it comforts them—that is a public benefit. However, my question is on the relief of poverty. The hon. Gentleman said that he could not imagine an organisation for the relief of poverty being challenged on whether it is in the public benefit, but I remember that when I worked for Oxfam in the 1990s, large numbers of Conservative Members fairly frequently challenged Oxfam and other voluntary organisations on whether what they were doing was in the public benefit. Does the hon. Gentleman wish to return to that situation?

Mr. Turner: The hon. Gentleman fails to recall what was happening at that time. Challenges were put to some charities that they were campaigning politically, not that they were failing to confer a public benefit. The challenge was that they were also unlawfully campaigning using charity money. Some people have changed their views on that.

Who can argue that education is not for public benefit? The principal argument for education being provided at the taxpayers' expense is that it is in everyone's interest that we have a better educated nation. The Chancellor of the Exchequer argues that we should extend free education across the developing world, presumably for the same reason. How can it be argued that education that people pay for—those who can afford to do so—is of less benefit than other benefits? In all of these instances the Bill moves the onus. No longer will the Charity Commission have to show that an existing charity is not for public benefit. In future, each charity will have to show that it is for public benefit, making some charities that have lasted for hundreds of years guilty until proven innocent. Just in case anyone advances the argument that an individual charity may not be as beneficial as it should be, I remind the House that the removal of the presumption is merely that.

The Parliamentary Secretary, Cabinet Office (Edward Miliband): I am grateful to the hon. Gentleman for giving way during his extraordinary speech. Does he agree with the principle that all institutions that benefit from the taxpayer through charitable status should have to demonstrate public benefit? That is the principle that is at the heart of the Bill. I thought that that principle commanded consensus in the House.

Mr. Turner: There are two answers to that. First, since 1891 that has not been the case. That was codified at that time. Secondly, I think that it was Gladstone who thought that tax relief was public expenditure. I do not share that view. Tax relief is people keeping their own money, not the state spending money.

Edward Miliband: I do not want to get into an argument with the hon. Gentleman about tax versus public expenditure and the distinction. There is no question that a more beneficial tax regime that is available for those organisations that have charitable status is beneficial, and it represents a loss to the Exchequer. I ask the hon. Gentleman a simple question, as he speaks for the official Opposition on these matters. Does he agree with the principle that all institutions that benefit in this way should have to demonstrate public benefit? We on the Government Benches do and, I think, so do the Liberal Democrats.

Mr. Turner: We must balance the benefit that comes from demonstrating that against the loss to charities and the cost to the Charity Commission of so doing. I believe that there will be additional bureaucracy and uncertainty loaded on to charities as a result of what is proposed.

Mr. Alan Milburn (Darlington) (Lab): I, too, will ask the hon. Gentleman a simple question. He knows that

public benefit is at the heart of the Bill. Is it his intention to lead his troops through the no Lobby this evening?

Mr. Turner: That question is somewhat premature. I am sure that the right hon. Gentleman will find out before the end of my speech. I know that he was a member of the Joint Committee. I shall answer his question later.

There are some who have advanced the argument that an individual charity may not be as beneficial as it should be. I remind them that the removal of the presumption is only a removal of the presumption. Even where it remains, the commissioners can now, and will be able to do so in future, intervene—as they did in the case of the Finsbury Park mosque, or refuse registration as they did in the case of the Scientologists—where an applicant looks likely to go off the rails. We are not conferring on every charity for ever, even in the three categories that I have mentioned, the presumption of public benefit. It is more than the presumption of public benefit.

The lack of a definition of religion is causing some concern. The definition is important to ensure that those organisations that are traditionally viewed as religious are able to maintain their charitable status while preventing other organisations that are merely philosophical from meeting that definition. This part of the Bill needs further work to secure a satisfactory definition.

There is great concern about the commissioners' proposal to

"interpret the public benefit requirement in the light of...modern conditions",

as it would constitute a major attack on religion if it were judged only in modern terms. It is possible to initiate complaints to the commission but, given the time-consuming inquiries that would ensue, that would significantly disrupt and undermine a charity's activities.

One of the biggest problems facing the sector is over-regulation. Far from reducing the regulatory burden on charities, as the Minister for the Cabinet Office claimed, the Bill increases it, and we have already heard evidence of over-zealous interpretation of the charity commissioners' role. I received a letter from Girlguiding UK last week, which said:

"Recent emphasis in Charity Commission publications on the responsibilities of charity trustees and the prospective penalties for non-compliance is unhelpful to a largely activity-based organisation... Insistence on highlighting charity trusteeship is discouraging adult volunteers."

I welcome the Minister's assurance that the Bill recognises and reduces trustees' fears, and we will examine that assertion with interest in Committee. We should all focus on the need to reduce bureaucratic demands on charitable organisations if we wish to avoid driving the doers out. Some new regulatory measures should be removed from the Bill, including the £100,000 asset limit on registration, but the £5,000 threshold should be increased. I am concerned that double regulation will be imposed on charities that have hitherto been exempt, such as universities, and I am surprised that they are prepared to be regulated not by the independent Charity Commission, but by the Higher Education Funding Council—a creature of the Education Secretary.

The Bill does not say anything about making the commission's annual public meetings accessible to as many representatives of small charities as possible, but it is important to do so if such charities are to continue to play a vital role in the sector. We welcome the creation of the charity tribunal, which provides a resolution procedure for disputes without resorting to High Court, and thus reduces costs, but greater transparency is required. The Bill does not allow for the award of compensation to charities by the tribunal, the commission or, in a case of maladministration, the ombudsman, and it does not include a provision to assist charities and trustees that wish to refer the commission to the tribunal. Charities must be able to challenge the commission's decisions before the tribunal without hazarding charitable funds, so the proposal of a suitors' fund for that purpose is attractive, and the commission is well-placed to resource such a fund.

Above all, charities must not be diverted from meeting their objectives, and in times of difficulty those objectives must be protected. When the tribunal makes decisions it can award costs, but there is no protection to ensure the survival of a charity that could become bankrupt in attempting to meet such costs, so we propose that the tribunal be required to take charities' long-term survival into account when awarding costs. We propose, too, that the commission—not the charity—meet the costs of an appointment of the interim manager—previously known as the receiver.

Finally, the Bill can take further steps to make charities more accountable, and representatives of trustees such as local authorities should be required to act in a charity's best interests. We welcome the fact that the commission has been established as a non-ministerial Government Department, but it should be accountable to Parliament through a Select Committee. Appointments to the commission should be subject to Select Committee approval, to ensure that the commission is openly accountable to Parliament and hence to the public. The Bill gives the commission three jobs—to provide advice, to regulate, and to police—but it will sometimes be hard for charities to distinguish between those roles. The commission should be required to make clear what is advice and what is policing so that charities neither inadvertently break the law nor are unduly circumscribed in their activities because there is a lack of clarity from the commission.

In conclusion, we support the Bill's overall aims and we wish to see it make reasonable progress, especially after 110 days' delay between First and Second Reading. We will work with the Government to turn the Bill into the best framework possible within which charities can provide the best services possible to the public. Most charities were around long before we were, and will be around long after. We have a duty to hand them over in good shape, and the Bill must put no obstacles in the way.

4.55 pm

Mr. Alan Milburn (Darlington) (Lab): It is an unusual event, at least nowadays, that a Government Bill receives an almost universal welcome, but that is what this Bill by and large has received from charities, from organisations representing charities,

[Mr. Alan Milburn]

from commentators, from the media, even from many lawyers, with the possible exception of the hon. Member for Isle of Wight (Mr. Turner). Given the consensus around the Bill, I was beginning to wonder whether there was something wrong with it. But having heard the hon. Gentleman's pretty extraordinary speech, I am beginning to believe that most things about it are right.

As my right hon. Friend the Minister for the Cabinet Office was kind enough to say earlier, I was privileged enough to be able to chair the pre-legislative scrutiny Committee dealing with the draft Bill some two years ago, and I should like to take this opportunity to pay tribute to the officials and advisers who served us admirably on the Joint Committee, and to those colleagues on both sides of both Houses, who, without exception, were a joy to serve with and to chair.

I like to think that the report that we produced, in keeping with the consensus around the Bill, was also pretty consensual, in tone and outcome. There is only one small caveat, which is that I cannot be held personally responsible for all the conclusions because, sadly, I had to leave the Committee before it finalised its conclusions in order to rejoin the Cabinet, and for the rather less consensual purpose of co-ordinating the Labour party's general election campaign. I like to think that the Joint Committee was a successful endeavour, and I like to think that the general election campaign was reasonably successful too.

I remain a real convert to the pre-legislative process. I very much endorse what the hon. Gentleman and my right hon. Friend said. That process is far less partisan and far more open to analysis and debate, and, as a consequence, makes, where it is possible, for far better law. Indeed, I should like to see it go much further in this House and in the other place.

The fact that the Government also took on board so many of the Committee's deliberations is testimony to Ministers' willingness to listen in order to improve the Bill's content. I welcome in particular the decisions to guarantee the independence of the Charity Commission; to improve the proposed licensing arrangements for public collections, to which my right hon. Friend referred; to consolidate, importantly, charities' legislation, once the Bill has successfully completed its passage through the House; and finally, and very importantly, my right hon. Friend's preparedness to review the performance of the Bill in the real world five years following its completion. Each of those changes has undoubtedly improved the Bill, as will have the detailed scrutiny that it has already received from the very many charity experts in another place.

There are three principal reasons why the Bill is needed. The first is the necessity to modernise what is at best outdated and at worst pretty chaotic charity law. 1601 was no doubt a very fine year. It was for Her Majesty Queen Elizabeth I. She managed to thwart a rebellion led by the Earl of Essex. It was a less successful year for the Earl of Essex because he was beheaded. I do not say in any way, shape or form to my hon. Friends that I am looking for such a measure to deal with latter day rebels, although I bet that on occasion my right hon. Friend when she was Chief Whip would have welcomed that for certain of my hon. Friends.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Name them.

Mr. Milburn: I shall resist the temptation to name them. However, 1601 was also the year when charities legislation was first codified. Perhaps understandably given the huge amount of case law covering the work, the purposes and so on of charitable organisations, that legislation requires modernisation, and it is not surprising that the National Council for Voluntary Organisations has called the current law, "complex and inconsistent".

Secondly, today's charitable sector would be completely unrecognisable to those who set out the first framework for charitable law, and it is characterised by its huge diversity and enormous size. As my right hon. Friend the Minister has said, there are about 200,000 charities, which have an income of almost £40 billion a year. Charities, from the smallest to the largest, play a hugely important role in our country and, indeed, in each of our constituencies. Taken together, charities and the wider voluntary sector employ more people than the national health service, which makes them as big, if not bigger, than the Chinese red army or the Indian Railways, although they are hopefully more enlightened and efficient.

Although the mainstay of the sector remains small, volunteer-led, locally run charitable organisations, we have seen some formidable and fundamental changes in the nature of what charities do and in the way in which they look in recent years. Organisations such as Turning Point, the British Red Cross and the Royal National Institute for Deaf People belie the image of an amateur, poorly run, volunteer-led organisation. Such organisations are extremely successful, extremely large and extremely professional, and they make a real difference—for example, housing associations are the main providers of affordable homes in our country nowadays.

Organisations such as Christian Aid, Oxfam, Save the Children and the Red Cross play an important role in development. Most instructively, voluntary hospices have not only become the main providers of care for the terminally ill, but given birth to a new branch of modern medicine in this country and throughout the world.

Mr. Drew: On the roles and functions of organisations, the number of social enterprise organisations is clearly growing. Will redefining the law on whether charities are fit for purpose help social enterprises to expand? Social enterprises are clearly not set up with charitable purposes, but they are not private businesses and are obviously not part of the state.

Mr. Milburn: My hon. Friend has made an extremely good point. The voluntary sector is now characterised by huge diversity not only in terms of size, but in terms of form—there are social enterprises, community organisations, residents' organisations and charities.

In a moment, I shall touch on the point that the Government have tried in this Bill and other legislation to make it easier for voluntary organisations to choose from a variety of different legal forms. My right hon. Friend the Minister has referred to the charitable incorporated organisation, which we touched on in Joint Committee, and there are other forms, too. I welcome the blossoming in voluntary and community organisations, which are making a difference in how services are delivered not only locally, but nationally, and I welcome the diversity that we are beginning to see within the voluntary sector.

The third reason why the Bill is needed is that the right framework of law and regulation can help realise the potential, which the hon. Member for Isle of Wight has touched on, that undoubtedly exists for the sector to grow even further, which would help the Government to deal with some of the formidable social challenges faced by a modern society such as ours. Because charitable organisations are often grounded in local communities, they are well placed to grow social capital, which can deal with big social issues such as fighting crime, improving health or regenerating communities. Some of the most inspiring people whom I have met in my constituency are members of community organisations who are leading the local effort to tackle such types of disadvantage.

The truth is that we now live in an era in which, by and large, citizens are far more informed and inquiring; they know more and want to be engaged more. The old proposition that our job here is to do things to people no longer applies—doing things with people holds the key to progress. In that context, charitable and voluntary organisations have an enormous role to play. A vibrant voluntary and, in particular, charitable sector forged from the combined efforts of millions of unpaid volunteers should surely be the bedrock of a modern civil society based, as it is, on active citizenship.

In other words, charities can do more than do good—they have at least the potential to change the way in which our country is governed. That is long overdue. For decades, policymakers—this is not a partisan point, as it applies to all parties of Government—have practised a top-down approach in dealing with the big social issues of the day. I see that graphically illustrated in my own part of the world, the north-east, where the inner-city regeneration schemes of the 1970s and the 1980s were characterised by one thing—the pouring in of millions, in some cases hundreds of millions, of pounds of public investment, with, at its heart, the fallacy that was the failure to consult and, more importantly, to involve the residents who were the supposed beneficiaries of such resources. It is hardly surprising that such schemes came and went, came and went again, and failed. Some of the new programmes that I am proud to say that this Government have pioneered, such as the new deal for communities, have begun to change that top-down approach and to substitute a bottom-up approach whereby local residents are not only consulted on, but involved in, how services are provided and how their communities are run.

However, we need to go beyond individual initiatives, however good they might be, to a wider approach encompassing what the Government do, and how the state behaves, to empower individual citizens and local communities to take greater control and thereby exercise far greater responsibility for themselves. That is where charities not only have a key role but stand before an open goal. Over recent years, the reforms that the Government have made in our public services to introduce common standards and systems of inspection allow our country to make progress towards a system that is commonplace in other European countries, where the origin of the provider becomes far less important than the quality of services that they provide.

In local government nowadays, more and more services are run by the private sector. In social services, the majority of elderly care services have been contracted out to the private sector. There are issues about standards and so on, but by and large it is fair to say that standards are better than they were 10 or 20 years ago. In education, we have more partnerships between the public and private sectors. I would argue that those partnerships have helped to drive up standards, particularly in the most disadvantaged communities. As for health, when I was Health Secretary I signed a concordat with the private sector. That was not universally popular with Labour Members, and was indeed subject to a great deal of criticism from Opposition Members. We brought in new overseas providers, again from the private sector. The end result has been to improve standards and outcomes and to shorten waiting times to the benefit of NHS patients.

The next step is to move beyond an automatic assumption that the only alternative to the public sector is the private sector. Over the next decade, the charitable and voluntary sector should become as integral to public service delivery in Britain as either the public or the private sector. It can help to open up public services so that they become far more responsive and offer those who use them far greater choice.

David Taylor: My right hon. Friend eulogises the benefits that he asserts have resulted from partnerships between the private and public sector in the world of education. Does he not accept that at least some of those benefits have been somewhat tokenistic and that most partnerships have come about as a result of sharing sports facilities, musical access and so forth? Very few indeed have been rooted in the sharing of teaching and learning skills of a more conventional nature.

John Bercow: With friends like that!

Mr. Milburn: Thank you to my supposed hon. Friend, or whatever he is. I will come to precisely that point in a few moments. When the Joint Committee was taking evidence, we heard about some good examples of meaningful partnership between the private and state sector, particularly in education. To be honest, we also heard about some pretty poor examples, where the lack of partnership between the sectors was more evident. In large part, the test of public benefit, which some have decried, can help to address the deficiencies and to realise the potential of partnerships. I will return to that theme in a moment or two.

[Mr. Milburn]

It seems to me that, if we can get the framework right, the voluntary and charitable sector could be doing far more than it does. I have never really understood, for example, why voluntary or charitable organisations should not be able to run more welfare to work or child care programmes. I have never understood why cancer charities should not be given the opportunity to run more cancer services. I would certainly like to see us building, as a society and a country, on the pioneering work undertaken by an organisation such as the Royal National Institute for Deaf People in negotiating substantial discounts on behalf of NHS patients on the supply of digital hearing aids and then going on to work with NHS hearing services in order to ensure that those aids can be properly provided and fitted to the deaf or hard of hearing.

My argument, unlike that of the Conservative party, is not that charities can or should replace the state, but that the public sector, the voluntary sector and the charitable sector should be partners rather than rivals. While charities can do much more, there is much that the state, for reasons of efficiency and equity, has to do. In truth, in this era of worldwide terror, mass migration and global competition in which we live, only Governments can provide security to citizens. Modern Governments, however, have another equally critical role—to empower more people so that the opportunities that some have always enjoyed are redistributed more widely in our society and it is here, I believe, that the charitable and voluntary sector comes into its own.

The potential is already there, but I believe that realising it will require a new drive to bring in the sector from the cold. That depends, first, on the Government providing fair rules and fair funding. A good start has already been made, but Ministers recognise that there is more to do. Secondly, it depends on the sector—charities and voluntary organisations alike—putting its own house in order. Charitable organisations, just like private or public sector organisations, cannot expect to get something for nothing. The Parliamentary Secretary, my hon. Friend the Member for Doncaster, North (Edward Miliband) is quite right that, to get a better funding regime, charitable organisations need to demonstrate the added value that they can bring to our key public services. They need to be clearer about what they are promising and what they can deliver and they need to get tough about the value of their work, not just its cost.

Thirdly, charitable organisations need a system of regulation and law that allows them to demonstrate that they are fit for purpose as they broaden their role and provide more services. That is where the Bill, in my view, becomes so important, but has a delicate balancing act to perform. On the one hand, it needs to assure the public that there is probity in the charitable sector as its role expands. On the other, it needs to avoid the temptation of over-prescription and burdensome regulation. It is worth recalling that, according to one survey at least, charities come second only to churches in the public's league table of trustworthy organisations. They have a trustworthy rating of 48 per cent. By contrast, Government have a rating of 6 per cent.

Bob Russell (Colchester) (LD): As much as that?

Mr. Milburn: For the hon. Gentleman's benefit, political parties have a rating of 1 per cent. I am not sure whether the Liberal Democrats score. The Joint Committee was especially keen to ensure that smaller charities did not find that their volunteers and necessarily limited resources were swamped by paperwork, more red tape or over-regulation. We took evidence from organisations that represent small charities and heard their concerns about that. We made a series of suggested changes to the draft Bill as a result. I am personally pleased that many of our recommendations have been taken on board in the Bill.

John Bercow: I am listening with great interest to the right hon. Gentleman's comments. There are great dangers in over-prescriptive regulation and we often complain about that, but I hope that he accepts that the flipside of the coin can be unduly ambiguous legislation and that the Government would want to avoid that, too. Earlier, the hon. Member for High Peak (Tom Levitt) spoke powerfully about independent schools sharing facilities, to the public benefit, and how that might be viewed as a criterion for retaining charitable status. I do not object to that—it is perfectly sensible. Does the right hon. Gentleman agree that another way forward might be to say that, if those independent schools can prove that they provide permanent access to people from low socio-economic groups, it might also be proof of their public benefit?

Mr. Milburn: The hon. Gentleman makes an interesting and telling point. I received an interesting letter from the Independent Schools Council, which, as many hon. Members know, represents the vast majority of private schools and charitable private schools.

Helen Goodman (Bishop Auckland) (Lab): Public schools.

Mr. Milburn: Yes. It is confusing—the schools are public but they are private. When I say private, I mean public. I hope that that has clarified the point.

Jonathan Shepherd of the Independent Schools Council gave evidence before the Joint Committee and he made an interesting point in a letter to me dated 22 June. He referred to the presumption that the hon. Member for Isle of Wight defended: because an organisation is educational, it is automatically charitable. The letter stated:

> "The presumption has sheltered lazy charities because they did not have to demonstrate public benefit... The new Charity Commission checks will not allow charities to get away with being lazy or disengaged from society."

The hon. Member for Buckingham (John Bercow) therefore makes a good point. Perhaps he could make it privately—or publicly—to the hon. Member for Isle of Wight.

On regulation or deregulation, the charitable incorporated organisation, which is the new legal form for charities, to which my right hon. Friend the Minister referred, is genuinely deregulatory. It avoids the need for dual registration that most charities

currently experience. Similarly, the advent of a legal appeals mechanism through the charity tribunal is an important antidote to the additional powers that the Bill gives the Charity Commission. I welcome the fact that the Government have agreed with the Committee's call for a review of the burden of regulation on charities. I believe that that review is now under way.

It is slightly less welcome that the Joint Committee's recommendation that the Charity Commission should be required to use its powers proportionately, fairly and reasonably has been only partially incorporated in the Bill. As my right hon. Friend suggested, the word "proportionate" appears in the measure. However, "fairly" and "reasonably" do not. One out of three is not too bad but given the genuine concerns that were expressed in another place and the continuing need to reassure especially the smaller charities that they will not face some sort of Big Brother Charity Commission with extensive new powers at its disposal, I hope that my right hon. and hon. Friends might be able to go a little further.

If the balance can be got right, regulation as proposed in the Bill can be a protection, not a distraction for charities. Part of the purpose of the Bill, the Committee was told by the Government, was to protect the charity brand. We heard evidence from elsewhere in the world—I remember in particular the evidence that we received from the United States of America—about how organisational and regulatory failure had combined in a succession of scandals affecting individual charities, such that the charity brand was contaminated and public confidence in charities severely dented. In that sense, charities face an especially tough accountability test. They rely ultimately on public giving, so they must be confident of public support. As we know, however, there is much public confusion about the most basic of facts: what qualifies to be a charity and what does not. There is a perception gap between what people think is, or at least should be, charitable and what is charitable according to the law. We know, for example, that 97 per cent. of people surveyed think that Oxfam is and deserves to be a charity. Only 15 per cent. of people think that Tate Modern—not too far from this place—is a charity. Fewer still think that Eton is a charity. Closing that perception gap is clearly important if charities are to enjoy continued public confidence.

Bob Russell: I apologise for my late arrival at the debate—I had other parliamentary commitments this afternoon. The right hon. Gentleman will recall that I served on the Committee under his chairmanship. I shall put the point to him now that I put in the Committee. Does he agree that were Eton to have a flag day, people might accept that it is a charity?

Mr. Milburn: The hon. Gentleman might want to put that point to the provost of Eton rather than to me.

The Bill's answer is to introduce a public benefit test, which all charities will have to pass in order to gain charitable status. Unlike the Conservative Front-Bench spokesman, I very much welcome the introduction of that test. We must concede, however, that it is by far the most controversial aspect of the Bill, particularly when it applies to private hospitals and private schools. It was certainly the issue that took up most time on the Joint Committee, with many different points of view represented, and it sparked sometimes fierce debates in the other place. The Committee concluded:

"Since the purpose of the Bill, according to the Minister, is to protect the charity brand, it is important that any new law on charity must properly deal with the issue of public benefit."

For some, this is deeply ideological terrain. There is antipathy in some quarters— even, I guess, among those on these Labour Benches—towards private education per se. That is not my starting point. For me, politics is not about taking things away from people, or levelling down, but about giving things to people—levelling up. That is why I support the proposition that we should have more choice, not less. It is also why I am a long-term advocate of partnerships between the public and private sectors. The widespread recognition nowadays that the old divide does nobody any good is welcome. In the national health service, for example, partnerships between public and private sectors are now commonplace and, for most patients, welcome.

As the briefing that all Members received recently from the Independent Schools Council demonstrated, many enlightened private schools have made a great effort to open their doors to the wider community. Partnerships with state schools to teach minority subjects, to develop distance learning materials, to undertake summer schools and even to prepare pupils for university have been fostered. Therefore, we know that partnership can deliver the goods. The creation of both city academies and trust schools provides further opportunities to make partnerships between private and state schools even more meaningful and to help to bring an end to the educational apartheid that has in the view of many been so damaging to schooling in our country.

Where private schools engage in such partnerships, they make a good case for providing genuine and direct benefit to the wider public. The argument that we heard on the Joint Committee that private schools deserve charitable status because they save the taxpayer money by educating children who would otherwise have to go to the local state school, however, is not helpful to their case. That is both a fallacious and deeply complacent argument. On the same basis, private gyms, I presume, might become charities, as it could be argued that they dampen demand for local authority facilities and so reduce the cost to the public purse.

Charitable status should not be a given; it should have to be proven. While many private schools make their facilities available to state schools, the latest report by the Independent Schools Council—"Good Neighbours", published in 2003, which is about relationships between state and private schools—says that the majority do not, and that

"absence of charitable status makes little difference to... a school's willingness to make its facilities available."

When, according to the Independent Schools Council's own report, 48 per cent. of private schools that are charitable never make any of their facilities available to state schools, people are bound to ask what the public get back for the £100 million of public expenditure that such schools enjoy in tax benefit earned as a direct consequence of their charitable status. At present, only some can answer that question. In future, all will have to be able to answer it, because

[Mr. Milburn]

the Bill removes the automatic presumption that every educational venture is, by dint of being educational, also charitable. Instead, it introduces the much-decried public benefit test.

Public expenditure is not, and cannot be, a free good. It rightly comes with strings attached: it must be a something-for-something deal—in this case, tax advantage in exchange for public benefit. I have no objection to that principle. Indeed, I think it is a principle that we should enshrine far more fairly than we do at present, and that applies as much to private charitable hospitals as to private schools.

Mr. Andrew Turner: Would the right hon. Gentleman apply that to any form of tax relief?

Mr. Milburn: We are not discussing any form of tax relief, but leaving that aside, I think it no bad thing to ask what we are receiving in return for public expenditure. The hon. Gentleman may not think that it is public expenditure, but it could at least be described as public expenditure forgone. As he would be the first to say, it is not our money; it is the taxpayer's money. It just so happens that when we are in government, we are responsible for applying different purposes for the taxpayer's money. It seems to me a good principle that when people work hard to earn money and pay it into the Exchequer, we, as custodians of the public purse, should say "Here: this is what you get back." If the hon. Gentleman is inclined to say that that applies to some areas of public expenditure but not others, I think people are entitled to ask him why he thinks that a level playing field should not apply to all areas of public expenditure.

Mr. Andrew Mitchell: The right hon. Gentleman knows that that was the key point raised in the scrutiny Committee, and the point of greatest contention. Surely what we should be pointing out today is that after a great deal of discussion, some of it very heated, the entire Committee was able to camp on the position set out in our report, which the Government have endorsed. Will the right hon. Gentleman urge his right hon. and hon. Friends not to try to unpick a deal with which everyone can live?

Mr. Milburn: I think that I have done quite a bit of urging already in my speech, but the hon. Gentleman is right: we had heated discussions, but we reached a consensus. I shall say more about that shortly.

David Taylor: In the "costs" column of the cost-benefit analysis applying to private schools, my right hon. Friend lists only the estimated cost of various tax reliefs. Should he not also have included an estimate of the cost of the damaging impact on local state schools of academically selective, socially divisive schools in the community that tend to cream off the most motivated and academic young people?

Mr. Milburn: We addressed that point in questioning the various representatives of the private school sector who appeared before the Committee. I am not here to defend private schools or otherwise; what interests me is whether the public receive benefit in exchange for the expenditure that we make on their behalf. That is my fundamental concern.

If properly applied, the public benefit test could drive forward partnerships between the private and the public sectors and, in particular, between private and state schools. I was very taken with the evidence to the Committee of one private school head teacher when he argued that the new public benefit test will accelerate the trend for the rest to follow the lead of the best. Indeed, the Independent Schools Council has welcomed the Bill and its general secretary, Mr. Jonathan Shephard, told the Joint Committee that he agreed with the proposition that the new test should be used as a lever to get more schools to provide more public benefit.

And here we need to be certain that the Bill will do what it purports to do. On that count—notwithstanding strong differences of opinion on the question of the charitable status of individual schools and hospitals—the Joint Committee had grave concerns. Those concerns were accentuated by evidence from the Charity Commission that the public benefit test as defined in the draft Bill would have no impact on the charitable status of private schools or hospitals. That led us to conclude that

"while a detailed statutory definition of public benefit would be too inflexible, nonetheless there is a need for a more explicit definition of public benefit in connection with the Bill."

We went on to recommend that a set of principles should be included in the Bill or in Government guidance. New clause 4 requires the Charity Commission to issue such guidance which it has already helpfully drawn up in draft form.

The challenge now for Ministers is to assure themselves and the House that the clause and the draft guidance are clear enough in setting the framework for the Charity Commission to guarantee public benefit; otherwise there is not much point in introducing a new test. In evidence to the Joint Committee, the Government told us that the public benefit test was intended to have teeth. Providing it bites, that test can guarantee that all charities—including private schools and private hospitals—do what only some currently do: provide public benefit that is direct not indirect, high not low, and meaningful rather than tokenistic. That after all is the direction of travel shared in common by all political parties, the Government, the opposition on the Joint Committee, charities, organisations representing charities, individual schools and the Independent Schools Council.

Getting the public benefit test right is central to guaranteeing public confidence in what charities do. Charities do good. Few if any Members of Parliament or the public would disagree with that proposition. But in a world where accountability is tougher, scrutiny is greater, and the role that charities play is potentially wider, the assumption of good is simply not good enough. It has to be proved. I welcome the Bill because it provides a golden opportunity for charities to do just that. It will make a huge difference to the work of charities and the wider charitable and voluntary sector, and to each and every one of the communities that we represent.

5.33 pm

Martin Horwood (Cheltenham) (LD): I must declare some non-pecuniary interests, as a member of the Institute of Fundraising, a patron or friend of various local charities in Gloucestershire, and a trustee of the UK's leading blindness research charity, Fight for Sight. That is not the first plug we have had for a very worthwhile charity in this debate and I am sure that it will not be the last.

I also welcome the new ministerial team and congratulate them on bringing this Bill before us after so long a wait. Credit is also due to the right hon. Member for Darlington (Mr. Milburn), my hon. Friend the Member for Colchester (Bob Russell) and the hon. Member for Sutton Coldfield (Mr. Mitchell), who contributed to the long periods of effective scrutiny and the welcome degree of consensus that has been achieved—at least, until today—although I cannot go along with the rather extreme penalties, such as beheading, that the right hon. Member appeared to recommend for some of the dissenters. In any event, I pay tribute to the Joint Committee's work.

This Bill has been so long in preparation that I remember briefing voluntary sector colleagues on the new Charities Bill that I thought was to become law imminently long before I was even a candidate for Parliament, let alone an MP. Now that we are finally debating it in the Commons, I hope that with the help of a sufficiently brisk and efficient Committee stage, we might just see it complete its passage before the summer recess. There will certainly be groans of disappointment from my former colleagues if we allow it to be delayed by another three months. However, all credit to the ministerial team for having rescued it from the long grass at all.

To extend the horticultural analogy, Ministers have entered an area of public policy that is like a huge garden, worth billions of pounds in income, as the Minister said, and which employs 600,000 people, according to the National Council for Voluntary Organisations. It is a garden in which Ministers are just visiting gardeners, and they would do well to tread carefully. The garden has diverse species of many colours and sizes. It has plants as different in size, function and characteristics as daisies and oak trees: from Cancer Research UK, with its £240 million income and huge marketing budget, to wonderful but hard-pressed charities in my constituency, such as Cheltenham Open Door and Cheltenham Community Projects; from democratic membership organisations with large volunteer bases to highly specialist trusts; and from charities that only sell Christmas cards to important service providers whose fees pay for the education, care and support of large numbers of the most vulnerable in our society. This Bill must look after the interests of them all.

If left unattended, the garden will not wither—probably quite the reverse—but weeds will creep in, often looking pretty at first, but threatening the future reputation of the whole. However, if the garden is cultivated and nurtured, it will flourish, grow and produce enormous benefits for us all.

With this Bill, the Government show every sign of not charging in with a mechanical digger, as they have in a few other areas of legislation and policy. The careful and consultative approach has brought them the overwhelming support of the voluntary sector, and I am pleased to say that the Bill continues to enjoy the full support of the Liberal Democrats, too.

There are many benefits of a new Charities Bill. I highlighted them to my colleagues all those years ago, and I still commend them to the House today. They include many of the practical steps that the Minister outlined, which will make easier the roles of trustees, finance directors, company secretaries, and treasurers in particular. I am sure that those measures will be much appreciated.

We all have delicate balances to strike between the voluntary foundation of the best charities and the professionalism demanded of them in today's risk-averse world, and between the need to regulate and avoid the misuse of publicly donated funds and the risk of over-burdensome red tape. Public opinion will punish us either way if we get those balances wrong.

Public opinion is also a strong factor in the Bill's fundraising provisions, which we might have expected to be more contentious. However, I am pleased that the Institute of Fundraising fully supports them as proportionate and equitable. As a paid-up member still, I shall follow my institute's lead in the hope that the provisions do not impact unduly on the income of national charities or increase too much the bureaucracy with which they have to deal.

I was a little upset by the Minister's reference to chugging. I do not know whether she knows this, but it is short for charity mugging. It is an insulting reference to hard-working paid and unpaid charity fundraisers, and I hope that she will avoid it in future.

From fundraising to campaigning, the new heads of charity recognise among other things the importance of what might be called campaigning functions, such as the prevention as well as the relief of poverty, the advancement of human rights and the promotion of religious or racial harmony, equality and diversity. That is in line with previous Cabinet Office policy advice that charities should not keep the experience of their front-line work to themselves, but should be encouraged to share it with legislators and decision makers such as ourselves, and, where appropriate, campaign for change. It is right that we no longer ask charities to witness poverty, injustice, ill health or cruelty, but not to speak out about the fundamental causes of those ills.

To put my point into new Labour-speak, the direction of travel is broadly good. However, I agree with the hon. Member for Stroud (Mr. Drew), who is no longer in the Chamber, that the Bill, perhaps out of necessity because it is not a Finance Bill, leaves out a big issue—VAT. The Minister was worried that including such a provision would mean a bill for half a billion pounds, but that is exactly the bill faced by charities at present because VAT is not recoverable. We cannot address that question in this debate but we might find a way of doing so in Committee, perhaps through the reporting measures proposed in part 4—no spending commitment implied.

The new heads of charity will provide a level playing field as between the educational, religious and poverty charities, mentioned by the hon. Member for Isle of Wight (Mr. Turner), which did not previously have to

[Martin Horwood]

pass a public benefit test under various Charities Acts, and the vast number of organisations that had to pass such a test. They range from St. John Ambulance, which saves lives in local communities, to Survival International, which works for the rights of tribal peoples around the world. It is right, as Lord Hodgson of Astley Abbotts said, that

"all charities should have to meet a public benefit test, no matter what their purposes".—[*Official Report, House of Lords*, 28 June 2005; Vol. 673, c. 154.]

The question whether we should add clarification and guidance to the Bill's provisions on public benefit is already generating a lot of hot air outside this place. On the one hand, the Independent Schools Council is lobbying hard against any strengthening of the public benefit test, and schools such as Fettes college in Scotland are talking about the "politics of envy". On the other, a former aide to Cherie Booth, writing in *The Guardian* this weekend, predicted "class war" headlines. So far, so unhelpful.

Today, we witnessed the astonishing spectacle of the official Conservative spokesman setting out in the House of Commons an even more reactionary position than the one advocated by his noble Friends in another place. In effect, he argued for the insertion of a special status that would require a public benefit test of St. John Ambulance but not of Eton college. That is an astonishing position. I do not know whether the Leader of the Opposition is aware of what his hon. Friend is proposing, but it does not sound like the new model Conservative party to me.

The Minister gave reassuring responses to various interventions about the bodies and organisations that would not be affected by the Bill's public benefit test, but as the right hon. Member for Darlington said, it would seem desirable that such brave new legislation should make some kind of difference to somebody in terms of the public benefit test. I shall, therefore, clarify the Liberal Democrat position, which has been consistent throughout the Bill's long history. Along with the NCVO and the Charity Commission in some of its guidance, we believe that the current public benefit test leaves the law in a muddle and that the Bill needs to be strengthened in that respect. I draw the attention of Members to the comments signed by Stuart Etherington of the NCVO, David Harker of Citizens Advice, Michael Lake of Help the Aged and John Low of the Royal National Institute for Deaf People. They say:

"Clarity is vital if we are to secure a level playing field for all charities operating today and for others being formed. If the public believes access to a charity's services is unduly restricted because of high fees, or for any other reason, the case for charity will be undermined. We hope that MPs will support our call for clarity and put this vital question beyond doubt."

The Bill does not yet do that.

An interesting new law has been passed in Scotland. Adopting its terminology, which was supported by Labour and Liberal Democrat Ministers north of the border, would seem to have much to commend it, not least the obvious advantage of consistency. That is not compulsory, but it is clearly desirable for charities that operate both north and south of the border.

The ISC is simultaneously lobbying against such clarification and advising its members on how to respond to the tightening of the law on public benefit. Its 2005 briefing on the subject stated:

"Schools should, therefore, be fully prepared to demonstrate public benefit as early as possible, and not later than the autumn of 2007. ISC advice for the past year has consistently been that schools should audit the public benefit they provide, and should be prepared to think imaginatively of ways of extending public benefit."

I could not put it better myself—exactly the outcome that Liberal Democrats seek.

Today, I consulted Tim Hastie-Smith, the headmaster of Dean Close school, an independent school in my constituency, who told me that

"schools are big money-making ventures whether they like it or not. How can we look the public in the face as charities unless we are doing things that are obviously charitable in their intent?"

Before the Minister nods too much, I should tell her that Mr. Hastie-Smith told me that he supported strengthening the public benefit test and thought that Dean Close school had nothing to fear from it. I suspect that the hon. Member for Buckingham (John Bercow), who is also no longer in his place, might even support that, judging by the sentiment of his intervention.

Having enjoyed Dean Close's excellent theatre facilities—not because I pay fees, but as the parent of a local four-year-old in a wonderful community-based dance production—I fully understand Mr. Hastie-Smith's confidence. He also cited the example of Christ's Hospital, which has the kind of endowment fund that the Charity Commission might rightly look twice at in any charity, but which has such a good record of charitable activity that it too would be at no risk from a reasonable public benefit test of the kind that we would support.

Hilary Armstrong: I support the way in which the people to whom the hon. Gentleman has been talking are speaking about public benefit. The issue is the means of getting there. There is much argument among lawyers about whether anything new would bring clarity to the whole sector or whether including something else in the Bill would bring further uncertainty, given that we are talking about something that, up until now, has largely been delivered by case law. That case law would have to be undone and we would have to start again. I wanted to assure him that we all will the ends; the question is, what are the right means to achieve those ends?

Martin Horwood: I am grateful to the Minister for that intervention. It bodes well for Committee, where we may be able to find constructive ways through the issue. Having said that, I am still puzzled by her comments. She says that she is going to use the precedent of existing law, which relies on case law, but the Charity Commission, in its current guidance, says that the law is confused and it has not been able to provide suitable clarity through regulations and guidance to satisfy organisations such as the National Council for Voluntary Organisations, the Royal National Institute for Deaf People and Help the Aged. I stick to my initial assumption that we need to follow that advice and provide more guidance in the Bill. I do not see why guidance in the Bill is so much more threatening than guidance provided elsewhere.

Hilary Armstrong: The Charity Commission goes on to say that it would have to be absolutely clear that any further—I cannot remember the exact words—deliberation did not bring with it unintended consequences. That is precisely what I am referring to. Clarity in one aspect may bring a lack of clarity in other aspects in terms of how the public benefit test was to apply to other charities.

Martin Horwood: Again, I am grateful to the Minister. I suspect that we may be citing different parts of what the Charity Commission has said. I was not citing guidance relating to the effects of the Bill; I was referring to guidance advising charities on whether there is clarity in the current situation, which there is not. I still support taking the opportunity to add clarity.

In case there is any doubt about the effect that our amendments would have, or in case any party is thinking of caricaturing them as intending some kind of bonfire of charitable status, I should say that we will aim to table amendments in Committee that will make it absolutely clear that, just as fee-charging special schools or carers support charities should not be caught by a stiffer test, nor should independent educational establishments that follow the ISC's guidance on imaginatively seeking ways to increase their public benefit. As the first ever friend of the country's leading independent specialist college for disabled young people, the National Star college, based in and next to my constituency, I would be in trouble if I suggested any measure that threatened its charitable status.

The last areas that I will touch on are the role and powers of the new improved Charity Commission established by the Bill and of its new overseer, the charity tribunal. I use this opportunity to restore a measure of consensus on this side of the House by supporting the comments of the hon. Member for Isle of Wight when he suggested the establishment of a suitors' fund to reduce the risk to charitable funds in approaching the charity tribunal. There is much to recommend that and I support it. Hon. Members should pay tribute to the outstanding individuals, such as Geraldine Peacock, who have led or served as charity commissioners, but we must also acknowledge the dissatisfaction with the practical results of the Charity Commission's action—and occasionally inaction—which has occasionally run high. I am afraid that I have my own examples of that from personal experience.

While I was the director of fundraising of the Alzheimer's Society, a new charity called the Alzheimer's Foundation was set up. It was registered by the Charity Commission, but it had no background in Alzheimer's research, no volunteer or supporter base and no donor base. However, it suddenly started running an extremely large and—to us—threatening fundraising campaign through which it sought large amounts of public funds. It turned out that the charity had a close association with an American direct marketing agency. We believed that that agency loaned the trustees of the charity the money to establish the fundraising campaign, and that the donations that resulted from it were used to pay back the American agency. That was obviously good business for the American agency, but extremely poor value for the donors whose money had overwhelmingly been used to pay a business, rather than for Alzheimer's research, as they believed.

At the time, we approached the Advertising Standards Authority, the Charity Commission and, on the side, the *Daily Mirror*. The most useful of the three was the ASA, which came down on the organisation like a ton of bricks and stopped the misleading claims that it was making in the public arena. The *Daily Mirror* was pretty useful, too, but I am afraid that the Charity Commission considered the matter for a long time before deciding that there was no problem. It was only when we approached the then Minister, the hon. Member for Slough (Fiona Mactaggart), and she took up the matter—I am grateful to her—that we miraculously got a result from the Charity Commission. There are thus weaknesses in the regulatory regime.

While there is such disquiet about the role of the charity commissioners at present, the Government want to extend the number of charities to be registered, add a new status of charitable incorporated organisations, which will be regulated by the Charity Commission, rather than by Companies House, and add new powers and responsibilities to advise and guide charities. A Government who want to do that without suggesting how the organisation will cope with its expanded responsibilities are pretty brave. Each of those measures is welcome in itself, but nothing will damage faster the critically important public confidence and trust to which the Minister rightly referred than the creation of a regulatory regime that—however accidentally—turns out to be less effective than the one we have at present. We will have to pay careful attention to that matter in Committee, but it should not disturb the healthy cross-party consensus in support of such a worthwhile and long-overdue Bill.

5.52 pm

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I welcome my right hon. Friend the Minister for the Cabinet Office to her new role. I also congratulate the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Doncaster, North (Edward Miliband), on becoming the first Minister with responsibility right across the third sector. I warn him that that is not only a big opportunity, but a big challenge. It is a pleasure to speak after my right hon. Friend the Member for Darlington (Mr. Milburn). I congratulate him on his contribution to both the scrutiny of the Bill and the general election campaign.

I want to develop three points. First, we should celebrate the arrival of the Bill and engage keenly with the outstanding issues of detail, such as the meaning of "public benefit". Secondly, we should see the Bill in the context of the wider third sector of value-driven organisations. Thirdly, we should accept that there is no quick fix. The Bill should be seen as being about not the Government or Parliament laying down the law, but relationships in the sector, among sectors and between the Government and the third sector. Like all relationships, they will need hard work and a lot of give and take if they are to be successful, as has been illustrated during the debate.

[Alun Michael]

We should celebrate the Bill as a staging post in the Government's support for charities and the wider voluntary and community sector. It is worth recording, with some pride, that the Labour party has taken the sector seriously as a partner in a way in which no previous Government have done. The Prime Minister's interest goes back to his time as shadow Home Secretary, when he launched what became the leader's review of the relationship between Government and the voluntary sector. That culminated in "Building the Future Together", which was published in 1997, and the introduction of the compact arrangements. Those arrangements were themselves only the start of a journey that was stimulated by both the review, which I led, and the sector's own work, which was led by Professor Nicholas Deakin. Indeed, I welcome the development of compact plus as the next stage of the process.

The Chancellor has always emphasised the importance of values. He introduced many improvements on the treatment and encouragement of charities. I am especially excited by the way in which he has built work on the role of the third sector in preparation for the forthcoming comprehensive spending review by both engaging the sectors in that work and creating connections across Whitehall. It is in that context that the long-awaited Bill, as several hon. Members have described it, is important.

The lack of modern legislation on charities partly reflects a reasonable fear of getting things wrong. It also reflects the sensible judgment that the matter is not just for the Government and that a top-down approach will not work. However, a lot has happened in 404 years. The existing law is old and case law is too rare to cover all contemporary issues. There are thus matters that must be grasped by the Government and Parliament, and the need to modernise charity law is inescapable. However, that is a difficult matter with which to deal, as our debate has demonstrated, so introducing even such a carefully crafted Bill, which has emerged from long consultation, deliberation and scrutiny, must be seen as an act of courage by Ministers. The way in which my right hon. Friend the Minister for the Cabinet Office made her speech showed that she knows how courageous she is being.

Although removing the presumption of charitable status in favour of the concept of public benefit is clearly greatly welcome and a sensible minimum step towards modernising the law, it is courageous. It is naive to think in the modern world that all education bodies, or bodies formed with religious aims or the aim of alleviating poverty, are automatically charitable and working in the public interest. However, we need to be clear about what we mean by the public interest test, which is a job for Parliament and, especially, the Committee to which I hope that the Bill will be committed. The last thing that we want is a tightly-worded definition that becomes a straitjacket, so the idea that the Charity Commission should work on the concept and consult widely is probably sensible, as long as we are clear about the general terms of reference for that work and the commission listens to parliamentarians, too.

Our constituency work gives many of us a useful insight into the situation in addition to any expert knowledge or experience that we may have, as has been illustrated in our debate. However, my hesitation arises from a experience with the Charity Commission that is not too far removed from that of the hon. Member for Cheltenham (Martin Horwood). During the Thatcher era, the commission listened to people on the right wing of politics who suggested that charities should be banned from campaigning and seeking changes to the law or the policies of Government. The hon. Member for Isle of Wight (Mr. Turner) tried to portray those people's pernicious activity as being against illegal activity, but it was no such thing—it was outrageous. How can organisations such as the Alzheimer's Society, to which the hon. Member for Cheltenham referred, NCH, Mind, Age Concern or even a local citizen's advice bureau choose between providing a service to those whom they exist to help and arguing the case for those with no voice of their own? Those people were attempting to muzzle charities.

Of course, charities should not undertake party politics, but charitable judgments are inevitably also political judgments. That is why so many of us came from community and voluntary action into political action and why we MPs generally know where the line needs to be drawn. On that occasion, the commissioner, to his credit, listened to cross-party concerns, and the subsequent guidance made it clear that charities could campaign, but that such campaigning had to be undertaken in the context of an organisation's charitable objectives. That guidance made all sorts of sense because it said that charities could campaign on the issues that they existed to promote.

Another example of common sense is the list of 12 specific charitable purposes, plus a catch-all, that is set out in the Bill. Again, the matter has been sensitive. I especially welcome the inclusion of animal welfare on the list because it is something for which I have long argued. There is always a danger of the reactionary argument that animals are not part of the public, but the way in which we treat those with which we share the planet has long been recognised as an important measure of our humanity and is thus a proper charitable purpose. The inclusion of animal welfare puts that beyond doubt in respect of charities. They, like schools and like organisations that are concerned with saving life, will have to show how they deliver the public benefit. However, the Bill is about the vehicle for providing public benefit, so it is a mistake to get bogged down in political detail in respect of public schools or any other political issue.

I hope that the Committee will grasp the issue of public benefit intelligently. Let us explore what those words mean and, from the debate on that, give clarity to the Charity Commission in developing the concept further, but let us also try to avoid being too prescriptive. The Scottish definition, which was mentioned by the hon. Member for Cheltenham, has some merit. It is a brave effort, but even it might turn out in the long term to be a straitjacket, and we must avoid such dangers, otherwise we will return to charitable legislation year after year, which would be a mistake.

Martin Horwood: I am grateful to the right hon. Gentleman, both for giving way and for comments he

has made on matters about which we obviously agree, but I remain puzzled as to why including something such as the Scottish formula in the Bill would be any more prescriptive or confusing than having that in guidance from the Charity Commission.

Alun Michael: There are organisations, such as the National Council for Voluntary Organisations, that would like there to be something in the Bill but start to express concern as soon as a particular wording is looked at, including the Scottish wording. It is very difficult to change anything that is in primary legislation, but if there is a debate that looks into the concept of public benefit and develops the idea so that it is clear what Parliament means, and that idea is then developed further by the Charity Commission, we may be able to deliver the consensus that we all want, and to strengthen it.

I am coming to the conclusion that there is no a quick fix in terms of the wording, although I am sure that we will all applaud if the right words are found. Indeed, my right hon. Friend the Minister for the Cabinet Office indicated that if there is perfect wording, she will welcome that. However, it will be the worst of all possible worlds if we get the wrong wording and we are then trapped by that and do not have the flexibility to develop.

The other argument I would make is that the purpose of Government and Parliament must be to enable rather than to constrict. The issue under discussion affects not only the public sector and the responsibilities of Government, but the active engagement of citizens. We therefore need to be very careful, and the more flexible the definition, the better, provided that we all work on getting clarity and consensus in the delivery of the definition and what it means in practice.

In its briefing to Members last week, the Charity Commission indicated its willingness to listen to the debate and to engage with parliamentarians as they get on with the development of the guidance to which the hon. Member for Cheltenham referred. I suspect that that would be a very constructive way to proceed—saying neither, "No, we are not interested," nor, that we must define too closely in law the nature of the public benefit test.

Having, over the years, set up a number of bodies such as those under discussion, I very much welcome the ending of dual registration as a charity and as a company limited by guarantee. That has worked, but it is not logical and charitable incorporation completes a range of options, along with the community interest company, which I had the pleasure of bringing into effect last year, and models such as industrial and provident societies. That will make much more sense for social and charitable entrepreneurs in the future, because they will be able to choose the model that best suits what they want to do, rather than having to constrain artificially the nature of their organisation.

As I said, my second point is to set this debate in the context of wider developments in the third sector. When I undertook the review of the Government's relationship with the sector, I often referred to the voluntary and community sector as a loose and baggy monster. That is the term that Henry James used to describe the novel, but in my mind, when applied to the voluntary sector, it describes a friendly, creative and dynamic creature, and it indicates the impossibility of neatly defining a sector that includes major grant-giving trusts, major service providers, quirky specialist organisations, universities, museums, many of the types of organisations that have been referred to in the debate, and a whole host of local and even neighbourhood organisations. Indeed, the scope and variety of the sector leads to many people extrapolating from contact with one or two charities and thinking that they know it all. In truth, none of us knows it all; we never can, and we never will.

I suspect that that is a particular problem in Whitehall, where the language used is frequently wrong—and language does matter. All too often, the best intentions expressed in the wrong words give offence in a way that the speaker did not intend, as when John Major tried to woo the sector. The then Government did not spot that the "make a difference" initiative would immediately be reduced to an acronym by the machinery of government and become the "MAD initiative". However, I am talking about much deeper language, usage and meaning. To communicate, it is necessary to understand the language of the listeners and what is behind the terminology in question. That is a big challenge to Government, and I know that my hon. Friend the Parliamentary Secretary takes it very seriously.

That challenge is even greater than before, as we now have a family of loose and baggy monsters. There is considerable engagement between the charitable and the wider voluntary and community sectors and the co-operative and mutual sector and the burgeoning social enterprise sector. The rapid development of that sector offers tremendous opportunities. Let us not forget that we are talking about businesses that have to achieve success in a competitive market, as well as to deliver in respect of the values on which they were established.

These sectors overlap in places, and the variety and energy are great. There is also engagement with the activity of volunteering—something that I regard as the "essential act of citizenship", and which is not just a part of the voluntary sector but which contributes across the piece, including to the public sector. Indeed, it is important to realise that there is a link between these ideas, the development of the wider third sector of overlapping entities and the growth of corporate social responsibility—and even the ideas of enlightened shareholder value that we discussed recently in the Chamber in relation to the Company Law Reform Bill.

So in looking at the role of charities in the wider third sector, I warmly welcome three developments in particular. The first is the engagement between these sectors, in order to agree what they have in common and to develop a capacity to speak to Government with a single voice when appropriate. I stress the words "when appropriate" because such varied sectors have widely varied interests and agreeing where to agree cannot be allowed to be a substitute for a whole plethora of contacts and engagements with both national Government and local government across the whole piece. Having said that, the Third Sector Network's statement of principles is enormously

[Alun Michael]

important in that it provides a position statement that is necessary for dialogue with Government and sets out the importance of independence, and the focus on social justice, diversity, dignity and respect and on issues such as participation and empowerment—again, a theme stressed by the Prime Minister only last week.

I will not go through the whole document, but it is important to recognise that sustainability is important and that accountability—a word that has come up time and again—is to wider humanity and to enduring values, rather than merely to the Government of the day. I hope to continue to play a part in nurturing a dialogue on this—I have had the privilege of taking part in some discussions—because it is good for all parts of the sector in question and good for Government that such discussion takes place. I pay tribute to the NCVO for nurturing the process, and to all the other players for coming to the table.

Secondly, it is in this context that I earlier welcomed the Chancellor's initiative. Given the considerable overlap between different parts of the third sector and that the one thing they have in common is that they are driven by values, and given that the way that the Government treat them is often very significant, it is surely right to nurture a dialogue in pursuit of a level playing field where people can pursue their values through a business model or a charitable model, or an association or a partnership, or even through a company model as with the new community interest company.

Thirdly, the Prime Minister's speech last week broke with tradition by starting a dialogue with both the wide third sector and business—together, and at the same time—on the nature and future of public service delivery. That really is joined-up thinking. I worry a little that some parts of Whitehall see the third sector merely as a vehicle for public service delivery. The sector does have a role in service delivery, and there is scope both for the sector to play a bigger role and for the sector itself to grow. But that is not the sector's whole job and, in the case of many existing organisations, it is not "what they're there for". The Government must be sensitive to those differences, too.

I point back to the Thatcher era when the then Government failed to attract the private sector into the provision of social housing. In a panic, they sought instead to use the housing associations as a vehicle; that was like the friendly grip of a hungry boa constrictor. Many small organisations had to choose between very fast expansion, linked to a radical change in their ethos, or going out of existence altogether. Many were forced into being poor property developers and large-scale property managers, and lost their way. Later, many in the sector did find the way to combine values with that expanded role—it is now a mature and effective sector in its own right—but at the time, it was a case study for how government should not do things.

By contrast, new vehicles that are created and designed for a specific purpose can use the experience of charities in the third sector, while meeting the aspirations of government. We are seeing that with foundation hospitals, which have embraced principles of co-operation and community ownership. I pay tribute to my right hon. Friend the Member for Darlington for not only seeing, but seizing, that opportunity when he was Secretary of State for Health. I hope that the same will happen with trust schools, and in other fields such as regeneration and crime reduction.

My point is that if the Government want to offer new roles to the sector, it is vital to do so through a partnership approach from the very beginning of policy development, and certainly at the design and delivery stages. Charities might be able to take on such roles in their existing form—some of the bigger ones certainly can—but in other cases, it might be a question of working with the sector to create new types of vehicle, and of being sensitive to those differences. Ministers need to recognise that this might take time, and officials need to be encouraged to develop the capacity for partnership working. Shortcuts do not work: they are damaging to both sides and lead to tears. Just producing a policy document does not create a relationship. Capacity has to be built, and relationships have to be worked at. Policies have to reflect relationships, rather than setting down requirements.

This can be done and it can add value, but it is hard work and the relevant Government Departments have to work in new ways. Indeed, Ministers and officials have to be empowered to work in ways that break the mould, just as happened in the early days of the social exclusion unit, for example. Such things do happen in government, but for the future, they have to become the norm.

In many ways, I have already presented the evidence for my third point, on which I shall be extremely brief. I just want to warn the Government and Parliament—and certainly the Opposition—that this is always going to be hard work. Does Whitehall yet speak the language? I doubt it, and I share the concerns expressed by John Cridland of the CBI at last week's conference. Supporting the charitable sector is not about paying lip service to motherhood and apple pie; rather, it is about hard work, engagement and dialogue. Indeed, it is more like the reality of motherhood and the job of baking an apple pie.

Most charities exist because individuals have invested in them an extraordinary amount of personal time, energy and creativity. Rarely has that happened because someone planned and costed the job in advance and calculated that it will work. Mature organisations do become more calculating—they use business techniques—and hurrah for that. But most third-sector organisations and certainly most charities—at national and local level—can trace their history to somebody who was like a bumble bee. Nobody told the bumble bee that, technically, it cannot fly, so it does. Charitable endeavour has always been about saying, "Something must be done", and then setting out to achieve the impossible. That is why charity has to be nurtured, encouraged and believed in and its integrity protected. That is why the Government have been right to hasten slowly with this Bill, and to make sure that it is the right legislation for our times and for many years to come. That is why we must give it a warm welcome and debate the detail with great care, as well as with enthusiasm.

6.13 pm

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I am most grateful to be allowed to speak in this debate this afternoon, in view of Mr. Speaker's ruling that members of the shadow Cabinet may not "moonlight", so to speak, on issues from the Back Benches. I should explain to the House that I sat on the Joint Committee of both Houses set up to scrutinise this Bill in draft, and it is on that basis that I have sought to catch your eye this afternoon, Mr. Deputy Speaker.

Many Members in all parts of the House believe that the pre-legislative scrutiny process needs to be strengthened and used to a far greater extent, and the Joint Committee, which was chaired so ably by the right hon. Member for Darlington (Mr. Milburn), did a service to the House in terms of the quality of such scrutiny. I am, of course, referring—as he did—to the staff of the House who staffed that Committee and to the many experts who appeared before us, but also to the great expertise of the other place, which, in contributing to that Committee, underlined the advantage of the non-elected principle. I hope and believe that our Committee performed a very useful task, and some of that benefit is on display in today's debate.

As I said, the right hon. Member for Darlington did a really excellent job in chairing the Joint Committee. He tried to put some minor distance between himself and the conclusions reached, on the ground that he went off to another—rather less laudable—job, but he missed only one meeting and his spirit certainly brooded as we reached our conclusions. He kept us facing in the right direction, and it is perfectly clear that he is ideally suited to being the next deputy leader of the Labour party. He knows that I have some modest experience of leadership elections—on the losing side, admittedly—but if there is anything that the Opposition can do to help him, he has only to pick up the telephone.

On the Government's reaction to our Committee's work, which is enshrined in the Bill, I congratulate them on accepting most of our recommendations. They deserve about seven and a half out of ten for their efforts today and I hope that, if they listen fair-mindedly to what has already been said in this debate and in another place, they will have done even better by the time that we reach Third Reading.

Given that this entire process was set in motion by the Prime Minister's own strategy unit and progressed through a Joint Committee of both Houses, I was surprised to learn that the Government seem to have ignored a number of that Committee's recommendations, particularly bearing it in mind that it was chaired by the right hon. Member for Darlington—a senior and well-respected former Cabinet Minister, Blairite and close confidante of No. 10. Perhaps the Government need to hear again today some of the arguments that they appear to have rejected.

The recommendations left out of the Bill that the Government have yet to see fit to include are relevant to both the charity sector and the British public, who are so generous with their support through donations not only of money, but of time and expertise. One of the most important points that our work on the Joint Committee reinforced was that Britain does have a charitable sector of which we should all be really proud. We have heard today from the Minister that there are more than 160,000 main charities on the Charity Commission's register. That figure is growing by almost 2,000 a year, and that is not the only upward trend. Between 1998 and 2000, for example, employment in the charitable sector grew by almost 7 per cent., which is a faster rate than in both the public and private sectors. In 2005, the total annual income was almost £38 billion—equivalent to more than £600 for every man, woman and child in the UK.

However, people in Britain are as generous with their time as they are with their hard-earned cash. Home Office figures show that in 2003, more than 20 million people were involved in some kind of volunteering in the community, half of whom were involved in formal volunteering more frequently than once a month. Some 3 million volunteers do work for one or more registered charities, and such work is equal to 1.5 million whole-time equivalent jobs. It was estimated in 2000 that the value of unpaid work to charities was more than £15 billion a year.

Baroness Scotland has stated:

"The Government's three aims for the Bill remain. The first is to provide a legal and regulatory environment that will enable all charities, however they work, to realise their potential as a force for good in society. Secondly, we want to encourage a vibrant and diverse sector, independent of government. Thirdly, we want to sustain high levels of public confidence in charities through effective regulation."—[*Official Report, House of Lords*, 7 June 2005; Vol. 672, c. 783.]

Those aims have been affirmed by the Minister today. However, the Joint Committee had some serious concerns that have not been addressed. The first was that smaller charities should not be overburdened with regulation, but should be encouraged in a climate that promotes philanthropy. Secondly, the independence of the Charity Commission and the charities sector should not be compromised. Thirdly, the new definitions of charities and the removal of the presumption of public benefit should not hit private schools, hospitals and religious groups the hardest. Last, but certainly not least, the Committee was concerned about the ludicrous proposal that excepted charity status should be abolished for armed services mess and sports' non-public funds—a proposal that should be removed in its entirety from the Bill. It is the rejection of certain of the Joint Committee's key recommendations covering those points that could prevent the Government from achieving all their stated and laudable aims.

I shall deal first with the independence of the charities sector generally. Among charities and the general public alike, there is growing disquiet that in Lord Dahrendorf's words, the third sector has

"become a semi-government sector of public life".—[*Official Report, House of Lords*, 20 January 2005; Vol. 668, c. 938.]

In his interesting speech, the right hon. Member for Darlington spoke of the importance of partnership between government and the charitable sector, and it is the importance of getting that balance right that I wish to flag up. There is a degree of ambivalence—on the one hand, the voluntary and charitable sector has an enviable record of providing outstanding care, but on the other, we are talking of a desire to see a thriving,

[Mr. Andrew Mitchell]

independent charitable sector, which should not be dominated, fettered and generally taken over by the state. The Cabinet Office paper, "Private Action, Public Benefit" clearly defined the Government's objective as one of ever closer union, aiming to

"enable the sector to become a more active partner with Government in shaping policy and delivery."

That was the burden of the right hon. Gentleman's comments. The Charity Commission, however, has made it quite clear that that approach is not a panacea. It warns:

"Increased co-operation increases charities' reliance upon the State for funding and, in turn, creates a potential risk to charities' independence."

Such a loss of independence, the commission says, could lead to bodies being

"created with a stated purpose that is charitable, but with an unstated purpose that is concerned with giving effect to the wishes and policies of a governmental authority."

The Charity Commission concludes:

"It would be difficult to avoid the conclusion that a body of that kind was not really a charity at all. Instead of being set up for the stated charitable purpose, it would exist in fact for the purpose of securing the benefits of charitable status while carrying out the wishes and policies of the governmental authority."

In fact, there are already 731 charities that have a local authority as a trustee. More worrying is the fact that for 595 of them, the local authority is the sole trustee. In response to that, one of the most important of our unanimous recommendations was in relation to the independence of the Charity Commission and the provision that it should exercise its powers

"on behalf of the Crown"—

an arcane form of words that means that the Charity Commission would be closely bound in to the Government, ministerial diktat and departmental governance. In the light of the Government's stated objective to encourage

"a vibrant and diverse sector, independent of government"—[*Official Report, House of Lords*, 7 June 2005; Vol. 672, c. 783.]—

it is incomprehensible that the Government have, as yet, failed to remove what was clause 4(1) of the draft Bill, which proposed that the Charity Commission would perform its functions

"on behalf of the Crown."

With that clause in place, the commission will continue to be, in effect, a Government Department, albeit a non-ministerial one. That means that it cannot appear to be fully independent of government. Witnesses before the Joint Committee warned of the risk of greater political interference and of prejudice to the commission's quasi-judicial functions—I draw the House's attention to paragraph 177 of the report. The Government's rejection of our recommendation does not adequately answer those concerns. As if to add insult to injury, the Government failed to adopt the Joint Committee's recommendation that the Charity Commission be more accountable to Parliament and its Committees and declined to give statutory force to a requirement for the commission to report to either House.

A number of witnesses from whom the Committee took evidence expressed grave misgivings about the effect of such a proposal on the credibility of the Charity Commission. For example, in its evidence to the Joint Committee on the draft Bill, the Charity Law Association stated that if the commission

"is a Government Department, then it is likely to lessen, rather than increase, public confidence in charities. It will be seen as susceptible to being used by the Government to further its own policies."

It is important that the commission be accountable to Parliament rather than to the Crown. The National Council for Voluntary Organisations went even further, arguing that it was not enough for the Bill simply to stipulate that the commission be answerable to Parliament, but that it must give at least some outline of how the mechanism of that accountability should operate in practice.

Parliament would need to enforce regular and detailed monitoring of the financial well-being and the regulatory effectiveness of the Charity Commission. Speaking from my experience on the Joint Committee, I hope that the Home Affairs Committee will take up the recommendation that it hold an annual evidence session with the Charity Commission. I also hope that there can be a debate every year, in Government time, on the annual report of the Charity Commission in both Houses, as the Joint Committee suggested.

My next point is on the introduction of a blanket public benefit test. At present, if an organisation's purposes lie within the three named heads of charitable purpose—the relief of poverty, the advancement of religion and the advancement of education—it is presumed to be acting in the public benefit, unless a positive reason for doubt is presented. In the Bill, it is proposed to change that presumption, requiring all bodies to show that they are acting in the public benefit, as defined in law, before they are granted charitable status. The reversal of the presumption of public benefit will primarily impact on private schools and hospitals and religious groups, which previously came under the three headings of the preamble to the legislation about which the right hon. Member for Darlington spoke so eloquently, but which now, as the House knows, must prove a public benefit.

Although the Bill does nothing to override existing case law, so it will not change the definition of public benefit itself—it is inevitable that the requirement to demonstrate public benefit will make it harder both to register as a charity and to remain as such. Moreover, the nature of the legislative requirements will mean that charities will be subjected to ongoing public benefit checks. Inevitably, the smaller charities, which are the least able to deal with that sort of regulation in terms of both manpower and expertise, will bear the brunt of the legislation.

Ultimately, everything will turn on how the Charity Commission operates the public benefit test. One of the most valuable contributions that the Joint Committee was able to make, and where it had a positive effect on clarifying the thinking within the Home Office and the Charity Commission, was in causing them to produce what I believe we called a concordat on how that part of the legislation will be operated. However, that is no guarantee that the change to the public benefit test will not produce uncertainty and turbulence to educational and medical bodies, whose activities have long been regarded as for the public benefit.

None the less, I urge the Government to stick to what has been agreed and what is in the Bill and to ignore the old Labour class warriors chuntering on the Government Back Benches and revving up to amend the Bill in that respect. Let us hope that the new arrangement will work out as most of us believe it should. In that sentiment, I have no doubt that I have the full support of the right hon. Member for Darlington.

Lastly, I wish to join Lord Craig of Radley in his outrage at the intention to abolish excepted charity status for armed services mess charities. An excepted charity, as authorised by a 1965 statutory instrument, has no obligation to register with the Charity Commission, although it must still meet the requirements of the Charities Act 1993. The real concern must be that, in due course, the threshold for registration will be reduced from a turnover of £100,000, and that more and more small armed forces charities will be required to register and to come under the closer regulation of the Charity Commission.

Excepted charities that choose not to register with the commission do not have to submit accounts, prepare and transmit annual reports, or complete annual returns. The rationale behind this reduced regulation is that excepted charities, such as the armed services charities, are those that are under the control of another body acting in a regulatory capacity. There are about 15,000 armed services funds, which are charities. They are spread across the three armed forces. Their purposes range from officers and sergeants' mess accounts to service, sporting and recreational activities. A defining characteristic of such funds is that they derive their income not from the public, but exclusively from military personnel.

Ministers have assured the Grand Committee in the other place that those funds will not lose their charitable status. On Report, a Government amendment has included in the list of charitable purposes the promotion of efficiency in the armed forces of the Crown. However, that does not change the fact that an entirely superfluous bureaucratic burden will be added. It will be superfluous because the funds are more than adequately supervised by the Adjutant General—far more so, I might add, than by the Charity Commission, which in the past has failed to satisfy the Public Accounts Committee and the National Audit Office. It caused the Joint Committee to express doubts as to its ability to meet the demands of the proposed wider remit. The commission has some way to go, and I sincerely hope that it will do so compellingly to demonstrate clearly, in today's parlance, that it is fit for purpose.

The points that I have raised are minor but extremely important. They could make the Bill even better if they were included in the measure. I hope that the Government will reconsider them in the terms in which I have put them, and consider seriously including them in the Bill in Committee or on Report.

I end where the right hon. Member for Darlington, the Chairman of the Joint Committee, ended his speech, in saying that the Bill is long overdue. It will make a tremendous contribution to updating charity law. It will help to ensure that the brand is protected and enhanced. There are tremendous opportunities, working with the charitable sector, to advance the objectives that we all hold within society. I hope that the Government will consider what I have said on these minor points to see whether the Bill can be made yet better.

6.32 pm

David Lepper (Brighton, Pavilion) (Lab/Co-op): First, I place on record that I am a trustee of a small local charity, Ardis, that is based in Brighton and Hove. It works on behalf of people with dementia in that area. I am also a member of the Association of Town Centre Management. The reason for that declaration might become clear when I say that I wish to concentrate my remarks on part 3, and particularly on street collections. Despite the comments of the hon. Member for Cheltenham (Martin Horwood), I have no hesitation in referring to the street collectors as chuggers—charity muggers. That is because of the outrageous activities of some paid street collectors in my constituency.

I am talking of those who are paid on behalf of charities to stop people in the street and to encourage them, on the spur of the moment, to sign up to regular direct debit payments to extremely worthy charities. I question whether that is the best way to encourage people to make thoughtful donations regularly to a charity. Perhaps payroll giving might be a better form of making donations. Nevertheless, a number of charities use the street collector method.

When the Bill was in draft form, I think that the Government took the view that the problems caused by street collections could be dealt with by self-regulation. I welcome the terms of the Bill generally, as have others, and as debate on the Bill in draft form and in another place has continued, I am glad that there are now to be two stages of regulation in terms of collections. Those stages will not, it seems, harm in the least local charities that collect by holding the tin and not shaking it, or from time to time shaking it, but I hope that regulation will help to curb the chuggers.

The two stages involve the charity obtaining a certificate from the charity commissioners, followed by a form of local authority licensing. I gather that the Government's proposal is to talk with local government representatives and councils about guidelines for the licensing system. Alongside that, a self-regulatory code of fundraising practice will be developed. That is all good, but when it comes to discussing the guidelines I hope that those involved will bear in mind the local experience in Brighton city centre, in my constituency. I am sceptical about the self-regulatory approach on the basis of that local experience.

I shall quote from a letter about chuggers—I could quote from others—from one of my constituents, which was written in September 2005. It reads:

> "The sheer rudeness of these people is breathtaking...the money...would be better spent on helping those who the charity is trying to help"

rather than on paying the collectors. It continues:

> "People should have the right to go about their business without being insulted for not being able to afford to give a monthly donation to charity."

[David Lepper]

That, unfortunately, is not an unusual experience that I have had reported to me by one of my constituents. Others have told me of similar stories.

Local traders have contacted me, particularly about the North Laine area of Brighton, where there are quite narrow streets and many small shops and businesses. Day after day and week after week, many charity collectors gather there. They stand close together and they block shop doorways. It is obvious from what is reported to proprietors that those collectors are intimidating potential customers. Sometimes they are offensive to those who ask them to move on.

All that has happened despite attempts to negotiate a local code with the help of the Public Fund-Raisers Regulatory Association. I have raised with that association issues that have been discussed at meetings of the all-party group on charities and voluntary organisations, and there have been failed attempts with the association to sort out a local code of practice.

On 16 March last year I presented a petition that was signed by 200 people, which states:

"The Petitioners...declare that the Public Fund-Raisers Regulatory Association agreed to amend the voluntary code of practice in order to address traders' concerns...The Petitioners declare that operatives"

the collectors—

"are ignoring the amendments"

that is to the code of practice—

"as well as the standard requirements of the voluntary code of practice".

That was the experience after attempts to resolve those issues voluntarily. I spoke to the chief executive of the Brighton and Hove business forum, Tony Mernagh, only last week to ascertain the position now. He wrote in a letter of 22 June:

"Chuggers continue to be as much of a problem as they ever were. Our attempts to control the nuisance factor by a voluntary agreement did not work. The PFRA were not prepared to agree to some of our requests and were half-hearted about asking their members to abide by the voluntary code and the vast majority do not."

Tony Mernagh attached an 11-point code, most of which is based on a national voluntary code with some local amendments, a code which, he told me, is still, by and large, being flouted.

For those reasons I have no hesitation, despite the comments of the hon. Member for Cheltenham, in referring to many street collectors as charity muggers. Far too many chuggers have been operating in my constituency and I hope that the proposals that are before us will help to regulate an unacceptable situation. When it comes to Ministers or officials working with local councils or local council representatives on guidelines for a licensing system, I hope that local experience will be considered. From what I read in newspapers, the experience in my constituency is not perhaps unusual because similar complaints are made elsewhere. As I have said, I hope that local experience will be taken into account when drawing up the guidelines to allow local authorities, in issuing licences, to have genuine powers to control the location and the frequency of collections and the numbers of collectors involved.

I finish by repeating my earlier recommendation: people should think seriously about whether a spur-of-the-moment decision in the street to sign up to a regular donation to a charity is the best way to make such a donation. Payroll giving is surely a far better alternative.

6.40 pm

James Duddridge (Rochford and Southend, East) (Con): I fully support what the hon. Member for Brighton, Pavilion (David Lepper) said about chugging. While I cannot claim to have been a chugger, I have certainly been a shaker, and I am concerned that, according to my hon. Friend the Member for Isle of Wight (Mr. Turner), I acted illegally. Having encouraged other shaking in Rochford and Southend, East, I hope that I did not fall foul of the Government and will not be arrested on my return to my constituency.

Joking apart, my hon. Friend said that it is sometimes important to make a small difference. From the outset, may I say that I support the Bill, and welcome the changes to trusteeships that make it easier for people to contribute as trustees? However, following my intervention on the Minister, I am concerned that people with learning disabilities cannot contribute as trustees. Like a number of Members on both sides of the House, I offer my constituents, particularly organised groups, the opportunity to visit the House of Commons and, a few weeks ago, I was pleased to receive a visit from the SHIELDS—supporting, helping, informing everyone with learning disabilities in Southend—parliament, which is a group of people with learning disabilities who have been directly elected as councillors to act as an advocacy group in Southend and, more widely, to represent the interests of people with learning disabilities. Last week, it adopted a constitution, but it was distressing for people who had been elected by their peer group to discover that they could not make a contribution as trustees. In fact, they were lumped into a single group with people with general mental incapacity. While those councillors have serious social problems, collectively they are a bright bunch and have a huge contribution to make. It is therefore deeply unfair that they should be thrown together with people who, under the Charities Act 1993, are convicted of offences including dishonesty and deception or who have become bankrupt.

The SHIELDS parliament has got round the problem by using a provision in the constitution to appoint trustees. It states:

"The Trustees have added responsibilities to safeguard the charity in order to benefit the Learning Disabled population of Southend, and to further the objects of the charity by facilitating their legal and moral wishes."

Critically, it continues:

"The wishes of the Learning Disabled population of Southend will be gathered by the Shields Parliament and communicated to the Trustees via elected parliamentary councillors."

The SHIELDS councillors, who cannot act as trustees, have asked several members of the community, including me, to become trustees, and I should

certainly like to do so, and urge people in Southend to support those directly elected representatives. It would be much better, however, if the councillors could be trustees themselves.

The SHIELDS parliament and its facilitators have worked closely with the Charity Commission, so it is unacceptable that they should have had to resort to a rather cack-handed way round the problem, as mandating trustees to gather views via elected councillors is hardly the ideal solution. I therefore urge the Minister to take the opportunity offered in chapter 9 of part 2 of the Bill to table Government amendments or accept cross-party amendments to allow people with learning disabilities who can make a contribution to become trustees, particularly, but not exclusively, of charities that work with people with learning disabilities. I accept that a trustee organisation with a critical mass of people with learning disabilities is slightly more challenging from a legal perspective than general groupings, but both groupings are extremely important.

Having made my main point, may I touch on other subjects? I am concerned about the removal of the presumption of public benefit, as it constitutes an attack on schools with charitable status. Members have talked about the direction of travel which, I believe, should encompass foundation hospitals, greater choice in education, and trust schools, and should lead us to the conclusion that more schools, not fewer, should have charitable status. I am concerned, too, about mega-charities that conduct large-scale operations. One cannot look through the appointments section of the big papers without finding jobs with attached salaries that, in some cases, are as large as that of the Deputy Prime Minister. I am concerned, not about the impact of professionalisation on charities' output, but about that career path, which is detached from reality.

Unlike the right hon. Member for Cardiff, South and Penarth (Alun Michael), who is no longer in the Chamber, I remain concerned about the involvement of charities in political and campaigning activities. I do not wish to mount a general attack on charities, but I am reluctant, or certainly less willing, to give money to organisations such as Oxfam that do good work in Africa, where I have worked, and Christian Aid, because they have been involved in political activities or things that I perceive as political activities. Guidance would create greater confidence in what the Minister described as the charities brand.

I have raised a number of subjects, but the one on which I should like the Parliamentary Secretary to dwell is the question of trusteeships for people with learning disabilities—I would be more than happy to meet him with a delegation to discuss the issue. The SHIELDS parliament, which is a very good organisation, believes that it is unique—I suspect that there are other such organisations, but they have not been brought together—and it has made a good proposal. With the Minister's help in the Bill, perhaps we can improve its representation.

6.47 pm

Mr. John Grogan (Selby) (Lab): It is a great pleasure to follow the hon. Member for Rochford and Southend, East (James Duddridge), who made a measured speech which, while based on local experience, had national implications on which we should all reflect. The highlight of our debate, however, was the moment when my right hon. Friend the Member for Darlington (Mr. Milburn), at the end of a long and thoughtful speech, asked Ministers to satisfy themselves that the public benefit test, as applied by the Bill, will make a difference. In my brief and modest remarks, I should like to ask whether Ministers have satisfied themselves that it will be a rigorous test of public benefit.

The hon. Member for Sutton Coldfield (Mr. Mitchell) characterised some Labour Members as old-fashioned class warriors. I do not look at myself that way: I am a Yorkshireman who does not believe in "summat for nowt", and I think that all institutions that benefit from the public purse should justify themselves. Representing one of the United Kingdom's more rural constituencies, I like to think that I have my ear to the ground of middle England. When organisations such as the National Council for Voluntary Organisations, the Royal National Institute of the Blind and Age Concern ask for further clarification in the Bill, I sit up and take notice, and that is what I seek from Ministers.

We have a dream team on the Front Bench. It is a great pity that the Minister for the Cabinet Office is not in the Chamber, as she gave me a great deal of good career advice when she was Chief Whip. Her talent for tact and diplomacy is known throughout the House, as is her closeness to No. 10, and those qualities will be important in securing the passage of the Bill. To complement her strengths, we are lucky to have a rising star in the Parliamentary Secretary, who is close to the Chancellor, speaks about the renewal of the Labour project and, indeed, social democracy, and has demonstrated great intellect in his interventions. I hope to persuade that dream team to just go a little further and ask the questions that my right hon. Friend the Member for Darlington asked.

I refer to the voice of middle England and what the Charity Commission is saying about the Bill. I attended the same briefing that my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) attended last week. I noted carefully the words of Andrew Hind, the chief executive of the regulator. He said that there was a worrying lack of clarity in the underlying case law. He certainly did not want inflexible wording in terms of a definition of public benefit in the Bill, but he said that he would like clarification, possibly in the Bill, about the application of this test.

We have all seen the press release from the National Council for Voluntary Organisations and the words of its chief executive, Stuart Etherington. The NCVO says that, at present, the Bill extends the public benefit test to all charities on the basis of existing case law. However, it goes on, for charities that charge high fees for their services, this means that they will have to show only that the less well off are "not entirely excluded". This does not go far enough. Anyone able to benefit from a charity service must have a reasonable chance of doing so, says the NCVO. Stuart Etherington is quoted as saying:

> "Charities have long recognised the need to update charity law, and have pressed for this important legislation. The Charities Bill must protect and promote the charity 'brand', by making it clear that only those organisations that benefit the public can be charities."

[Mr. John Grogan]

We have had a number of suggestions as to how the application of the public benefit test could be clarified in the Bill. The example from Scotland was given, and there are other examples. The noble Lord Phillips in the other place made a suggestion. I do not think that the fact that Scotland has passed one law and we may be about to pass another one can be entirely dismissed. For example, if, to take a completely random example, Fettes in Scotland was ruled not to be worthy of charitable status in Scotland under one regime, could it then apply in England under another regime, and perhaps up ship, and so on? One of the phrases that keeps coming up in many of these amendments concerns charges not being "unduly restrictive". That has some merit and should be considered by Ministers. After all, the alternative is simply to rely on case law. My right hon. Friend the Member for Darlington, whom I feel very close to on this issue, said that he did not think that it was a sufficient defence for, shall we say, private schools to claim public benefit just on the ground that they saved money from the public purse. But when one considers the only major case in this area in the last 40 years, one can draw precisely that conclusion—that public schools would have that defence. In 1967 the case of Re:Resch, concerning a private hospital run by nuns in Australia, was appealed to the Privy Council. Lord Wilberforce, in giving the judgment upholding the charitable status of the hospital, said:

"It would be a wrong conclusion...to state that a trust for the provision of medical facilities would necessarily fail to be charitable merely because by reason of expense they could only be made use of by persons of some means".

In other words, the level of charges did not matter. He goes on to justify that by saying that the judgment

"results from the relief to the beds and the medical staff of the general hospital"

in other words, the saving from the public purse. Therefore, I urge Ministers that, if we are to meet the test set by my right hon. Friend, that the Bill should make a difference, we need to heed the words of the Charity Commission and the NCVO, not old-style class warriors, and look for further clarification in the Bill.

My right hon. Friend and the Joint Committee went much further in one of their musings than I would choose to do and said:

"Nonetheless we believe that the Government should consider reviewing the charitable status of independent schools and hospitals with a view to considering whether the best long term solution might lie in those organisations ceasing to be charities but receiving favourable tax treatment in exchange for clear demonstration of quantified public benefits."

I would not go that far, but I urge Ministers to look at the question of the application of the public benefit test.

Perhaps my right hon. Friend was reacting to some of the evidence before the Committee. A former public school headmaster, Dr. Anthony Seldon, said:

"There are two very different kinds of independent school."

I think that he is right. There are what he characterised as the small minority: what my right hon. Friend referred to as up to 50 per cent. of private schools, according to figures from the Independent Schools Council. Dr. Seldon referred to

"the small minority which are very wealthy which are doing extremely nicely...and which...I do not think are very innovative. They look after themselves and they pay lip service to odd charitable things, but they are a self-perpetuating oligarchy and...they have great wealth, and I think they should be doing much more".

That is the voice of someone with knowledge of the private sector.

We are talking about £100 million of public money. We are talking about giving 80 per cent. relief on uniform business rates; tax relief on bank deposits and income from investments; the ability to claim back tax paid by benefactors; and exemption from VAT payments on fees—not inconsiderable matters. This test should be a rigorous test.

There are two possible scenarios. I hope that my neighbour, my hon. Friend the Parliamentary Secretary, will listen to the debate and the moderate voices of the NCVO, the Charity Commission and his many friends on the Labour Back Benches who wish him well in his future career, and consider adding to the Bill with regard to the application of public benefit. If he does that, he could create a progressive consensus in the House. Not only those on the Government Benches, but in this instance at least the Liberal Democrats may well be part of that progressive consensus, and we could be faced with a Conservative party which, remarkably today, is to the right of the Independent Schools Council in that it insists that the public benefit test should not apply to private schools. That is a remarkable position. I do not think that the right hon. Member for Witney (Mr. Cameron) has noticed this, and that position may well change by Third Reading. Even so, I think that the Conservative Opposition would oppose such an amendment. Such a progressive consensus could be created. The alternative is probably for an amendment in line with the wishes of NCVO and the Charity Commission to be moved, perhaps from the Government or the Liberal Democrat Benches. Then we would have the unedifying spectacle of those on the Government Benches being divided on the issue. If the renewal of the Government was one of my central concerns, I know which of those two political scenarios I would be aiming for.

6.57 pm

Tom Levitt (High Peak) (Lab): It is always a pleasure to follow my hon. Friend the Member for Selby (Mr. Grogan). We have many interests in common; unfortunately, class war is not one of them, so I will return later to see where we disagree on the issue of public benefit.

I rise as the chair of the all-party group on the community and voluntary sector, a Home Office-appointed chair of the Community Development Foundation, and a former trustee of a major national charity, to welcome the Bill, which has had more than its fair share of scrutiny over quite a long time, as a number of hon. Members have said. But it is a little rich to hear protestations from Opposition Members about the time that the Bill has taken. They will recall that before the 2005 general election, the Bill was one of those that the Opposition was asked to co-operate with in order to give it a fair wind to complete its

parliamentary stages before that election, on the ground that it was relatively uncontroversial. They declined, and that was their right as an Opposition, but that meant that the process had to start again. That is why it is now some six years since the strategy unit report was commissioned to consider the relationship with the voluntary sector in its wider sense. That is why it has taken six years for us to reach this point. Clearly, we are now approaching the end of the process, and I am sure that we will come out with a Bill that we will all be pleased to work with and see implemented.

As my right hon. Friend the Member for Darlington (Mr. Milburn) has said—I think that I have read the same report as him—the public strongly support the work of the voluntary sector. For example, 88 per cent. of people believe that charities are well managed and spend their funds wisely, while 84 per cent. of people claim that they have implicit trust in the activities of the best known charities.

The public misunderstand some aspects of the sector. My right hon. Friend the Member for Darlington has referred to the statistic that while 97 per cent. of people know that Oxfam is a charity, only 15 per cent. of people know that Tate Modern is a charity. The Charity Commission report also states that 90 per cent. of people say that they have received no assistance or advice from a charity, although 75 per cent. of them actually have received assistance or advice. I suspect that that is because people have received what they regard as professional and sound advice, which they do not believe could come from a charity.

Mr. John Gummer (Suffolk, Coastal) (Con): In discussing the public perception of charities, does the hon. Gentleman agree that there will always be some charities which do very good work in unpopular circumstances? Examples include charities that work with certain categories of prisoner and small religious groups of which we may not approve but which contribute in their own way. It is important to recognise that the charity field covers unpopular areas as well as popular areas.

Tom Levitt: The right hon. Gentleman is absolutely right, which is why it is important that there are organisations such as the Big Lottery Fund to make objective decisions rather than simply giving the most money to, for example, the organisation that gets the most votes on a television programme. There has to be public input, but equally funds must be distributed rationally and objectively. Those who are in receipt of services provided by the voluntary sector are impressed by its work, and it enjoys very high levels of esteem and confidence.

I have one slight reservation about the title of the Bill, because I had hoped that we could move on from the word "charity" and deal with issues in terms of the wider sector. I have come across elderly constituents in High Peak who have told me that they are aware of pension credit but will not claim it, despite being in poverty, because "I don't want charity." There is still the Victorian idea of charity being a handout rather than a leg-up, but charities and voluntary sector organisations enhance people's capacity to deal with their own lives and give people a leg-up rather than a handout.

Communities in which the voluntary sector is healthy are themselves healthy communities, and we can judge how healthy and effective a community is by the activities of the voluntary sector within it. I shall provide three examples of how different voluntary sector organisations in my constituency have changed in the past 10 years.

Ten years ago, I was on the management committee of my local citizens advice bureau, a modest organisation in Buxton which delivered advice and which was known for being well meaning. However, access was limited, and the advice was made available to those who knew where the CAB was, who knew how to access it and who could understand the advice when it was given. That organisation has changed in the past 10 years: it is still a voluntary organisation and its principal function is still to provide advice through highly trained volunteers, but it has a professional local leadership, a professional way of working, two fully equipped offices and a sub-office and a contract with the Legal Services Commission to deliver legal aid. It is a much bigger organisation than it was, and many of the volunteers have developed specialist areas in which they advise their clients.

The information and advice provided by Citizens Advice can be accessed by us all through its excellent website, so one does not have to go to an office. It has done something tremendous in my constituency: in partnership with the PCT, it provides a volunteer adviser once a week in every GP surgery in the rural area in my constituency, which has led to some £2 million in previously unclaimed benefits going into people's pockets in the past two years. Those people are getting their entitlement because a voluntary organisation dedicated to the public benefit has delivered, which is why I was upset when the Conservative and Liberal High Peak borough council decided to freeze its funding for the CAB this year. It took people like me—I swam 100 lengths of Buxton swimming pool to raise £1,700—to make sure that my local CAB was not in deficit this year.

My second example concerns the council for voluntary service in High Peak, which did not exist 10 years ago—my constituency comprises 650 sq m of territory where 75,000 adults live, but there was no co-ordinating body for the voluntary sector. Nowadays, the council for voluntary service is a professionally led organisation which is the main source of advice for voluntary organisations. It provides physical resources, such as office facilities and meeting facilities, and access to funding, and it is an incredible source of training for people who are setting up their own voluntary sector organisations and charities or working in their communities. Through the council for voluntary service, the voluntary sector is well represented on the local strategic partnership between local authorities and other service providers in my area. The council for voluntary service provides an invaluable service, and it has the respect of other public services with which it works to provide rounded, comprehensive, holistic and personally focused services. It is a wonderful example of the sector flourishing and helping people by delivering a public benefit, and I wish that more local strategic partnerships around the country treated the voluntary sector with the importance that it receives in my constituency.

[Tom Levitt]

My third example of a local organisation concerns the Nepal Children's Trust. My constituency does not stretch as far as Nepal, but before I visited that country a few weeks ago, I was contacted by the trust, which began with four ladies in the New Mills area in my constituency. One of those ladies went on holiday to Nepal, where she saw the problems that children were having in one of the world's poorest countries and decided to do something about it. She has built up a network of a few dozen people around the country who not only engage in fundraising, but go over to Nepal to make sure that schools are built, that the children of prisoners get the support that they need and that children's human rights are upheld. The trust is doing excellent work, and it is a lovely example of how a group of people with a conscience and a sense of purpose can set up their own charitable organisation and make a difference.

All those organisations will welcome the Bill—for example, if the children's trust is one of the smaller organisations, it will no longer be required to register. The organisations that I have mentioned are a long way from the traditional image of charities, which was, if hon. Ladies will forgive me, of members of the blue rinse brigade with their collecting boxes. In the past, too many of those people saw volunteering as an end in itself. Volunteering is a vital part of the way in which a community operates, but it is not an end in itself—there must be a purpose. One organisation—I could name it but I will not—was asked to deliver a different service that was better for its recipients, but withdrew from it because the volunteers did not like change.

We can see the same changes happening on a national level. For example, Leonard Cheshire now delivers most of its services on contract to local authorities. Its residential homes are no longer the independent organisations that they were. It is providing an essential part of delivering care but at the same time ensuring that its users are much more closely involved in the delivery of services, and the shape and nature of those services. It has become a membership organisation in order to become more accountable. The Royal National Institute for Deaf People has also taken that step. More than one Member has mentioned its tremendous pioneering work—at a time when I was one of its trustees, although I take no credit for it—in joining up as partners with the Department of Health and delivering a £100 million programme to bring in digital hearing aids on the NHS for the first time. It was able to do that because of its professional approach and because of the economies of scale involved. It was able to use its power and size to get the best possible financial deal on the purchase of those hearing aids; which, as my right hon. Friend the Member for Darlington said, have made a real difference to the lives of millions of people.

Another national example is that of last year's Make Poverty History operation, which involved the coming together of a huge coalition of groups, some of which have their priorities in far-distant countries and work according to their consciences on behalf of people around the world who are worse off than ourselves. Many groups have taken on that initiative and made it into a practical commitment. Two towns in my constituency are on the verge of acquiring Fair Trade status. They have achieved that because over the past few years voluntary organisations have grown up and worked with local authorities, caterers and all sorts of other organisations to build a coalition of voluntary sector, private sector and public sector interests that are backing the Fair Trade cause. The initiative was created by the voluntary sector in a way that will produce long-term benefit for us all.

I was fascinated to read in today's newspapers about the largest ever donation to charity. A 75-year-old American gentleman by the name of Warren Buffett has just given more than three quarters of his $44 billion fortune—about $35 billion—to the Bill Gates Foundation, which is, according to *The Times*,

"the world's largest philanthropic organisation"

and which

"funds the international fight against diseases such as malaria, Aids and tuberculosis."

Mr. Buffett justified his actions thus:

"What can be more logical, in whatever you want done, than finding someone better equipped than you are to do it? That is how I feel about this decision about my money."

Any donation of that nature sets an excellent example—it does not have to involve billions of dollars, which most of do not have.

Martin Horwood: I thank the hon. Gentleman for sharing with us the breadth of his expertise in the voluntary sector. He is right to draw attention to the principle that Warren Buffett has so generously espoused. Does he agree that it might even apply to much smaller charities, which are often registered by the Charity Commission but which might in some circumstances be better off as fundraisers for larger and better established charities, as they have fewer overheads and administrative burdens?

Tom Levitt: The hon. Gentleman makes a good point. I am sure that for some small charities that is the right way to go, although I would not include the Nepal Children's Trust, which was delivering on a very specific aim. However, this debate is not about telling the voluntary sector what to do but about giving it its head and finding out what works. They may well coalesce, by a process of organic growth, into being fundraisers for larger bodies as the most practical way of achieving what they set out to do, but that is for them to discover for themselves.

There was a time when we could talk about the public sector, the private sector and the voluntary sector as three points of a triangle, but today they are three points on a circle, with every sort of organisation in between. In any ward in the constituency of any hon. Member here tonight, we will probably see a plethora of voluntary sector organisations. In one of my local wards, an active residents' association elects representatives to the arm's length management organisation that looks after their social housing. We would also find housing associations, the neighbourhood watch, various sports groups, older people's groups, local history groups, and guides and scouts. Tomorrow, I will be pleased to welcome the

retiring commissioner of the Pennine guides as my guest at the older volunteer of the year awards, here in the House.

The University of the Third Age is a huge organisation in my constituency. We also have the furniture project. This weekend, I asked the people at that organisation whether it was still a charity—a voluntary organisation—or had become a social enterprise. It collects second-hand furniture and trains people to repair and build furniture and to recycle furnishing materials. It is an accredited training organisation and a not-for-profit company, and in just a few years it has earned the title of a social enterprise. We will find community transport and volunteer car schemes, branches of large organisations such as Amnesty International and Friends of the Earth, and groups such as the one that I spoke to this morning—the local domestic abuse reduction partnership. All those organisations are dedicated to the public benefit of improving the communities in which they work.

That is not to mention the trade unions, which represent public benefit in the workplace, and political parties. If those of us in political parties are not here in order to promote the public benefit, then what are we here for? Although it is not a matter for this debate, I hope that we will seriously consider the possibility of casting political parties in the same mould as voluntary sector organisations and charities as regards their treatment for tax purposes. That would be one way of stimulating a healthy democracy.

The issue that took up much of the time in the Lords, as it has today, is that of public benefit. I am pleased that the Bill tightens the definition of public benefit, not least by abolishing the presumption that certain organisations automatically qualify for charitable status because they are involved in education, for example. Nevertheless, it is important that we allow for the necessary flexibility and do not tie ourselves down by agreeing on a definition that tries to anticipate all future examples of where public benefit may or may not be demonstrated.

Many charitable organisations have commercial arms. An educational charity should not be banned from having a commercial arm attached to it, as long as the public benefit can be demonstrated by the charitable part of the organisation. I feel the same as some of my Back-Bench colleagues about the ethos of independent and fee-paying private education. I believe that the best way of ensuring that we have no need for it is to make the state sector so good that people will not want to pay. However, it is a fact of life that such schools and institutions exist. Some of them are special schools providing services that are not provided in the state sector. Those organisations should not have their credibility drawn into question when the public are paying those fees through sending children to use their facilities.

As I mentioned in an earlier intervention, we are now seeing a growing tendency of independent schools to make their facilities—their drama halls, sports equipment, field study facilities—and their time, in the sense of sixth-form preparation, pre-university courses and so forth, available to state sector schools that have not been fortunate enough to provide the same facilities. I believe that those are good partnerships. Schools in the state sector do not receive any benefit from some teachers who were trained in that sector, so let us build a relationship with those teachers, even though they are working in the independent sector. If facilities benefit only some children, let us make them available to all children by developing partnerships with independent schools. I do not believe that a provision to deprive independent schools of only 4.5 per cent. of their total income will be for the wider public benefit when we can already see the tendency for more of their facilities being made available to more children—*[Interruption.]* I note that my hon. Friend the Member for Selby (Mr. Grogan) is itching to intervene.

Mr. Grogan: I thank my hon. Friend for giving way, but does he accept that an amendment to deal with unduly restrictive charges would not require the removal of charitable status from all public schools, but only that they justify such status? Any schools carrying out the magnificent things that my hon. Friend describes would clearly pass the test, but why should those refusing to share any facilities or to offer any bursaries necessarily be given charitable status?

Tom Levitt: I am confident that the latter sort of school that my hon. Friend describes would not be able to demonstrate any public benefit, so it would not be entitled to charitable status, but I hope that the Bill will encourage schools to go down the former route and make their facilities and bursaries available.

I should like to put a few questions to Ministers on the issue of fundraising and its regulation. It is claimed that the Bill will reduce the burden of legislation and bureaucracy on local authorities, but it seems to me that it does so partly by increasing the burden on the Charity Commission through the issuing and administration of public collection certificates, which have to be renewed every five years—a task currently carried out by local authorities. Of course it makes sense for a national organisation to have a national public collection certificate, once it has been granted, but the question remains whether the Charity Commission has the capacity to deal with it and, secondly, whether it is really removes all the burdens from local authorities. The question of when a street collection takes place would have to be administered by the local authority, as, presumably, would enforcement of the regulations pertaining to public collection certificates. Co-ordination remains the local authority role and the issuing of permits for street collections could be just as burdensome on local authorities as it is now.

I was initially concerned that the legislation did not establish the imperative need for those involved in door-to-door collections to carry appropriate identity cards, but I now believe that it does. It is very important to reassure people on the doorstep that the person they are talking to is who they say they are and working on behalf of the organisation for which they are collecting. Members do not need me to explain that any further.

The need for ID cards is established in clause 63, but who ensures that the people have the correct identity cards, adopting the correct style and containing the correct information? Who ensures that the identity is

[Tom Levitt]

somehow authenticated? I cannot believe that it is a job for the Charity Commission to ensure that every identity card is produced in the correct way, so I presume that it remains an inspection role for the local authority to carry out. In view of such concerns about door-to-door collections, safety and the possibilities for crime or abuse, it is important for us to seek some reassurances in Committee.

To conclude, every Member has his or her own knowledge of the value of the charitable and voluntary sector in their constituencies. They know that the sector can see what is wrong with service delivery and feed back on it. The sector is capable of some smashing examples of innovation and it can be less bureaucratic than the public sector, while certainly personalising services more effectively. In many ways, it can provide a better quality of service, if that is what is needed. We look to the sector to be a voice—not necessarily the only voice, but a voice—of public service users. We look to the sector to be a partner—not a junior partner, but an equal partner—in delivering those services and we see it as a viable and respected sector in its own right.

As a Government, we need to build real partnerships with the charitable and voluntary sector. We need to strengthen the compact and commit ourselves, for example, to longer-term funding streams and full-cost recovery in all dealings with the sector. The Bill provides the framework to liberate the sector, to elevate it and to empower it. It deserves our support and I am sure that it will receive it.

7.26 pm

Ms Celia Barlow (Hove) (Lab): A charity is an organisation that serves the public good and an institution that benefits people. Apart from the very necessary legal and regulatory questions, we should ask ourselves today how we can ensure that our charities can best function in the interest of those people. That is what I would like to speak about today.

Charities can serve many purposes, and one of this admirable Bill's main accomplishments is that clause 2 gives a clear statutory definition of charitable causes, thereby updating the law. One purpose can be, as mentioned in subsection (2), providing relief to the elderly and saving lives. I would like to refer to one recent example from my Hove constituency of the closure of a care home that was owned by a charitable trust. It provides a telling example of a local charity not acting in the interests of its immediate beneficiaries and we will see how the problem could be rectified by the Bill and what questions still remain.

Before I come to that, however, I would like to say that I welcome the Bill, as many Members have today. It was a Labour Party manifesto commitment at the last general election to provide a new, modern framework for the voluntary sector in order to promote charities and give them better legal guidance. The present regulations for charities are indeed outdated. As my right hon. Friend the Member for Darlington (Mr. Milburn) pointed out, our courts still have to rely on the Charitable Uses Act 1601, passed under the first Queen Elizabeth, to determine what a charitable purpose is.

It is also a great step forward that we now get a clear definition that a charity has to work for the public benefit, rather than relying on the old circular reasoning that an organisation pursuing charitable purposes must be a charity. The new public benefit test will remind all charities that they need to demonstrate their usefulness to the public on a constant basis. However, as my hon. Friend the Member for Selby (Mr. Grogan) said recently, we need to decide on a rigorous definition of public interest.

In the light of recent experience in my constituency since the beginning of the year, I would like to highlight the reform of the Charity Commission's powers. It is the first major shake-up since 1960, and I hope that it will take effect as soon as possible. Indeed, for some of my constituents, reform is already coming too late.

Mr. Deputy Speaker, you may have read in the papers about the case of Dresden house, a care home for elderly gentlewomen in Hove. For many years, Dresden house was a very happy place for pensioners in Hove, a place where many members of my local communities wanted peacefully to spend their final years. It has been run as a charitable trust since 1910 and was highly praised in official reports. It was therefore a great shock to all the residents when, in January, the trustees suddenly announced that the home was to close and all residents were to move out in three months. Citing economic unsustainability as the reason for closure, the announcement left only 12 weeks for the elderly gentlewomen to find suitable alternative accommodation.

Not only was the building destined to be closed but the many friendships built up over months and years by the residents in the community of Dresden house were about to be brought to an end. The trustees' decision was perceived by many residents and their relatives to be unnecessary as Dresden house continued to provide a high standard of care, with new residents being admitted to the premises as late as December 2005.

Deeming the closure to be unnecessary, the residents' group contacted the Charity Commission for guidance, trying to find some facts about the decision to close. The group was headed by Nick Steadman, nephew of Dresden house resident Alice Pink, a 93-year-old gentlewoman who had previously worked as a nurse. I was introduced to Alice in January and came to admire greatly her resolve and strength of purpose. She had moved into Dresden house only in August 2005 and was looking forward to many happy, relaxing years in beautiful surroundings.

The residents' group and my office wrote many letters to the Charity Commission. I talked to both the commission and the trustees. However, the Charity Commission replied that, under its current rules, it was unable to help in the matter. Despite my intervention, the trustees were unwilling to provide their residents with a clear reason for closure other than general financial circumstances, which could not be independently verified because the trustees were unwilling to disclose their accounts before the end of the financial year and there were no regulations to ensure that they did so. The financial year would expire after the last resident was required to leave the home.

The residents' group offered themselves as trustees to oversee Dresden house, should the current trustees no

longer wish to handle the responsibility of running such an institution. The trustees declined the offer. The Charity Commission had no powers to insist on its acceptance.

Despite widespread support and sympathy, the trustees' decision to close could not be challenged under the existing definition of public benefit. At the beginning of March, the elderly residents of Dresden house had the trauma of moving to new premises. Alice Pink was the last resident to leave at the end of March. Failed by the institutions, she appeared to lose her energy and will to live after having to move elsewhere. Two months after leaving, she was found with a note by her bed, which read simply "I can't go on." She had taken an overdose of painkillers. One week later, she was dead. Another resident, 84-year-old Edna Henshall, died having suffered a stroke on the day she was due to move out. It is in their memory that I speak today. Dresden house now stands empty.

The residents' group identified several points on which they felt that the system failed them. They felt let down by the Charity Commission's inability to direct trustees to comply on consultation and disclosure of financial papers. The new powers for the Charity Commission in chapters 1 and 5 to direct and advise charities proactively are therefore much needed, and the commission must use them effectively. The residents' representatives also complained about the Charity Commission's difficulties in influencing the composition of the board of trustees. The Bill will give the commission more powers to intervene.

May I take the opportunity to throw my weight behind the request of the hon. Member for Rochford and Southend, East (James Duddridge), who is no longer in his place, to provide that people with learning disabilities can become trustees of charities of their choice?

Chapter 2 deals with the creation of a charity tribunal and also constitutes a clear improvement in the law. As things stand, if a care home is council run, residents can bring a case under the Human Right Act 1998 with a reasonable chance of success. In the case of Dresden house, users and their representatives have had no effective redress, since the commission essentially has the final say. In my local case, the people affected felt severely let down by the absence of a strong authority to handle appeals about Charity Commission decisions.

The new tribunal will give people the certainty that there is indeed an institution they can approach as a last resort. According to schedule 4, affected individuals will get a right of appeal. The relatives of the unfortunate former residents of Dresden house humbly request that the tribunal be given the ability to accept any disputed case for review, without exception.

Charities are man-made institutions for the benefit of the people. In the other place, there has been some debate about whether the commission should have reasonable regard to the well-founded interests of the beneficiaries of the charity. Material assets are, of course, important but we should focus on the people involved—our most senior citizens in the case that I have outlined. The issue was debated on several occasions in the House of Lords. My noble Friend the Home Office Minister Baroness Scotland assured the Lords that, although the focus on people was not expressed in the text of the Bill, it was implied. On 28 June 2005, she said:

> "There is no doubt that the commission should take into account the interests of those affected by its actions. Two of the principles of best regulatory practice on the face of the Bill are that regulatory action should be 'accountable' and 'transparent', and these will involve the commission having regard to the interests of stakeholders."—[*Official Report, House of Lords*, 28 June 2005; Vol. 673, c. 193.]

I am willing to believe that that is the case but I press my right hon. Friend the Minister and my hon. Friend the Parliamentary Secretary to assure me that the interests of stakeholders will play a more central role in the commission's work. Will they ensure that, in its guidelines, there will be a clear undertaking to listen to the people who depend on charities?

I do not claim that further cases such as Dresden house can be easily avoided by the Bill. However, I am sure that the clear guidelines that it provides will make it easier for the people affected to make their voices heard. I hope that the Government will ensure that the Bill stipulates that the Charity Commission and the charity tribunal will be the champions of the people who rely on them. We owe that to the many vulnerable people who depend on charities. We owe it to the elderly gentlewomen, formerly of Dresden house. It is in their honour and spirit that I support the Bill.

7.37 pm

Mr. Mark Todd (South Derbyshire) (Lab): I am glad to have caught your eye, Mr. Deputy Speaker.

I noted in the early part of the debate the increased willingness shared by all parties to consider the transfer back to the voluntary sector of public services offered for the public good. I have long been a supporter of that since my time as leader of a city council in which we actively supported the voluntary sector through providing a variety of financial and common services, such as accountancy services—many voluntary organisations of all kinds greatly appreciated that. I therefore need no persuasion of the merits of that course of action.

If one steps back 150 years or so, many services that we now take for granted were provided by voluntary—either charitable or mutual—means. There remains much to commend locally based mutual or other voluntary structures providing those services. It helps to create stronger mechanisms of community involvement in the services that people enjoy.

Examples remain. Many hon. Members will have been lobbied about, for example, transferring air ambulance services to the public sector. I have surprised many of my constituents by saying that that may be an inappropriate approach. It is preferable to give better support to the existing, robust voluntary organisation, which provides the service. Simply adding it to the national health service is the wrong answer to the specific problems that the service may encounter.

Let us consider the lifeboat service. Few would describe that as anything other than a vital service that is offered to part of our community. Yet no one would suggest that the state should provide it directly. We acknowledge that charitable and voluntary organisations can often provide major public services, not only smaller, locally based ones.

[Mr. Mark Todd]

Recent years have seen the modernisation of mutual and co-operative law, in which I played a small part. I see this Bill as a further step towards providing a modern framework. My right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) set out clearly the importance of choice in providing models of control and direction for social entrepreneurs. That is exactly what we should do. There are models that work in particular circumstances, and we should not be prescriptive. We should, however, have a modern set of laws that allow people to proceed with certainty. If we are to facilitate the increased use of mutual and charitable organisations to provide public services, however, we need not only to provide the certainty of law but to address how to regulate them. I listened carefully to those parts of the debate that dealt with the merits of a lighter touch, to which I will refer when I discuss a particular local example.

Two aspects of the Bill are especially welcome. First, the emphasis on public benefit is absolutely right. I commend the Government's approach in that regard, and I am not that tempted to take a more prescriptive route. I may have the honour to serve on the Committee, and if I do, I shall listen carefully to the arguments for a more prescriptive approach. I will need some persuading, however, that a looser framework in which experience can be brought to bear might not be better. Secondly, the greater freedom to trade that charities will have is welcome and absolutely essential in the modern day.

If we are to encourage the use of such models, however, we need to consider how their functions are to be regulated. The tools to be used must be proportionate to the purpose in which we are engaged. Normally, small charities would carry little risk. However, my experience indicates that a deliberately light touch can attract those wishing to pursue their own interests with minimal observation, to the extent of having no proper means of compelling even such basic methods of accountability as filing accounts and holding appropriate governance meetings. I shall return to that later.

Running a small charity can also be a frustrating activity, and it is only human nature for some to feel inadequately rewarded for their efforts and to feel that perhaps there are other routes to enhance their circumstances in recognition of their efforts. Events in my constituency—I am sad to hear that I am far from the only Member to criticise the commission in this regard—suggest that the commission has only modest tools and rather less will to address those sorts of instincts. That has led me to suggest alternative models of control to those who are interested in establishing voluntary groups in my area. I am afraid that, because of my experience, I have not suggested that people use charitable vehicles for their purposes. Because of what I have seen, I prefer other, better regulated bodies to be used. That also led me to oppose vehemently leaving to the Charity Commission the regulation of trusts that might run individual or groups of state schools. I felt that that was a wholly inadequate approach to the regulation of trusts, and I was relieved that the Government conceded at the last minute that Ofsted would have a function of inspecting trusts as well as the schools for which they were responsible.

I urge that further thought be given to how to identify risk of malpractice, even in relatively small charities. One approach that I commend is to insist on at least the basic provision—I do not demand audited accounts—of accounts of some kind. Another is to insist on all active charities holding appropriate governance meetings—which do not have to be frequent, but should at least be annual—to determine their continued activity and their officers. I shall press those and other arguments in the Committee if I have the honour to serve on it.

7.44 pm

Mr. Gary Streeter (South-West Devon) (Con): I am delighted to make a guest appearance, on a one-off basis—it is very charitable of me—on behalf of the shadow Department for Constitutional Affairs team. The tenor and tone of this debate, which is on a hugely important subject, has been constructive and good natured.

We all agree that the Government are moving in the right direction, but the Opposition have the job of probing, pressing and improving law as it passes through the House. First and foremost, I commend the Government on moving slowly—not always by design, as the general election intervened—and on taking their time to consult and to try to get right a major reform of a law that, as several Members have said, has been in place since 1601, before the Act of Union. As we know, we had the draft Bill, which was subject to pre-legislative scrutiny—we heard a powerful contribution from the Chairman of the Joint Committee, to which I will return in a moment—and which completed most or all of its stages before falling at the general election. We then had the amended Bill, which was introduced and passed all its stages in another place. The Government are to be congratulated on listening at every stage and on improving the proposed legislation. Much progress has been made, and we look forward to more progress during the remaining weeks of the Bill's passage.

The job is not yet done, however, as a number of serious concerns remain. It is worth alerting the House to the fact that though there is a wide consensus on the issue, this is not a Bill, if ever there were one, that we should nod through with our eyes half-closed. It is much too serious and important for that. There are a number of pitfalls that need to be avoided. The new Charity Commission will be a powerful institution that can set guidelines to determine which charities that currently enjoy the assumption of public interest will do so in future. We must remain alert to those hugely important new powers as the Bill moves through every remaining stage of its passage through the House.

This is also an opportunity to place on the record the tremendous good that many charities do. As we know, and as many Members have recognised in the debate, society is not just about the state and the individual. There is a huge voluntary, charitable and faith sector in between, which exists to do good, fill the gap and stand in the breach. That is one subject on which all Members of Parliament are experts, as we have examples in our constituencies of unsung heroes—our favourite charities and organisations—who rush around serving other people. Even tonight, as we debate this Bill, countless thousands of people in this

great country are going out and about serving other people simply because they want to make their lives better. Let us just imagine the gaping hole that there would be in our country if that activity did not happen. Those heroes deserve a legal and regulatory framework that lifts them up, imposes the minimum of regulation, provides the maximum clarity and regulates with a light touch. That will be one of our concerns as the Bill passes through the House.

First and foremost, I appreciate the advent in the Bill of charitable incorporated organisation status. As someone who used to have a proper job as a corporate lawyer—

Mr. Todd: Proper job?

Mr. Streeter: Being a lawyer was a proper job, was it not? What did the hon. Gentleman do?

I used to advise start-up businesses and charities on organisation as a company limited by shares, guarantee, trust and so on. Would it not be great to have one simple, cohesive and straightforward organisational structure that most new charities would adopt? That is a sensible suggestion, and I hope that it becomes fashionable and popular. I hope that investment and effort will be put into producing off-the-shelf templates, which small organisations can pick up to organise their businesses with little delay or cost.

We heard some excellent speeches today. The Minister for the Cabinet Office introduced the Bill in a measured way, as befits legislation of this kind that has wide support. She gave a number of reassurances about how the public benefit test might apply to organisations already benefiting from the assumption of public interest. We must wait to see whether they pan out, but it was reassuring to hear of her belief—I paraphrase—that all, or almost all, independent schools, hospitals and religious organisations ought to pass the public benefit test. I invite the Minister to intervene if she wishes to clarify that.

The Minister also said that each case would be considered and judged on its merits. I should like to hear from the Parliamentary Secretary, when he winds up the debate, how that process will work. We have talked about 190,000 charities. What is the time scale for a case-by-case assessment? It seems to me that it would be a huge job.

My hon. Friend the Member for Isle of Wight (Mr. Turner) made a typically powerful speech. As is his shadow ministerial responsibility, he drew attention to some of the pitfalls that will have to be considered carefully in Committee. He spoke of the difficulties and costs that will be incurred by many existing charities on which will fall the onus of proof that they benefit the public. That process must be clarified. My hon. Friend called for a light touch in regulation, and for accountability. We do not oppose the public benefit test, but as Members in all parts of the House have said today, it represents a controversial and significant change. We are right to probe the Government to confirm that they have thought through the new system, and that it will be introduced with a measure of insight and wisdom.

The right hon. Member for Darlington (Mr. Milburn)—who has not yet returned from what I am sure has been an enjoyable evening—chaired the Joint Committee, and the whole House owes him a debt of gratitude for the way in which he did so. He treated us to his experience of these matters. It might be said that he rolled out his progressive credentials at the same time, possibly with half an eye on the future, but we shall see what happens in that regard. He spoke of an opportunity for the charitable sector to offer high quality services and to embark on a real partnership with the private and public sectors. That is exactly what the Conservatives want.

The hon. Member for Cheltenham (Martin Horwood), speaking for the Liberal Democrats, supported the Bill and brought to bear some specialist knowledge from his background, which informed and assisted debate. I think that he slightly misunderstood what my hon. Friend the Member for Isle of Wight had said, but we were treated to the good news that the Liberal Democrats had unveiled a new policy tonight—a policy of consistency. That is warmly welcomed by the whole House. The hon. Gentleman made important points about the need for clarity, especially in the Bill's definitions and the Charity Commission's guidelines. That was an important reminder, to which I shall return.

The right hon. Member for Cardiff, South and Penarth (Alun Michael) also has great experience in this field. He spoke of the vibrant and important partnership between the Government and the voluntary and charitable sector. In giving the Bill a warm welcome, he recognised that removing the assumption of public benefit was a courageous step—taking our minds back, perhaps, to the great "Yes, Minister" programmes—but he said that it was the right thing to do, thus nailing his colours to the Government's mast. He called for clarity on the public benefit test—I think that the whole House wants the Parliamentary Secretary to deal with that important point—and said that the Charity Commission should listen to Parliament. That is crucial. Parliament has expressed itself very firmly, and we want the commission to listen to us. I am one of those who have said, on the basis of our experience in our constituencies and our former lives in the real world, that the commission has not always impressed people by the degree to which it listens and proceeds flexibly, without bureaucracy. We look for better performance in the future. The right hon. Gentleman advised his Front Bench not to be too prescriptive in its definitions, and spoke of the changing and diverse nature of today's voluntary and charitable sector.

My hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) spoke with great authority, having served on the Joint Committee. He gave the Government 7.5 out of 10—which was pretty charitable, for him—for listening to the Committee and incorporating some of its recommendations, to which I have already referred. The right hon. Member for Darlington has just returned. I know that he has been engaged in important business. As I was saying, my hon. Friend gave the Government 7.5 out of 10, but he hoped for a higher score as we approach Third Reading. He was particularly concerned about certain recommendations that were missing from the Bill in its current form—for instance, those stating that regulation should involve a light touch, that the independence of the charitable sector should not be compromised, that schools, hospitals and religious

[Mr. Streeter]

bodies should not bear the brunt of the removal of the assumption of public benefit, and about the recommendation relating to the removal of excepted status from armed services' mess charities. He urged the Government to ensure that those recommendations were incorporated during the Bill's passage.

The hon. Member for Brighton, Pavilion (David Lepper) brought to bear his experience of town centre management in his thoughtful speech about charitable collectors—I did not know that they are often described as "chuggers"—and the undesirable and offputting nature of some of their activity. He expressed scepticism about self-regulation in that context. Given his experience, the House should take account of what he said, and we should give more thought to the matter in Committee.

My hon. Friend the Member for Rochford and Southend, East (James Duddridge) expressed grave concern about access for people with learning disabilities to trusteeships of local organisations. The Parliamentary Secretary may be able to say something about that. My hon. Friend made his point powerfully and forcefully. He also expressed concern about large charities spending too much on salaries and political campaigning, and said that more guidance for some would make the public more confident.

The hon. Member for Selby (Mr. Grogan) made one of his typically concise speeches. Indeed, it was so concise that I missed it when I nipped out briefly, but I know that he described his Front Bench as a dream team, which is an interesting concept. He also—importantly—called for the public benefit test to be tightened, an issue to which we will no doubt return in Committee.

The hon. Member for High Peak (Tom Levitt), on the basis of his experience and background, described the tremendous contribution of a wide variety of charities in his constituency. He referred particularly to progress in recent years by, for instance, the council for voluntary service in his area. He illustrated the difficulty of regulating in the charitable sector by giving the example of a group of people who were moved by the plight of some children in Nepal, and set up a charity to do something about it. They stand alongside Oxfam, which has been doing such things for ever, and other great British charities. We have a single system that regulates all of them, and flexibility is very important. I am sure that the Minister took that on board.

The hon. Member for Hove (Ms Barlow) made the important point that all that glisters is not gold. It is no good our thinking that all charities are wonderful and always make wise decisions. The House was moved and concerned to learn of the plight of the hon. Lady's constituents in Dresden house, about which she made some powerful points.

The hon. Member for South Derbyshire (Mr. Todd) spoke warmly about the role of the voluntary sector. One of his important points was that it is not necessarily true that every voluntary organisation would benefit from joining the state sector. He mentioned the air ambulance service, which we also have in my part of the world. It is sometimes right for such services to be outside the state sector, but more clarity, support and guidance from that sector would sometimes be welcome.

We had a good-natured and informative debate. I want to focus briefly on three issues. The end of the presumption of the public benefit test is controversial. It is a significant change for many organisations that have enjoyed that presumption for hundreds of years. We do not know what guidelines the Charity Commission will produce to help people decide what is and is not in the public interest. It has already produced some guiding principles, but it is quite capable of changing those. We do not know what the final guidelines will look like, so this is very much a step in the dark. It is imperative for the House to have as much information as possible about the nature of the guidelines according to which the industry will operate before the House makes its final decisions on Report and Third Reading. If there was a common theme on both sides of the House, it was the need for clarity and certainty, especially for well-established organisations that need to know what hurdles they have to jump to ensure that they are operating for the public benefit.

Martin Horwood: The hon. Gentleman describes the removal of the presumption of public benefit as controversial, but it was not, even among his noble Friends in the other place. Can he now confirm clearly that he is in favour of imposing a public benefit test on Help the Aged and the RSPCA, but not on Winchester and Eton?

Mr. Streeter: The hon. Gentleman made that point earlier. It was not very good then and it is not very good now. I refute that facile intervention. We support the Bill and there will be no Division on it tonight. I am calling on the Minister to provide maximum clarity, especially in relation to the Charity Commission guidelines, on the system under which charitable organisations will operate once the Bill becomes law. The common cry from the House has been for clarity.

Secondly, we are concerned about the independence of the new Charity Commission, which will be a powerful body. As other hon. Members have pointed out, its track record is not of the highest order. We agree that it should be independent of Government. I remember a thousand years ago, when I was a Minister in the Lord Chancellor's Department, we had a big public debate about whether legal aid should be granted in several high profile cases. I called in the chief executive of the Legal Aid Board and, flexing my muscles, said, "I want things to change." He looked at me and said, "You have no power over me whatever. Who on earth do you think you are? I will carry on doing as I have always done." In my opinion we have too many quangos that are not properly accountable. I know that it is fashionable to say that politicians should not make decisions and that we should delegate them to other organisations, but we have gone too far down that path and it is time to counter-attack and make many more of those organisations accountable to Ministers, who are accountable to Parliament. I may be a lone voice on that point, but that is how I feel. I feel a lot better now that I have got that off my chest.

The new beefed-up Charity Commission will not be accountable to Ministers. I accept that it must be

independent of Government, but our suggestion of making it accountable to a Select Committee is very sensible. I hope that the Minister will consider it carefully. All Members of Parliament inform themselves about the quality of charitable activity in their constituencies— we are experts in that—so it is a sensible suggestion. We are concerned about the current lack of independence and accountability of that organisation.

Thirdly, we have heard much about partnership between the charitable sector and Government. Of course, that can work really well, but over the past few years we have seen that a charitable organisation may have tremendous success, because it performs its functions in its own way, but once it enters into a contract or relationship with the Government it slowly has the life squeezed out of it by red tape and bureaucracy. If that happens, the organisation can cease to be successful because of too much prescription by the Government. I place a marker to warn the voluntary sector and the Government that although we all want such partnerships, they must not lose the very aspects that make the organisations successful in the first place.

Parts of the Bill will increase regulation and parts will reduce it. The Bill was an opportunity to set charities free, but it has not been properly seized. In particular, the £5,000 limit should be increased, and I hope that the Minister will consider that point. We want clarity on the public benefit test, greater accountability for the Charity Commission, and a light-touch, flexible regulatory regime that genuinely empowers, enables and supports the wonderful, unparalleled spirit of charity and compassion of the great British people to arise, shine and be even more productive in the future. We support the Government's direction of travel, but we will seek to improve the Bill in Committee.

8.4 pm

The Parliamentary Secretary, Cabinet Office (Edward Miliband): It is a great privilege to wind up this debate. It has been an excellent debate with some thoughtful contributions from Members on both sides of the House, and we have seen the House of Commons at its best. A spirit of charity has abounded, not only in the praise for my right hon. Friend and myself from my hon. Friend the Member for Selby (Mr. Grogan), but in the offer by the hon. Member for Sutton Coldfield (Mr. Mitchell) to be the campaign manager for my right hon. Friend the Member for Darlington (Mr. Milburn) in any future election that might take place. The hon. Gentleman promised to do for my right hon. Friend what he did for the right hon. Member for Haltemprice and Howden (David Davis), so I am not sure how the offer will be regarded.

As Members on both sides have said, it is more than 400 years since the 1601 preamble to the Charitable Uses Act. The Bill has been a long time coming, and that creates an added pressure to achieve consensus. Fortunately, the Bill gets it right. That is partly because it has been well prepared, having its origins in the 2002 strategy unit report; well scrutinised, thanks to the work by the Committee chaired by my right hon. Friend the Member for Darlington; and well debated, with 60 hours in the other place so far on two separate occasions. I look forward to the further deliberations in Committee.

The central purpose of the Bill is to put in place a framework for charities and their activities that will enable them to realise their potential, encourage a vibrant and diverse sector and sustain high levels of public confidence. The Bill contributes to that through a streamlined system of law for charity organisation and regulation, a new and consistent approach to regulation of fundraising, and a clear definition of charity, with every organisation having to prove public benefit, all underpinned by an effective, modern regulator in the shape of the Charity Commission. I shall deal with the important contributions that have been made to the debate under those four headings.

On the issue of administration and regulation, the Bill takes important steps, not only in the new charitable incorporated organisation, but the raising of the registration threshold from £1,000 to £5,000, the raising of the audit threshold and several other sensible measures. Hon. Members on both sides raised questions of administration and local examples of charities and how they organised themselves. I was especially struck by the contribution from the hon. Member for Rochford and Southend, East (James Duddridge), who talked about people with learning disabilities and their role as trustees. My understanding, and that of the Charity Commission, is that trustee bodies should be diverse and properly reflect the interests of beneficiaries. People with learning disabilities are absolutely able to be trustees of charities and there should be no difficulty for them in being so. If the hon. Gentleman wishes to write to me further on that, I would be happy to respond.

The hon. Member for Sutton Coldfield, as well as making his generous offer to my right hon. Friend the Member for Darlington, raised several important points. He mentioned the status of armed forces charities and I hope that he is pleased that their charitable purpose is confirmed in the Bill. On the specific issue that he raised about the status of those charities, I have to say that it is hard in the circumstances to strike the right balance between the regulation that we need to achieve a level playing field, and the particular demands of certain charities. The position on armed forces charities is the same as for other excepted charities. They will need to fulfil the requirements made of them, but they are already subject to regulation by the Charity Commission. The only new requirement will be to register and even then only if they have an income of more than £100,000. We have said that that figure will not change before we complete the five-year review of the Bill.

Mr. Andrew Mitchell: The new Minister is doing very well, but he says that the issue is where to strike the balance. I hope that he will read the report of the debate in the cold light of day tomorrow and consider whether, in the particular case of armed forces charities, he has got that balance right.

Edward Miliband: I understand the hon. Gentleman's role in speaking eloquently for those charities, but if we make an exception for them, many others will say that

[Edward Miliband]

we should make an exception for them, too. However, I shall consider the points that he raised.

The second area in which the Bill makes progress is on charity fundraising. Several hon. Members raised that issue, and we see the difficulty in striking the right balance between regulation that is clear and commands public confidence and the avoidance of excessive bureaucracy. The hon. Member for Isle of Wight (Mr. Turner), who speaks for the Conservative party, was concerned that tin-rattling, as he put it, would still be allowed. The hon. Member for Cheltenham (Martin Horwood) defended the position of charity fundraisers, and indeed objected to the term chugging, which my right hon. Friend the Minister for the Cabinet Office used. My hon. Friend the Member for Brighton, Pavilion (David Lepper) who is not in his place,—*[Interruption.]* He is but in a different place. He talked eloquently of concerns about the charity fundraising that takes place in Brighton.

I shall set out for the House how the legislation will work. The current legislation represents a bad combination of bureaucracy and inconsistency. For example, before granting a licence, local authorities are asked to judge whether a charity's proposals for collections will yield enough in contributions compared with costs. That should be a matter not for local authorities but for charities. Everyone in the House knows that current legislation is implemented inconsistently and does not even apply to new types of fundraising. The Bill contains important steps forward in that area, and I shall briefly clarify the new regime.

Collections in buildings such as churches, village halls, Royal British Legions and shops will not require a licence. Door-to-door collections will require a public collections certificate to prove the authenticity of the collector, and I can reassure my hon. Friend the Member for High Peak (Tom Levitt) that ID cards will continue to be part of that regime. Finally, street collecting will require a public collections certificate and a licence in advance from the local authority for collection on specific occasions.

In answer to my hon. Friend the Member for Brighton, Pavilion, clause 60 sets out the terms on which local authorities will be able to regulate fundraising. There are a number of ways in which they will be able to do that. The key aspect is that they must make a judgment about whether a collection

"would cause inconvenience to members of the public by reason of

(a) the day or the week or date on or in which,

(b) the time at which,

(c) the frequency with which"

it takes place, and so on. I hope that that is of some reassurance to my hon. Friend.

Helen Goodman: I must apologise. I was misled about when the winding-up speeches would begin, which is why I should like my hon. Friend the Minister to consider this possibility: to prevent charities incurring a new and large administrative burden, will he consider wrapping up the collection certificate with the registration process?

Edward Miliband: There is a two-part process: the first will involve the Charity Commission and the public collection certificate, and the second will involve local authorities. It will be for the commission to determine how it works, but I hope, on the basis of my hon. Friend's intervention, that she will join us in Committee, where we can look forward to talking further about that issue.

The third part of my remarks is about public benefit. Again, we saw the need to strike a balance. My right hon. Friends the Members for Darlington and for Cardiff, South and Penarth (Alun Michael), and my hon. Friends the Members for High Peak and for South Derbyshire (Mr. Todd) all spoke eloquently about that. A number of principles underlie the Government's approach, and it is important for the House and the wider charities' world to understand them.

The first principle is that all institutions, including private schools, will have to show that they provide public benefit. I genuinely hope that that does not separate the Opposition and the Government. The hon. Member for Isle of Wight asked a series of questions about religion, poverty and education. In all those cases, it is right that public benefit must be shown, but I reassure him that, at least for religion, the obligation will not be onerous. We have accepted, and I think others have, too, that making provision for people to attend acts of worship is clearly a public benefit. It is clear in case law, and it will remain part of the charity law of this country. Religions have nothing to fear.

The hon. Gentleman also raised the issue of poverty relief, and he challenged us on whether it was possible for a poverty relief trust not to be charitable. It is possible. For example, if we take the case of a trust to benefit a few people in one's immediate family, one might say that it was set up for the relief of poverty. However, there might be questions about whether it genuinely provided public benefit. That would be a question for the Charity Commission to consider, but even in that case, which looks deserving of charitable status, scrutiny would be right. The first principle, then, is that all institutions must show public benefit.

In line with the view of the National Council for Voluntary Organisations and leading charities, the second principle is that the commission, not the Government, should make the final decisions about charitable status on a case-by-case basis. It will depend on the circumstances of fee-charging institutions.

Our third principle, which relates to the remarks of my right hon. Friend the Member for Darlington, is that we do not believe that indirect benefit—the claim that, for example, private schools save the state money by educating pupils—is enough to justify charitable status. We agree with the Independent Schools Council, which said in its recent briefing to MPs:

"Indirect benefit is not enough on its own to ensure charitable status."

I hesitate to get into a discussion of Re:Resch with my hon. Friend the Member for Selby, because it might extend my speech far too much, but if he considers that case, he will see that indirect benefit is not the only point mentioned to justify the charitable status of independent schools. Lord Wilberforce, in his opinion,

goes on to talk about benefits that can be construed only as direct. For example, he cites

"the benefit to the standard of medical care in the general hospital which arises from the juxtaposition of the two institutions."

Our fourth principle is that for private schools as a whole, we need to raise the bar with regard to the contribution that they make towards the public benefit, to the extent that it has a positive effect on the overall provision of education in this country. Some private schools are doing important work with the state sector, but many more must do so, too. That is why we will remove the presumption that education automatically confers charitable status.

Specific amendments will be tabled later in the parliamentary process, but let me say one thing to the hon. Member for Cheltenham, the Liberal Democrat spokesman, on the Scottish system. As others have said, devolution is about different nations being able to introduce different provisions, and that is what the Scottish Parliament has done. In practice, both Bills will have similar implications in Scotland and England, and we are not convinced that it would be helpful to amend this Bill on the basis of a Scottish route. That is not simply our view; others agree. I recently had the pleasure of receiving a letter from Lord Phillips of Worth Matravers, who has been mentioned in this debate already. He said of the Scottish provision that

"...it is not well drafted."

Let me deal with the contribution of my right hon. Friend the Member for Darlington, who chaired the Joint Committee. The whole House owes him great thanks: the Bill is a better Bill for his work. I agree with the tenor of his remarks. Parliamentary scrutiny is designed to ensure that the Bill carries out our intentions on public benefit and we shall want to consider the proposals made by Members and listen to the debate in Committee.

The hon. Member for South-West Devon (Mr. Streeter) asked about the process and timetable for the Charity Commission's consideration of each charity. When the Bill is established in law, the commission will hold consultations about high-level guidance on public benefit before finalising it. It will then consult on guidance relating to various subsections on fee-charging public institutions, including schools and hospitals, to establish how public benefit applies in those cases. The process will take between 12 to 18 months from the enactment of the legislation.

Finally, I want to deal with the reforms to the Charity Commission—the first such modernisation since 1960. The House should be honest: this is a big challenge for the Charity Commission to rise to being a thoroughly modern regulator on the basis of new legislation. Many Members, including the hon. Member for Cheltenham, my hon. Friend the Member for Hove (Ms Barlow) and my right hon. Friend the Member for Cardiff, South and Penarth raised local issues about the performance of the Charity Commission.

The basis of regulation has changed dramatically since 1960 and the Bill takes account of that in a number of reforms. Most important, it reflects the need for a widely representative board, whose membership will expand from five to nine under the Bill; for proportionate regulation, which the Charity Commission has a specific duty to ensure; and for quick and inexpensive means of redress if people are dissatisfied, which the Bill achieves through the provisions for the new charity tribunal. My hon. Friend the Member for Hove gave an important local example, and I hope that the new charity tribunal system will provide quicker redress in cases such as the one she raised. At present, people have to go to the High Court to seek redress from the Charity Commission, which is an expensive and difficult process, so it is no wonder that in the last decade on average less than one case a year has challenged the Charity Commission in the High Court.

Other points were made about the Charity Commission. The hon. Member for Sutton Coldfield asked about independence. The Charity Commission carrying out its functions on behalf of the Crown does not compromise its independence. The Food Standards Agency is regulated in exactly the same way as a non-ministerial Department and since the Joint Committee proceedings we have added a provision of which the hon. Gentleman may not be aware. It states that

"the Commission shall not be subject to the direction or control of any Minister of the Crown or other government department",

precisely to provide reassurance on that point.

The hon. Member for Isle of Wight raised accountability to Parliament. The Charity Commission must submit to Parliament a report on its work once a year. Labour Members are sympathetic to the notion that there needs to be rigorous Select Committee scrutiny of the work of the Charity Commission. The Home Affairs Committee has a lot on its plate.

Stephen Pound (Ealing, North) (Lab): My hon. Friend makes a cogent case that is actually persuading me to support the Government, but will he give some thought to the 1.5 million citizens of the United Kingdom who live in a part of the realm not covered by the Charity Commission? In Northern Ireland, there is no Charity Commission; the commissioners' writ does not run. I do not expect a response tonight, but will my hon. Friend look at the recent report of the Northern Ireland Affairs Committee, which drew the attention of the House to that anomaly? Will he include that report in the rest of his reading?

Edward Miliband: We are looking at the issue of Northern Ireland and I am grateful to my hon. Friend for his intervention.

In the Standing Committee, we shall no doubt return to other points that were raised. It is important that the Bill is subject to proper scrutiny, as it will be. The Bill tackles long-standing and difficult issues in charity law, such as public benefit, face-to-face fundraising and the modernisation of the Charity Commission. It will help to nurture the dynamism and social conscience of the charitable sector. Four years after the initial report that led to proposals for the measure, it is on its last lap. The Bill deserves support from all sides and I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

CHARITIES BILL [*LORDS*] PROGRAMME

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the Charities Bill [*Lords*]:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 13th July 2006.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any Message from the Lords) may be programmed.—*[Mr. Michael Foster.]*

Question agreed to.

CHARITIES BILL [*LORDS*] [MONEY]

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Charities Bill [Lords] it is expedient to authorise-(1) the payment out of money provided by Parliament of-(a) expenditure incurred by the Charity Commission or a Minister of the Crown by virtue of the Act, and(b) any increase attributable to the Act in the sums payable out of money so provided under any other Act; and(2) any increase attributable to the Act in the sums charged on the Consolidated Fund for the purpose of making good to any person sums for which the official custodian for charities may be liable.—*[Mr. Michael Foster.]*

Question agreed to.

Mr. Deputy Speaker (Sir Michael Lord): For the convenience of the House, I shall take motions 4 to 10 together.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

DEFENCE

That the draft Army, Air Force and Naval Discipline Acts (Continuation) Order 2006, which was laid before this House on 27th April, be approved.

That the draft Courts-Martial (Prosecution Appeals) Order 2006, which was laid before this House on 22nd May, be approved.

CONTRACTING OUT

That the draft Contracting Out (Functions Relating to Child Support) Order 2006, which was laid before this House on 22nd May, be approved.

NORTHERN IRELAND

That the draft Recovery of Health Services Charges (Northern Ireland) Order 2006, which was laid before this House on 24th May, be approved.

That the draft Budget (No. 2) (Northern Ireland) Order 2006, which was laid before this House on 6th June, be approved.

REPRESENTATION OF THE PEOPLE

That the draft Representation of the People (Form of Canvass) (England and Wales) Regulations 2006, which were laid before this House on 25th May, be approved.

That the draft Representation of the People (Form of Canvass) (Scotland) Regulations 2006, which were laid before this House on 7th June, be approved.—*[Mr. Michael Foster.]*

Question agreed to.

ENVIRONMENTAL AUDIT

Ordered,

That Mr Elliot Morley be discharged from the Environmental Audit Committee and Ian Pearson be added.—*[Mr. Heppell, on behalf of the Committee of Selection.]*

PETITION

Post Offices

8.25 pm

Mr. Philip Hollobone (Kettering) (Con): I have great pleasure in presenting to the House the petition of Mrs. Joy Crofts and other customers of the Grafton Underwood sub-post office near Kettering in Northamptonshire.

The petition of 66 signatures declares:

That the petitioners believe that the post office network provides a vital service to local communities in both urban and rural areas which are threatened by the Government's withdrawal of services from local post offices.

The Petitioners therefore request that the House of Commons call on the Government to reverse its announcement that it will end support for the Post Office Card Account in 2010 thereby threatening the viability of thousands of post offices and urge the Government to immediately halt its activities designed to kill the account off in advance of that date.

And the Petitioners remain, etc.

To lie upon the Table.

Pirate Radio Stations

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

8.26 pm

James Brokenshire (Hornchurch) (Con): I am grateful for this opportunity to highlight the serious and increasing problem of illegal radio broadcasting and the criminality associated with it. I choose those terms advisedly, as the description "pirate radio" does not convey a real sense of the activities undertaken by those involved.

Many people retain a nostalgic view of the pirate radio broadcasters of the 1960s—the Radio Carolines of the era, which challenged the BBC with their line-up of cheesy disc jockeys, who are now part of radio history. Indeed, the Minister for Industry and the Regions recalled that era of broadcasting during a recent debate on the Draft Wireless Telegraphy (Pre-Consolidation Amendments) Order 2006. When she was asked by the hon. Member for Norwich, North (Dr. Gibson) whether Radio Caroline could be brought back, she replied:

"None of us wants to divulge our age, but I assure my hon. Friend that Radio Caroline, like any other station, may apply for a licence and may even find it easier to do so once we have simplified and consolidated the legislation in the way that we intend."—[*Official Report, Fourth Standing Committee on Delegated Legislation,* 17 May 2006; c. 4.]

As the Minister's comments show, there is still a perception that pirate radio is a bit of harmless fun. I am not referring to the Minister in particular, but the traditional attitude towards illegal broadcasting is a significant part of the problem of tackling that serious issue. Of course, Radio Caroline was not illegal; it was just not regulated because it broadcast from offshore—my hon. Friend the Member for Lichfield (Michael Fabricant) nods in concurrence.

The real world of pirate radio stations nowadays is very different from the romantic and nostalgic picture of the 1960s. The reality is that illegal stations do real harm to the communities they purport to serve. They are operated with wanton disregard for the health and safety of others and, in many cases, are highly profitable operations that feed other criminal activities. They cause significant disruption and damage to legitimate businesses that have paid significant sums to the Government in licence fees for radio frequencies that are in large part unusable. Many illegal stations are tied to the drugs trade and are used to promote events where drugs can be bought or sold. A report in the *The Times* last November summarised the position well when it said:

"There are more than 150 illegal stations across the country, a third of which are said to be run by criminal gangs who use them as a front to sell drugs. Previous raids have found drugs, guns and ammunition among the piles of CDs. Drug dealers within earshot of some stations keep tuned to wait for a particular song to be played or a phrase to be uttered, knowing that it is the signal that their next shipment is ready for collection."

Stephen Pound (Ealing, North) (Lab): I am grateful to the hon. Gentleman for the measured way in which he is contrasting the care-free days of Ronan O'Rahilly and the offshore stations, and the present reality. It is not just drugs and raves that are the problem with pirate radio stations in my part of the world. Typically a pirate radio station occupies a squatted council flat with steel doors. It is a living embodiment of contempt for the law. I am as a romantic as the next person and as affectionate for Radio Caroline and Radio London, but I entirely endorse the points that he is making and I wish him God speed, because this is a real problem. It is not about music; it is about menace.

James Brokenshire: I am grateful to the hon. Gentleman for that intervention. I will certainly come on to some of the issues that he has highlighted and will give some examples of the real misery and danger that is caused by a number of the operators, because that is a serious point. The links to crime are demonstrated by an example that Ofcom, the regulator, gave to me of a raid that was undertaken in the course of the past month. This is an example of what he was saying:

"Two persons were found on the premises and were arrested for offences related to illegal broadcasting. Two knives and two samurai swords were found during the operation. A further arrest was made of a person wanted by the police for questioning as part of their operation trident investigations".

Illegal broadcasting, by its very nature, is entirely unregulated. It feels no prohibition on playing music that glamorises gang violence and drug culture. It is accountable to no one for what it broadcasts. It abides by no programming codes on taste or decency and it operates without any regard for the consequences of what may be said on air.

Michael Fabricant (Lichfield) (Con): Is my hon. Friend also aware that, whereas in the old days people complained that somehow Radio Caroline would interfere with the radio for air traffic control, which 30 years ago was absolute nonsense, in this instance sloppy engineering by many of the pirate stations creates harmonics? In other words, they end up transmitting not only on the main frequency, but also, inadvertently, on other frequencies. That interferes with legal broadcasters such as BBC Radio 4, Radio 3 and commercial broadcasters, as well as with emergency transmissions used by the fire service, the ambulance service and, I understand, air traffic control.

James Brokenshire: My hon. Friend's point about the engineering that goes into the transmission equipment is right. The equipment poses dangers in the way he has alluded to. In addition, the way in which it is installed is highly dangerous for residents living in the high-rise blocks where such pieces of equipment can often be found. I will go on to illustrate in more detail some of the points that he has raised in his timely intervention. A recent example is germane to the wanton disregard for safety and the issue of the implications of what is said. It has been alleged that pirate radio was the trigger behind the Lozells riots in October 2005 because it incited racial tensions in Birmingham by spreading false rumours that a black woman had been raped by Asian men. That example shows the serious nature of the unregulated environment that pirate radio stations operate within.

There are other ways in which pirate radio can cause harm in the manner that has been indicated in the interventions. Illegal broadcasting causes interference

[James Brokenshire]

to safety-of-life radio networks, such as those used by air traffic control, the fire service, the ambulance service and the police. It is interesting to note that in 2005, Ofcom responded to 41 safety-of-life cases. One example was on 14 July 2005, when, following contact from the Civil Aviation Authority, the Ofcom investigation team were mobilised to east London to investigate serious interference with the ground-to-air communication system in use at London City airport. The source was traced to a pirate radio station in the Hackney area. The offending transmitter was subsequently removed by Ofcom staff. The problem was reported as being

"the most serious case of interference for many years",

because London City airport was about to close as it had no alternative means of reliable communication with the aircraft seeking to land at the airport. In the wake of that shocking incident, during a week long operation in London last October, 53 illegal broadcast transmitters were seized and 17 further transmitters and aerials were disabled—all in just seven days.

There are also other health and safety implications. An illegal broadcaster will identify a slot in the FM broadcasting band. It will then locate its transmitter on high ground, usually on the roof of a local authority building, which will typically be a residential tower block. To feed the transmitter, the illegal broadcaster will tap into the building's power supply, often by diverting electricity from the lift motor room—in the process, putting the lift out of action for the residents. In some cases, illegal broadcasters will place their transmitters on mobile phone masts.

Increasingly, illegal broadcasters are placing obstacles in Ofcom's path to thwart enforcement activities. Ofcom has told me that it has recently encountered: the placement of transmitters down ventilation flues, or chimneys, and on rooftops, with access to the device being restricted through the use of scissor-type car jacks; the attachment of live 240 V electric cables to the access doors on rooftops in an attempt to cause shock or injury; the utilisation of scaffold poles to jam main access doors on rooftops; the changing of locks on perimeter fencing and electrical cabinets; the attachment of barbed wire to structures around the transmission equipment; and, in some instances, the detachment of the main access ladders. The illegal broadcasters can cause significant damage to rooftops when installing apparatus. The pirates have also been known to intimidate the caretakers and their families in an attempt to gain access to high-rise blocks. As we have heard, the transmitters are crude in construction and are not electronically safe.

All that can have a direct impact on the safety of people living in the blocks of flats that have been hijacked by the illegal broadcasters. One example given to me by Ofcom was of a woman living in a top floor flat who had to be evacuated following a carbon monoxide leak into her home. A crack had appeared in her kitchen wall following the installation of a transmitter that had been located in an adjacent gas ventilation flue. The incident was caused by an expanded car jack. Some £7,000 of damage was caused and the fumes from the flue were allowed to leak into her premises. I fear that it is only a matter of time before someone is seriously injured or killed as a result of illegal broadcasters' activities.

There is a misconception that the people behind illegal radio stations are just enthusiasts with an interest in music and broadcasting. Some claim that they break the law because they want to serve a community need, but Ofcom provides an outlet for that through the new community radio licences that it is advertising. The licences are awarded regularly throughout the country to meet that unfulfilled need.

Michael Fabricant: In the past, regulators such as the radio division of the Independent Broadcasting Authority, the Radio Authority and Ofcom used to say that there was a lack of frequencies. However, owing to digital audio broadcasting multiplexing and the extension of the FM band from 104 to 108 MHz, frequencies are available, albeit with some limitations. As my hon. Friend said earlier, if Radio Caroline was to ask for a two or four-week local broadcast licence now, it would probably get one.

James Brokenshire: My hon. Friend makes a valid point about the use of the spectrum. Indeed, there are various ways in which communities can promote different types of music or reflect a community need, whether that is through restricted service licences for the time periods that he suggests, or the new community licences. I have had the privilege and pleasure of supporting my local community radio station: Link FM in Havering. I am pleased to report that it has now been given a full-time community radio licence. That demonstrates that if people wish to undertake legal broadcasting, there are the means and method to achieve that in a regulated environment.

One of the most famous cases of a pirate going into a regulated environment was probably Kiss 100. The station had its roots in the pirate tradition, but was then able to broadcast music that had perhaps not been accessed before lawfully and with a licence on FM. The station is now very successful. Those who argue that pirate radio is about giving a voice to, or promoting music among, a wider community should be aware that the means exist to do that. Given the expansion of internet broadcasting, too, it is now even easier and more cost-effective to produce such output and reach a wide audience.

The truth is that the majority of illegal broadcasters are motivated by money. The turnover of an illegal station can be significant. Set-up costs are minimal; a transmitter costs about £350 and a good-quality studio can be assembled for just £2,000. According to Ofcom, a large illegal radio station can generate up to £5,000 a week in cash, without the need to pay tax, licence fees or copyright charges for the music played. Such stations advertise parties, clubs, records and the like. A good number even have websites with discussion groups. The stations are full-blown black market businesses and the licensed broadcasting industry is bearing the direct economic cost of the illegal competition.

It is interesting to note that many of the broadcasters and DJs who appear on pirate radio stations actually pay for the privilege. They are often

teenagers and young people who may be impressionable. The pirates often prey on that and charge them as much as £20 an hour to broadcast on the stations.

It is the mainstream stations that bear the brunt of the problem because their signals are scrambled and interfered with. It is interesting that Paul Brown, the outgoing chief executive of the Commercial Radio Companies Association, says:

"Pirate radio operators steal music copyright, endanger the lives of airline passengers and those needing the help of emergency services, and interfere with the broadcast signals of legal radio services. In doing so, they rob BBC licence fee payers of services they have paid for and commercial and community radio listeners of services licensed to serve them. By reducing listening to legal advertiser funded radio services, they impair revenue generation and investment in content."

Locally, the experience of Time FM 107.5, which serves the London boroughs of Havering, Barking and Dagenham—it covers my constituency and that of the Minister for Industry and the Regions—is a good example of the direct impact that illegal stations can have on the ground. As Neil Romain of London Media Company, which owns Time and several other stations, puts it:

"They affect our business at its most fundamental level. They prevent us being heard by potential listeners. We have four pirates on an adjacent channel with poorly configured equipment which blocks our signal. We have clear evidence that advertisers who would use us do not do so because they are aware of the intermittent service. Barking and Dagenham council who have advertised with us in the past are currently not doing so because they cannot receive the station in their offices whilst the pirates are broadcasting."

Another example is LBC 97.3 FM, in London, which is owned by Chrysalis Radio. Daniel Owen, head of regulatory affairs at Chrysalis, says the following:

"Interference from pirate radio is ruining listening enjoyment for LBC listeners and having a potentially significant impact on LBC's business. One pirate station has been on-air on an adjacent channel to ours for many months and continues unabated, despite being a clearly well-organised determined outfit with its own website, promotional events and even phone-in number. The confiscation of pirate transmitters is of negligible value to LBC. Last time it happened, the offending station was back within hours on a new transmitter".

Therein lies one of the problems. Ofcom has to mount a continual battle against illegal broadcasters, and it is not being given the back-up that it needs in terms of resources and the support of other agencies.

Although there is the right to sentence such a person to two years' imprisonment, and an unlimited fine for unlawful broadcasts, even when Ofcom secures a conviction, offenders get little more than a slap on the wrist. There were 58 convictions last year, but the average fine was a paltry £563, with average costs awarded to Ofcom of just £452 per case.

It has been suggested to me that illegal radio broadcasting offences are treated as little worse than not having a TV licence. Against that backdrop, it is hardly surprising that the Commercial Radio Companies Association has resorted to using its own funds to take out private injunctions—at a cost of several thousand pounds per case—against twice-convicted pirate broadcasters, in an attempt to reduce reoffending. But it is absurd that it should be forced into taking such action.

Given that illegal broadcasters are making as much as £5,000 a week, such absurdly low fines can almost be viewed as a minor business cost—assuming that they ever get paid. Ofcom is currently dealing with £58,000-worth of unpaid court debts relating to illegal broadcasts; some of those debts are connected with cases that concluded many years ago. Illegal broadcasters are employing more elaborate methods of securing their equipment, and the result is that the cost of enforcement has increased significantly.

The Government have not given this issue sufficient attention to date. The Minister's Department needs to make a more significant contribution in the battle to reduce the impact of illegal radio broadcasts, but only a co-ordinated approach will work. I understand that the possibility of a summit meeting is being discussed which would bring together all interested stakeholders—including broadcasters, the Government and law-enforcement bodies—to agree and implement a real solution to the pirate problem. Will the Minister commit to her officials attending such a meeting?

In concluding, I have a few further questions for the Minister. Will the Government grant Ofcom additional powers, if they are needed, to make it more effective in dealing with pirates? For example, will they allow it to act more quickly to shut down telephone numbers known to be used by pirates? Indeed, will the Minister undertake to review the funding made available to Ofcom to enable it to pursue its enforcement activities? I understand that the licence fees paid by radio operators are merely a statutory fee for the grant of the licence. The money is not Ofcom's—it goes directly to the Treasury, and Ofcom's spectrum management and enforcement activities are funded by grant-in-aid, via the Department of Trade and Industry.

If dealing with the increasing costs associated with enforcement gives rise to resource issues, that needs to be examined very carefully. If the Minister is unable to commit to providing additional resources, I hope that she will at least commit tonight to examining the funding for enforcement activities undertaken by Ofcom. In addition, will the Government encourage the police to make dealing with pirate radio a higher priority, and to work with Ofcom on devising enforcement solutions and increasing the arrest rate for pirate broadcasters? Will the Government review sentencing guidelines for pirate radio offences and encourage magistrates to impose stiffer penalties on convicted pirates? In many ways the problem is one of perception—the perception that pirate radio is harmless. I hope that my comments this evening have given the lie to that and highlighted the need to take this sort of criminality much more seriously.

The co-operation of the BBC is also essential if any co-ordinated approach is to work. The BBC's attitude to pirate radio is, to a large extent, unknown. Will the Government commit themselves to including in the new BBC charter and agreement a duty to work with Ofcom and commercial radio broadcasters to discourage illegal radio broadcasting activity?

Pirate radio is a serious problem in terms of crime, the dangers that it poses to public safety, and the significant business damage that it causes to legal and legitimate radio companies. It is not a case of "Smashie and Nicey"; more one of "Dangerous and Nasty". As

[James Brokenshire]

policy makers, we need to tune into the debate on the steps needed to tackle this criminal activity. I hope that the Government will be on the right frequency.

8.51 pm

The Minister for Industry and the Regions (Margaret Hodge): I congratulate the hon. Member for Hornchurch (James Brokenshire) on securing this debate. It is a pleasure to debate with him on something other than the Company Law Reform Bill, to which we will return with all energy tomorrow morning.

I come to the debate as a radio addict, rather than an addict of other media. I have the radio on every moment I can—although not, I hasten to add, Mr. Deputy Speaker, on my mobile in the Chamber. The radio brings us massive benefits, including music and drama, news and information. We can follow our football or cricket team in action, or listen to entertainment such as quizzes, games and conversation. I know that the hon. Gentleman has been talking with LBC; he, I and my hon. Friend the Member for Ealing, North (Stephen Pound) have spent much time over the years in the LBC studios participating in creating radio broadcasts.

I also congratulate the hon. Member for Lichfield (Michael Fabricant) on his contribution. He is better known to us all, and fondly remembered, as Mickey Fabb, as he was in his younger days.

Stephen Pound: The hair is the same.

Margaret Hodge: I am told that the hair is the same. The hon. Gentleman clearly has something to contribute to the debate.

The hon. Member for Hornchurch spoke at length and I do not think that I disagreed with a word of his analysis of the problem. I admit to having been a Radio Caroline fan in the days before it was banned, by Harold Wilson, I believe.

Stephen Pound: Reluctant though I am to correct my right hon. Friend, the rascal was, in fact, the then Postmaster General, Anthony Wedgwood Benn.

Margaret Hodge: I stand properly corrected.

Many of those who have now become household names learned their trade in the pirate radio industry and the ships that were anchored offshore in the 1960s, and some of today's stations, such as Kiss FM, that started and were nurtured in the pirate radio world now provide a high standard of entertainment. However, that is a partial view, and I accept what the hon. Member for Hornchurch said about it taking no account of the damage that pirate radio can do. It is important that we do not allow the ring of excitement about the term "pirate radio" to blind us to the importance of ensuring that use of the radio spectrum is effectively managed. In that, I disagree with the hon. Member for Lichfield. The spectrum is a limited and extremely valuable asset. One of the tasks for Government, and through that Ofcom, which has the job of ensuring that there is the best use of our spectrum, is to maximise the benefit to all our citizens from the allocation of spectrum throughout the media, so it is not that readily available.

However innocent pirate radio may seem to the listener, it is not innocent. Misuse of the radio spectrum will cause interference to other legitimate radio users. It can have extremely serious consequences. Some illegal broadcasters claim that they break the law because they want to serve a community need. Ofcom enforcement officials believe that the majority of illegal broadcasts, as the hon. Member for Hornchurch said, are motivated by money. If it is possible to generate in excess of £5,000 a week in untaxed revenue that comes from a mixture of local advertising and charging young and often impressionable DJs to appear on the station, it is an ill-gotten business from which there are ill-gotten gains.

The hon. Member for Hornchurch is right that owners of illegal radio stations have often been found to be part of wider criminal families. The joint Ofcom-police raids on stations have uncovered things such as drugs and weapons when they have closed down pirate stations. Those involved with this criminal activity have been known to threaten and intimidate neighbours and communities to obtain access to rooftops as transmission sites. Sometimes, they have even booby-trapped aerials by wiring to the mains electricity.

As has been said, in the absence of regulation there is much harmful and offensive content in transmission. This can be broadcast through illegal broadcasters—pirate radio. This includes racist and offensive material that can be put on the air.

I shall talk about Ofcom's role as the regulator. It is Ofcom that takes action. Funding is not necessarily the issue. Ofcom currently spends—the hon. Member for Hornchurch may not know—less than 1 per cent. of its current income on shutting down pirate radios. It may be that within its budget it will want to consider that issue. Even in my first few weeks in this ministerial role, I have to tell the hon. Gentleman that Ofcom has to deal with various abuses of information in the form of faxes, telephone calls and so on. A great deal of work is undertaken in tracking abuse within systems by illegal operators. Pirate radio stations have to be seen in the context of all the other regulatory activities in which Ofcom has to be engaged in tracking down abuse. I hope that the hon. Gentleman will appreciate that. I am not sure that money is particularly the problem.

Pirate radio is much more of a problem in the UK than it is in the rest of Europe. Ofcom has estimated that there are more than 150 illegal broadcasters operating in the UK. We can listen to the radio at any time and find that there is often an interruption. At any one time there are probably about 60 illegal radio stations clogging up the radio spectrum.

The main problem is concentrated around the London region and Birmingham. Ofcom responds to that appropriately and most of its resources are focused on those areas. It has established a separate investigative team to try to tackle some of the misuse of the spectrum by pirate radio stations. Eighteen out of the 21 staff in the investigative team are located in London and Birmingham.

James Brokenshire: I have been listening attentively to the right hon. Lady's points about resource and where people in Ofcom's enforcement department are allocated. There is a perception, at least in the commercial radio sector, that the issue is about funding and support in terms of the ability to ensure that enforcement is dealt with effectively and seriously. I heard what the Minister said, but I would be grateful if she made a commitment to examine the situation. Will her officials discuss funding problems with Ofcom, and determine whether other funding can be secured so that radio operators can be sure that their licence fees provide value for money?

Margaret Hodge: I do not think that I could persuade the Chancellor, other colleagues in the Treasury or anyone else that additional income from the licence fee should be spent on that function. I was trying to explain to the hon. Gentleman that only 0.8 per cent. of Ofcom's budget is spent on such activity, so a small increase in that percentage would have a minimal impact on the total budget. No doubt, Ofcom would argue that it requires more resources, as it has to carry out a great deal of policing in all activities. I heard what the hon. Gentleman said, but that is not necessarily the key issue.

The hon. Gentleman said that very few people have been taken to court or, indeed, been subject to action. In one time period, Ofcom conducted 770 operations against illegal broadcasters. Most of that work consisted of seizing the transmitters, because by the time that Ofcom staff arrived at the premises, the broadcasters had gone. Only 58 of those 770 operations, therefore, resulted in prosecutions. We can argue about whether sentencing guidelines are appropriate—I shall look at the issue to see whether that is the case—but it is difficult to catch the criminals, because they have gone by the time that Ofcom and the police, with whom the regulator co-operates closely, arrive.

In October 2005, Ofcom conducted Operation Crystal in London, in which 18 of its field operation staff worked with 32 Metropolitan police officers. Considerable resources were therefore devoted to that operation, in which 53 illegal broadcaster transmitters were seized and 17 transmitters and aerials disabled. Some 43 mobile and landline telephone numbers linked to illegal broadcasting operations were gathered for further investigation, which led to a 57 per cent. drop in the number of broadcasts that week. However, I do not think that anyone was arrested at all. Similarly, in Operation Clavicord, which ran in Birmingham between 30 November and 1 December 2005, 12 Ofcom field operation staff worked with seven West Midlands police officers. Three people were arrested, and 10 illegal broadcaster transmitters were removed. Six studios were raided, and equipment was seized. Efforts have therefore been made to tackle the problem, and they were recently strengthened when Ofcom restructured its field operation unit. Ofcom is looking at the bigger strategy, too, and it has opened discussions with King's College London on research to understand the motivation of individuals who choose to manage and operate illegal broadcasting stations. Interestingly, it is considering market research on the radio audience to determine the popularity of pirate radio.

Stephen Pound: I really do not want to appear unnecessarily curmudgeonly, but the thought of spending public or private money analysing why these people want to fill their boots with their ill-gotten gains, sell their drugs and present themselves as figures of importance in their local communities is just about the most total and utter waste of money that I have ever heard of. We have heard from the hon. Member for Hornchurch (James Brokenshire) why they are doing it. We do not need a university department to analyse it. What we want is people to kick down the doors and put them out of business.

Margaret Hodge: Ofcom would probably say that what we need to do is kick down the right doors, although when I read that part of my brief the same point did occur to me. Perhaps more important is to undertake research into why people listen to the pirate radio stations and use that intelligence to determine how to allocate spectrum in the future so that one takes away the market and hence the profitability of running a pirate radio station.

The Government of course have a role to play in combating pirate radio, and officials in my Department have recently discussed pirate radio issues among other things with the Commercial Radio Companies Association, in particular in the context of how those illegal operations affected its members. That was followed up with a meeting with the regulators on 18 May 2006 where officials met Ofcom colleagues to go through the general issues around pirate radio as Ofcom sees them and to establish what they are doing on a long-term strategic basis to try to reduce the problem.

If a summit is organised to consider these issues, it is appropriate that a Government official should be present, and if and when we receive details, I will ensure that somebody attends. This matter is a high priority, and I repeat that the policing of all these offences in relation to the communications industry is important to individuals who receive unwanted telephone calls or faxes. That creates more of a postbag for me and probably other hon. Members than perhaps the pirate radio issue, although I do understand the concern that that causes to the industry.

James Brokenshire: The CRCA is using its own resources to back up the enforcement activities through the courts. I hear what the Minister says, but if the CRCA is having to use its own money to obtain injunctions to add to the court process to make the enforcement stick, clearly there is an issue there.

Margaret Hodge: Clearly we need to keep the regulatory framework under constant review. I noted from the hon. Gentleman's contribution how the CRCA is perhaps more effective than Ofcom in tracking down the individuals concerned because the difficulty in the policing exercise is that it is easier to confiscate the equipment than it is to identify and charge the individuals. Again, if there is something that we need to learn from the CRCA activity we shall consider that.

[Margaret Hodge]

No one expects the romantic view of pirate radio to disappear overnight. The association of the '60s DJs and pirate radio is deep set in some of our minds. But by continuing to investigate, raid and prosecute where we can those involved, I hope that we will help to reduce what I agree is serious interference in radio and limit the problems associated with this criminal activity.

I should like to reassure the House that there will be continued pressure from Government to close down any such illegal activity, and the independent regulator will continue to devote his time, money and energy to combating pirate radio stations. I congratulate the hon. Gentleman on initiating a debate on the issue.

Question put and agreed to.

Adjourned accordingly at nine minutes past Nine o'clock.

House of Commons

Tuesday 27 June 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

The Secretary of State was asked—

Afghanistan

1. **Mr. Tobias Ellwood** (Bournemouth, East) (Con): How much was spent by the British Embassy in Kabul on assisting the Afghan Government in 2005-06; and what it was spent on. [80210]

The Minister for Europe (Mr. Geoffrey Hoon): With permission, on behalf of Her Majesty's Government I wish first to extend our condolences to the families and friends of the two members of Britain's armed forces who, it was confirmed this morning, were killed in action in an incident in north Helmand province in Afghanistan. Our thoughts and sympathies are with those close to them at this very difficult time.

Combined Foreign and Commonwealth Office, Department for International Development, Ministry of Defence and Afghanistan drugs inter-departmental unit spending on Afghanistan for the financial year 2005-06 was more than £379 million. Those funds were used to support the British effort to assist the Government of Afghanistan across a number of areas including security, reconstruction, election support, counter-narcotics and institutional capacity building.

Mr. Ellwood: I join the tribute paid to our soldiers who were recently killed.

I want to focus on what is happening under the umbrella of security that our soldiers are working so hard to create. I have just returned from Afghanistan, and I was shocked to see how bad co-ordination is on the international development and reconstruction front. There is a conflict of interests between United Nations and European Union agencies, as well as the myriad of non-governmental organisations that answer to no one. A fundamental lack of leadership is leading to the pursuing of separate agendas and to the wasting of money as projects overlap. Does the Minister agree that the long-term success of Afghanistan hinges not only on the military capability that we are working so hard to achieve, but on what is happening under that security umbrella? We could be doing so much more with the money to which the Minister referred.

Mr. Hoon: I congratulate the hon. Gentleman on going to Afghanistan. It is not an easy journey, as I have found on many occasions. I am sorry that he found such a lack of co-ordination there.

As for Britain's effort, in conjunction with our close allies, the establishment of the provincial reconstruction teams and their recent extension to the south were part of a deliberate policy—beginning in the north, then extending to the west and now to the south—linking military forces in a determined effort to establish security and combining them with officials from a number of Departments, including the Department for International Development and the Foreign Office, to achieve that security and also progress towards democracy and effective administration. That has been successful in the north and west, and it will be successful in the south.

Mr. Chris Mullin (Sunderland, South) (Lab): Is my right hon. Friend aware that the crop substitution programme that we are helping to fund in Helmand province is not going very well? Several hundred Afghan farmers who were persuaded to destroy their crops in 2004 are clutching cheques that have not been honoured. Understandably, they are rather angry about it, and we are bearing some of the brunt of their anger. Does my right hon. Friend agree that there is a danger that, if we are not careful, we will turn from liberators into oppressors? Has the time not come for a bit of blue skies thinking when it comes to dealing with the drug problem?

Mr. Hoon: My hon. Friend is right to raise some of the difficulties with the anti-narcotics programme in south Afghanistan in particular. I am sure that he will be the first to acknowledge that there was a 21 per cent. reduction in opium cultivation last year, although there have been some difficulties in the south.

I accept that there is a disturbing relationship between those who are using some pretty appalling means of attacking British soldiers and British forces and those who are responsible for the distribution of drugs out of Afghanistan. It is that connection that we are determined to disrupt. It involves risks as, sadly, we have seen, but at the same time it is part of our effort to secure the long-term reconstruction of the country.

Sir Peter Tapsell (Louth and Horncastle) (Con): Are Foreign Office Ministers being kept informed of the increasingly unsatisfactory performance of President Karzai's Government? Is that not cause for concern, especially given that successive Defence Ministers have told me, and the House, that a prime justification for our military intervention in southern Afghanistan was support for President Karzai and his Government?

Mr. Hoon: I suspect that I was one of those Ministers, and that remains the position of the British Government.

Actually, there has been remarkable progress in Afghanistan since 2001. There have been presidential elections, parliamentary elections and the establishment of a Government who are now increasingly able to extend their authority throughout the country. That is a success to celebrate. It does not mean that difficulties do not occur from time to time, but it is something on which I think we should all congratulate President Karzai and his Government. They are increasingly in control of their own country, as should be the case.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): At a time when the Taliban has launched its most serious offensive in the south in the past four years, will the British Government resist strenuously Donald Rumsfeld's stated intention to reduce the number of American troops in Afghanistan, and to justify that on the ground of NATO's presence in the south? Will the Government accept that the timing could not be worse for any reduction in American troops at this moment?

Mr. Hoon: I am sure that the right hon. and learned Gentleman, with his comprehensive knowledge of international affairs, did not intend to suggest that the present attacks are somehow part of a comprehensive offensive by the Taliban. Certainly the Taliban is attacking the coalition forces and does so from time to time in conjunction with the range of criminals, gangs and terrorists that operate in that part of the world. But those organisations are not capable of defeating Britain's forces in a conventional attack: they are simply part of an effort to destabilise the authority in that part of Afghanistan, mostly for criminal purposes. We must resist that by deploying the appropriate number of forces, which will be adjusted from time to time in both number and nationality. That is an inevitable part of that kind of multinational operation.

Mr. William Hague (Richmond, Yorks) (Con): May I join the Minister in expressing great sorrow at the news of the deaths of two British soldiers? Is he satisfied with the current pace and co-ordination of reconstruction efforts in Afghanistan? They are obviously crucial if the insurgency is to be defeated and the narcotics trade reduced, yet my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) and others bring back reports of poor co-ordination and corruption, as well as deteriorating security. How would the Government react to the idea that some people have suggested of a UN-mandated special representative to oversee construction efforts and to work with the Afghan authorities to ensure that the work is not derailed by waste, corruption or duplication?

Mr. Hoon: I have conceded that the reports are disturbing and we will look at them carefully. We can be proud of the record of success of the PRTs in the north and west, which has assisted the Government in Kabul to extend their authority. We always knew that the extension of PRTs into the south, and an inherently more unstable situation, was likely to be difficult, not least because—as I have indicated—of the conjunction of the Taliban and some of the various criminal gangs that are heavily engaged in the smuggling of opium. It is that connection that we need to disrupt. The right hon. Gentleman has made a sensible suggestion about the need for more effective co-ordination and we will consider that carefully.

Iran

2. **Mr. Brian Binley** (Northampton, South) (Con): What recent discussions she has had with her US counterpart on the political situation in Iran. [90211]

The Secretary of State for Foreign and Commonwealth Affairs (Margaret Beckett): I discuss Iran frequently with Dr. Rice. When we met in Vienna on 1 June, we agreed an imaginative set of proposals with our French, German, Russian and Chinese counterparts and Javier Solana. These offer Iran a way forward to resolve international concerns over its nuclear activities while enabling it, if it chooses, to develop a modern civil nuclear power programme. In making those proposals, we have again shown flexibility and commitment to a diplomatic solution.

Iran faces a clear choice. I hope that it will take the positive path being extended, and I look forward to an early response.

Mr. Binley: I notice that the Foreign Secretary did not touch on the question of external resistance to the Iranian regime. Some time ago, the Americans gave protected persons status to the Mujaheddin of Iran in Camp Ashraf. Later, the German courts reconfirmed the rights of political asylum for Iranian refugees, whose status had previously been suspended. Only 11 days ago, the French lifted all restrictions on the National Council of Resistance of Iran. Is it not now time to urge the Home Office to take positive steps to improve relations with the Iranian resistance movement, both for their sake and in our national interest?

Margaret Beckett: I am confident that the Home Office keeps those issues under review. I will, of course, draw the hon. Gentleman's observations to its attention. Our chief concern at present is with the present Government of Iran and the considerable desire of the international community to introduce successful negotiations with them to restore confidence in their intentions.

Mr. Jim McGovern (Dundee, West) (Lab): What assessment has the Foreign Secretary made of the level of support in Iran for nuclear power or nuclear weapons? What sympathy is given to public opinion in Iran, the articulation of which seems to provide the President with his mandate?

Margaret Beckett: It is a little hard to analyse that from outside Iran. There appears to be a good measure of popular support for the Iranian Government's assertions about their rights, which are understood. Obviously, there is a desire in Iran for access to civil nuclear power, and those of us dealing with the issue internationally believe very strongly that that is a clear possibility if the country abides by the proposals that we have set out. We hope that that will convince the Iranian Government that entering negotiations is in their interest as well the wider international community's.

Mr. Crispin Blunt (Reigate) (Con): The rather uncomfortable implication of the Foreign Secretary's words is that Iran faces a fundamental choice between peace and conflict. Will the right hon. Lady make it clear that the situation is not as stark as that, and that a policy of diplomatic engagement will continue to be followed by the UK and the powers referred to in her answer to the original question?

Margaret Beckett: It would be understandable if the hon. Gentleman had not had an opportunity to study the exact words that we used in Vienna. The statement then was made on a united basis, by all participants. Our clear offer to Iran was that we were prepared to resume negotiations if it resumed the suspension of enrichment. However, if Iran does not feel able to do that, the action being considered in the Security Council is something that we would have to consider resuming.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I was part of the recent Inter-Parliamentary Union delegation to Iran. Everybody whom we met made it very clear that the MEK, to which the hon. Member for Northampton, South (Mr. Binley) referred, is widely regarded as a terrorist group that was funded by Iraq during the Iran-Iraq war. They said that, if we wanted a productive dialogue with Iran about its nuclear policy, the last thing that we, the Americans or any other EU member state should do is suggest that the terrorists in the MEK should be rehabilitated.

Margaret Beckett: My hon. Friend makes a very interesting point, based on her recent experience in Iran. As I told the hon. Member for Northampton, South (Mr. Binley), the international community's overriding priority is with the present Government of Iran. We believe that our proposals are very fair and very much to the advantage of Iran's Government and people. We hope that the proposals will be considered speedily and fully.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Does the Foreign Secretary agree that the UN announcement of 6 June was remarkable for its unanimity, especially given that it included China and Russia? Has she had any indication, either from her colleagues in the US Administration or from Tehran, that the proposals are receiving positive approval? They are comprehensive and complex, so should we not give Iran time to respond? If it makes a concrete response, would not that be a positive sign that we could move away from confrontation? That would benefit the whole world, but especially the people of Iran.

Margaret Beckett: The hon. Gentleman is right that the proposals are both comprehensive and complex, but that is why we are suggesting negotiation. Concern would arise if it appeared that we were entering into a period of negotiation about negotiations. I am sure that he will know that the indications made to us, publicly as well as privately, by the Iranian Government are that they see ambiguities in the proposals. We are keen to ensure that any ambiguities are resolved. We continue to press the Iranian Government for a further meeting between Javier Solana and colleagues, and Larijani. I hope that such a meeting will take place in the near future.

Darfur

3. **Mr. Andrew Turner** (Isle of Wight) (Con): If she will make a statement on the implementation of the Darfur peace agreement. [80212]

The Minister for Trade (Mr. Ian McCartney): The Darfur peace agreement was signed on 5 May. Implementation has been slow. Although there has been less fighting between the two parties to the agreement, the Sudanese Government and the main rebel faction, overall levels of violence in Darfur remain high. We are providing practical support on implementation to the African Union and the parties. We are encouraging those who have not yet signed the agreement to support it.

Mr. Turner: I thank the Minister for his answer. Given the scale of killings, rape, lootings and starvation in Darfur, does he anticipate that there will be prosecutions for war crimes, whether of members of the Khartoum Government, their allies or indeed the rebels? What assistance is being given to the chief prosecutor of the International Criminal Court to gather evidence to bring such prosecutions?

Mr. McCartney: Grave abuses of human rights in Darfur are still occurring. There must be no impunity for those who have committed such crimes and those responsible must be brought to justice. We strongly support the International Criminal Court, which is conducting a formal investigation into the situation in Darfur and we will keep the House abreast of developments in that regard.

Mr. William Hague (Richmond, Yorks) (Con): The Minister will acknowledge that the position in Darfur remains deeply disturbing. The violence continues; the implementation of the welcome peace agreement has faltered and there are appalling reports of brutality and ethnic cleansing spilling over the Sudan-Chad border. Is it not deeply regrettable that the Sudanese Government have so far set their face against a United Nations force in Darfur, and what steps will the Government take to establish a clear and strong mandate for a United Nations peacekeeping mission to help the parties implement the peace agreement and provide security for so many internally displaced people in Darfur?

Mr. McCartney: The right hon. Gentleman is absolutely right. The African Union force in Darfur needs to be replaced by a United Nations peacekeeping force, but the Sudanese Government have not yet agreed to that. Kofi Annan has said that he hopes to see a UN force in Darfur. The Security Council has taken a strong line on that and the African Union wants such a force, as do many leading African countries. We will continue to press the Government of Sudan to accept one and will call on others to do the same. This week, my noble Friend Lord Triesman is attending the African Union summit where we shall raise the issue again.

Extra-judicial Killings

4. **Norman Baker** (Lewes) (LD): What discussions she has had with her US counterpart regarding extra-judicial killings. [80213]

The Secretary of State for Foreign and Commonwealth Affairs (Margaret Beckett): We have regular discussions with the United States Government about security and human rights issues. We deplore all violence and call for a halt to killings, whether by abuse of state power, or by criminals and terrorists who use such violence for their own ends.

Norman Baker: Following the terrible events of 11 September 2001, there were reports in the *Washington Post* and *The Guardian*, subsequently confirmed by the White House, that President Bush had overturned a 25-year ban on the CIA carrying out clandestine missions abroad expressly aimed at killing specified individuals. Can the Secretary of State tell the House how many such operations her Department is aware of, whether the UK has been complicit in any such operations and what UK policy is on so-called targeted killings?

Margaret Beckett: We remain opposed to such killings. I cannot tell the hon. Gentleman of any such operations of which we are aware; nor, indeed, could I accept the suggestion that British Government personnel would have been involved in any such operations.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): With regard to the recent reports of killings of innocent Iraqi civilians by American personnel, my understanding is that those cases may come before the fledgling Iraqi courts. That being so, will Her Majesty's Government ensure that should the Iraqis need judicial assistance and/or investigative assistance, it will be available from the UK?

Margaret Beckett: I am not entirely sure whether the hon. Gentleman's supposition is correct, but I can certainly tell him that we are providing the kind of help and support that he suggests, in terms of police and investigative training, support to the judicial authorities and so on, and we shall continue to do so, because we recognise the importance of having good and sound justice in Iraq.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): In the right hon. Lady's discussions with her counterparts it would be helpful if she could impress on the American Government the importance of acting at all times within the rule of law. That applies in particular to cases of extraordinary rendition. What is wrong about extraordinary rendition is that people are being conveyed from one place to another and interrogated outside the ordinary protection afforded by the courts of the United States and other countries.

Margaret Beckett: I can only say that, of course, these issues have been given much publicity, but the right hon. and learned Gentleman will know of the statements made by the United States Secretary of State insisting that America remains within international and US law.

China

5. **Harry Cohen** (Leyton and Wanstead) (Lab): What recent representations she has made to the authorities in China about the use of the death penalty and the use of the bodies of executed prisoners. [80215]

The Minister for Trade (Mr. Ian McCartney): The Government regularly raise human rights issues with the Chinese Government. The death penalty and the use of organs from executed prisoners were discussed at the last round of the European Union-China human rights dialogue in May. The then Minister for Trade, my hon. Friend the Member for Dudley, South (Ian Pearson), also raised the issue of the use of organs from executed prisoners with the Chinese Government on 7 April this year.

Harry Cohen: There are no figures for the number of prisoners executed annually in China, but Amnesty International puts the figures at at least 3,400—that is more than the rest of the world combined. There is evidence that organs, skin and tissue from executed prisoners are being harvested for transplants and collagen. Will the Minister make it clear that using executed prisoners as an industry is both immoral and unacceptable, and will he insist that the highest standards are applied to China in that regard?

Mr. McCartney: I will be going to China soon and I will be discussing some of these issues. I will do so in my usual forceful way—*[Interruption.]* I am a diplomat now, so it will be my diplomatic forceful way. The point has been well made on both sides of the House on this and other issues. The thing is to have regular dialogue and to offer support in terms of changing the whole nature of what my hon. Friend describes and encouraging China to make changes in its legal system in relation to the issues that he and others have raised. I give him and the House the assurance that I will regularly raise those issues, among others, while I am doing this job.

Mr. Paul Keetch (Hereford) (LD): Is the Minister aware that there has been some suggestion that bodies and body parts of executed Chinese prisoners form at least part of some of the exhibitions that we see in London? Will he take up the suggestion that has been made in the press with his colleagues at the Department for Culture, Media and Sport and assure the House that there is no way that the personal effects or bodies of executed prisoners will be used for exhibitions in London or anywhere else in the United Kingdom?

Mr. McCartney: I will be honest with the hon. Gentleman: that is the first I have heard of such a suggestion. It fills us all with horror. I will raise the issue and get back to him.

John Bercow (Buckingham) (Con): Given that the British Transplantation Society insists that the harvesting of organs of executed prisoners is taking place, but that, in written answers on 12 May, the House was told that the Government were not yet persuaded of the fact, will the right hon. Gentleman undertake to communicate with the British Transplantation Society, which contends that the weight of accumulated evidence is now such that the position is incontrovertible? The harvesting of organs is taking place. Denials by the Chinese Government are untrue and they must be held to account without delay.

Mr. McCartney: As late as 10 April this year, the Chinese authorities again strenuously denied what the hon. Gentleman is saying. Again, I can only reassure the House that I am having wide-ranging discussions on the issue with the Chinese. Points have been meticulously made by Members, parliamentary groups and Select Committees, and by non-governmental organisations and organisations with an interest in China that operate outside the House. Before I go to China, I will meet the non-governmental organisations to talk through the issues that they would like me to raise as a priority. When I come back, I will report back to the NGOs. I gave a commitment in the Foreign Affairs Committee debate to report back to the Committee as well. I am happy, not about the issues, but to raise those issues systematically with our colleagues. It is important for the good relationship that we have with them to make progress on some of the issues that have been raised in the House.

Iraq

6. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): If she will make a statement on the political situation in Iraq. [80216]

The Secretary of State for Foreign and Commonwealth Affairs (Margaret Beckett): The Iraqi Government of national unity are now firmly in place and the business of government has begun in earnest. Prime Minister Maliki and his team are committed to working to a national unity agenda. They have announced a national reconciliation plan and set clear priorities—primarily security, electricity supply, economic reform and building democratic structures. The hon. Gentleman may know that the Prime Minister announced on 19 June the imminent transfer of security responsibility in Muthanna province, to be followed by other provinces. Iraq will continue to need our support and that of the international community as it works on those priorities.

Mr. Lancaster: I was fortunate to visit Iraq recently with the Defence Committee. The Secretary of State is right that it appears that two or perhaps even three of the provinces that are under British supervision may well soon be handed back to Iraqi control, but the fourth—Basra—will not. Although the Prime Minister's reconciliation plan is welcome, does the Secretary of State agree that the biggest problem in Basra appears to be a governor whose only interest is self-interest?

Margaret Beckett: We are anxious to ensure that the security plan that has been devised by the Prime Minister—he has already done a good deal to promote it—is followed through effectively and that there is a clear structure of control and command in the hands of the commander of the armed forces in the area. The Prime Minister is well aware of concerns about security in that area and is determined to address them.

Ann Clwyd (Cynon Valley) (Lab): Is not one of the best indications of the improving political situation in Iraq the fact that eight newly-elected Iraqi MPs are visiting the House of Commons today? They have met my right hon. Friend the Secretary of State and you, Mr. Speaker. Clearly, we hope that the MPs will enjoy themselves during their week. They will be following individual Members to find out how we do things and see whether they can translate any of their experiences into their important work in Iraq.

Margaret Beckett: My right hon. Friend is entirely right. I was grateful to her for giving me the opportunity earlier today to meet those new MPs, who, incidentally, are a very impressive bunch. I am also grateful for the work that she is doing to show them various parts of the country and aspects of our parliamentary experience. I hope that you will be pleased to know, Mr. Speaker, that I strongly urged them to learn from the many good things about our Parliament, but not necessarily to follow some of our examples of behaviour.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): The Iraqi Prime Minister's announcement on Sunday was indeed welcome. Yesterday, the White House confirmed that it was considering a steep reduction in the number of US troops in Iraq. To what extent have British Ministers been involved in those discussions? Does the fact that Italian and Japanese withdrawals are going ahead mean that we can finally expect a statement on a comprehensive strategy to prepare the way for the withdrawal of British forces?

Margaret Beckett: I am always a little nervous when people leap from one important and worthwhile step forward to a whole group of assumptions that are set some time ahead. An unfortunate feature of the discussions is the fact that the media tend to harden up anything said—however tentatively—into some kind of detailed commitment. It is of course the case that the Prime Minister has announced the beginning of a process that is based on the circumstances on the ground and the reality in different areas. We all hope that progress can be made, but the hon. Gentleman will know that there is sometimes a better option of redeployment. In any event, the Iraqi Government will wish—we will want to work with them—to support the handover in al-Muthanna and any other province that is considered for some time. The important process offers considerable hope for the future, but no one should second-guess it at this stage.

Jeremy Corbyn (Islington, North) (Lab): When does the Foreign Secretary expect British and American troops to terminate their tour of duty in Iraq and actually leave?

Margaret Beckett: When they and we believe that the job that they have gone there to do is done, or when and if the Iraqi Government ask them to leave.

Mr. Michael Ancram (Devizes) (Con): It is well known that the reconciliation plan to which the Foreign Secretary referred arose from informal dialogue that took place over a long time with representatives of the Sunni insurgents. Representatives of the American Government, apparently including the ambassador, were involved in that dialogue. Were representatives of the British Government also involved in the dialogue?

Margaret Beckett: With respect to the right hon. and learned Gentleman, he has moved on a little from discussions about changes in the provinces. I simply say that of course we are closely involved in all discussions that take place about how circumstances in Iraq can be improved.

Mr. Keith Simpson (Mid-Norfolk) (Con): The Foreign Secretary has touched on the proposed national reconciliation plan, as have other Members. She will be aware that one of the proposals is for a form of amnesty—it is an ambiguous proposal—for some of those who have been involved in the insurgency. Does she think that, at this stage, it is acceptable for a British Government to sign up to such an amnesty if it is with people whom the Government know have been responsible for the deaths of British military personnel in Iraq?

Margaret Beckett: With respect to the hon. Gentleman, I was not talking about the national reconciliation plan; the hon. Member for North-East Milton Keynes (Mr. Lancaster) was. However, I will simply say that the Iraqi Prime Minister's statement was, of course, very carefully worded. He spoke about wanting to draw people into the political process, but he also spoke about people who had not committed crimes. I think that, yet again, people are leaping forward—I do not recall that the word amnesty was used. Although there is clearly a wish to draw people who have been involved in the insurgency into the political process if that is possible and practical, the Iraqi Government are approaching this matter in a very careful way. They have chosen with care the words that they have used, so it would be a mistake for us to be any less cautious in our phraseology.

South Africa

7. **Andrew Mackinlay** (Thurrock) (Lab): When the Government became aware of the existence of the former South African regime's Project Coast. [80217]

The Minister for Trade (Mr. Ian McCartney): The then Conservative Government were aware of the existence of legitimate South African chemical and biological defence programmes from the 1980s. Initial reports indicating offensive chemical and biological weapons activities, later known as Project Coast, were not received until 1993, but they were inconclusive. There were also unsubstantiated claims of chemical weapon use by South African forces in Angola, Mozambique and Zimbabwe in the 1980s and 1990s. More detailed evidence of previous offensive activities was received in the years leading up to the truth and reconciliation commission hearings in 1998, when further details of the offensive activities emerged. In 1994, we understood that the South African Government had terminated offensive chemical and biological weapons activities.

Andrew Mackinlay: Has the Minister ever had the feeling that officials have been less than candid with him? Can I draw to his attention that, following the submission of a series of parliamentary questions from me on this matter, there was convened in the Foreign and Commonwealth Office on 13 January a strategy handling meeting to deal with "Mackinlay's questions", which was attended by 13 officials from the FCO, the Ministry of Defence and the security and intelligence services? Why was that necessary to deal with my questions, if they are not hiding more information on this subject? Is it not a fact that unauthorised—*[Interruption.]*—The Minister may laugh, but this is a serious matter. There was greater involvement between Porton Down and the South Africans' chemical and biological weapons regime than they now wish to disclose.

Mr. McCartney: In eight years in Government, I think that I can say with some certainty that no one has pulled the wool over my eyes yet—but one never knows. That meeting was not to handle my hon. Friend, but to handle his questions. He raised 22 questions with specific concerns and allegations, and I am happy to try to answer them, in conjunction with other relevant Departments—although we have already answered 20 of the 22.

The meeting was held to discuss the draft answers to my hon. Friend's parliamentary questions. Representatives of various Departments and agencies attended, including the Foreign and Commonwealth Office, the MOD and the Health Protection Agency.

Andrew Mackinlay: And the spooks.

Mr. McCartney: The issue raised is not current. The United Kingdom investigation took place in the late 1990s and the early 2000s. Officials from the relevant Departments have changed, and Departments want to ensure that we are working with the same information. The allegations made by my hon. Friend have also been made in various books and elsewhere, including on the internet. There is absolutely no evidence of the conspiracy that my hon. Friend suggests.

European Constitution

8. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): If she will make a statement on the future of the European constitution. [80218]

The Secretary of State for Foreign and Commonwealth Affairs (Margaret Beckett): There is no consensus among member states on how to proceed with the constitutional treaty. The European Council agreed a twin-track approach based on delivering concrete results under the current treaties and on further consultations between member states. Decisions on how to continue the reform process will be taken by the end of 2008, but with no presumption about the outcome or end date of the process.

Mr. Vara: I am grateful to the Secretary of State for that response. Do the Government still support a European Union constitution?

Margaret Beckett: The hon. Gentleman will be well aware that we were part of the negotiations that agreed those proposals, but he is equally well aware that the circumstances surrounding the constitutional treaty changed when the French and the Dutch had their

referendums and the answer was no. The Government were part of the negotiations and we accepted the treaty, but at the moment there seems little likelihood of it going forward in its present form.

Mr. David Kidney (Stafford) (Lab): Sir Digby Jones, the retiring director general of the CBI, in his valedictory interviews to the media this week, has said both that he supports our membership of the European Union and that he is very strongly in favour of radical reform of its institutions and procedures because such reform is in Britain's economic self-interest. Does my right hon. Friend agree that urgent reform is needed, and that those who oppose our membership of the EU and such reform are not acting in the best interests of this country?

Margaret Beckett: I am afraid that I have not had the opportunity to study what Digby Jones said and the precise reforms that he was suggesting, so I am a little wary of appearing to endorse them. However, I wholeheartedly share my hon. Friend's view that it is very much in our interests to make a success of our continuing membership of the European Union, with our EU partners, and that there may come a time when some changes will need to be made to help to ensure that continued success.

Sir Patrick Cormack (South Staffordshire) (Con): As the Foreign Secretary's colleagues indicated earlier today that the Government are not in favour of exhuming corpses, would not the best thing to do with this one be to leave it under the concrete to which she referred?

Margaret Beckett: I am not sure where the reference to exhumation comes from—

Sir Patrick Cormack: Try the answers on China.

Margaret Beckett: Oh—right. That subject was a little bit of a mystery to me at the time when the answer was given, but it did sound particularly gruesome. The constitutional treaty remains in existence, but it is not being pursued at this time.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): As my hon. Friend the Member for Stafford (Mr. Kidney) pointed out earlier, it is in the UK's interest to make sure that the European Union works efficiently and effectively, so may I urge my right hon. Friend to consider introducing, with the other member states, those elements of the treaty that would lead to more efficient and transparent work by the EU? Only those who are against our membership of the EU would be against such proposals.

Margaret Beckett: As my hon. Friend may know, there is an agreement that we should continue with a greater degree of transparency in the European Union's work, but the precise proposals put forward at the last European Council will of course be reviewed to see their practical effect. However, he is absolutely right to say that we need constructive and good ways of working with our EU partners. I am not quite sure what process my hon. Friend was urging on me, but discussions are indeed beginning on, and some consideration is being given to, whether ideas that were in the constitutional treaty that do not require a new treaty base—such as direct transmission of information to national Parliaments—are steps that could be considered. But equally, and as he knows, no such decisions have yet been taken.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Given that the Government had conceded that there should be a referendum if the constitution were implemented in this country, and given that elements of it are being brought forward—such as the proposal to remove the veto over police and home affairs—can the Foreign Secretary give a clear statement to the House on the circumstances in which she believes that a referendum would still be necessary if parts of the constitution were brought forward?

Margaret Beckett: I repeat what I just said: there is no suggestion that we should try to bring forward something that would require a new treaty base. The hon. Gentleman will, I am sure, recall that a variety of measures were rolled into the constitutional treaty—if I may put it like that—some of which would not require a new treaty base, such as direct transmission of information to national Parliaments. However, although the ideas that he referred to concerning the police and justice system have been raised by various individuals and commentators, there are no proposals to that effect. *[Interruption.]* There are no proposals to that effect before us at the present time, and I do not intend to commit us to a referendum on proposals that have not even been put forward.

Nepal

9. **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): What recent assessment she has made of the political situation in Nepal; and if she will make a statement. [80219]

The Minister for Trade (Mr. Ian McCartney): The new Government of Nepal face major challenges in securing a fully functioning democracy and a permanent ceasefire, in which the Maoists abandon violence and rejoin the democratic mainstream. I met Nepal's Foreign Minister and Deputy Prime Minister in Geneva last week. I am encouraged by the bold steps that have already been taken towards peace and reconciliation, and said so in my speech to the opening high-level session of the first week of the United Nations Human Rights Council in Geneva on 20 June. The United Kingdom stands ready to assist in any appropriate way to bring about democratic and peaceful reform in Nepal.

Dr. Kumar: I thank my right hon. Friend for that reply. After the riots and mass demonstrations, there is now a multi-party Government in Nepal, but there is no democracy and they will need help and support from our Government. What support are we giving to the political parties and other organisations so that Nepal can have a democratically elected Government, inclusive of ethnic minorities, Dalits and women?

Mr. McCartney: I discussed three key matters with the Nepalese Government last week. The first was securing a continuation of the United Nations Human Rights Council interest in Nepal, and the Nepalese have agreed to that. The second was ensuring that we could get discussions going on United Nations involvement in decommissioning arms from the Maoists and keeping the peace process going—they have agreed to that, too. Thirdly, we discussed what my right hon. Friend the Secretary of State for International Development is considering with other donors, namely, how best to respond to the new situation. We have been giving financial and technical support to the peace process through the global conflict prevention pool. It is too soon to make any formal commitments. In 2006-07, we gave only about £30 million through bilateral assistance, but we will have further talks with our colleagues in Nepal.

The Nepalese Minister was pleased with our discussions and I am pleased about their positive nature. What needs to happen now is the second stage of talks with the Maoists, for which the Nepalese are preparing, on how to progress out of conflict and on to the long road back to democracy.

Michael Fabricant (Lichfield) (Con): In the light of China's intervention in Tibet, what assurance does the Minister have that China is not looking with anxious eyes at events in Nepal, and what representations have we made to China that any intervention by the Chinese in Nepal would be totally unacceptable?

Mr. McCartney: All the Governments in the region—the Governments of India, China and other countries—want progress in Nepal. It is in nobody's interest that Nepal remains in an unstable state. During the general discussions in Geneva last week, the representatives of every country to whom I spoke all expressed a general acceptance of the need to move forward and to give support where possible. That is precisely what will happen. That is why the involvement of the United Nations is so important.

Rob Marris (Wolverhampton, South-West) (Lab): One of the factors driving the demand for political change in Nepal is the widespread existence in the country of casteism—discrimination based on work or descent. What recent representations has my right hon. Friend made to the Government of Nepal on the abolition of that pernicious and unacceptable form of discrimination?

Mr. McCartney: I have not been involved in any detailed discussion of that subject, but it is an issue of human rights and their abuse that has to be dealt with, not only in Nepal but in other countries. It will probably form part of the work programme that we will agree over the next two meetings of the UN Human Rights Council in Geneva. It is one of the matters about which serious reservations have been expressed not only here and in Nepal, but in other countries. I assure my hon. Friend that the matter is one that the Foreign Office raises from time to time and that we will be involved with the international community in efforts to deal with it.

Joan Ruddock (Lewisham, Deptford) (Lab): Ever since the peace talks began, hundreds of women have been demonstrating outside Parliament because not a single woman is included in the draft constitution committee. Will my right hon. Friend use his best offices, in line with Security Council resolution 1325, to ensure that there is proper representation of women in the talks? Will he ask his officials in Kathmandu to meet with Lily Thapa, who leads a 14,000-strong organisation of widows, to see what assistance can be given to those women, who are traditionally shunned in Nepal and who are, after all, probably the most potent symbols of the conflict?

Mr. McCartney: I will write to my hon. Friend and will take up the issue that she raised. Over the past 10 years, more than 14,000 lives have been lost in the conflict. It is to be hoped that the long-term success of the peace agreement will reduce lives lost to nil. We have made it clear to the Nepalese Government, in a proactive and positive way, that their engagement in the new UN Human Rights Council, in which they want to participate, should be effective. I received a clear indication from them that there is nothing that they will not discuss with us. I offer my hon. Friend a meeting at the Foreign Office before I next have discussions with the Nepalese Government so that we can go through these matters to ensure that we get proper representation.

European Constitution

10. **Andrew Rosindell** (Romford) (Con): If she will make a statement on the future of the European constitution. [80220]

The Minister for Europe (Mr. Geoffrey Hoon): I refer the hon. Gentleman to the answer that my right hon. Friend the Foreign Secretary gave a few moments ago.

The UK presidency helped to set Europe's future direction at the Hampton Court summit. We have made it clear that an effective EU means focusing on the issues that matter to Europe's citizens, such as creating jobs, tackling terrorism and protecting our environment. I therefore welcome the conclusions of the recent European Council, which state that Europe should now focus on the delivery of practical results and the implementation of specific projects.

Andrew Rosindell: I listened to the answers given by the Foreign Secretary and by the Minister. Do the Government not realise how unwanted and how detested the European constitution is, not only among British people but throughout Europe? When will the Government do the right thing and concentrate on delivering an open, competitive and transparent Europe that is fully accountable to the nation states?

Mr. Hoon: That, of course, is precisely part of the Government's objective. To do that, it is also necessary to have effective contacts, discussions and relations with other Governments in other countries, not least those on the centre right. Of course, the hon. Gentleman's party boycotts such contacts and refuses to participate in important meetings that take place, for example, with the leadership of centre right Governments in both France and Germany.

Jane Kennedy (Liverpool, Wavertree) (Lab): My right hon. Friend *[Interruption.]* Mr. Deputy Speaker— *[Interruption.]* I am sorry, Mr. Speaker; I am out of practice. Is the best way to secure a good outcome for Britain out of the discussions on the constitution to engage positively with our partners in Europe? Will my right hon. Friend say what role political parties in the House could play to ensure that Britain's voice is heard?

Mr. Hoon: I am grateful to my right hon. Friend. She has made a serious point, and one that has been made to me repeatedly by Conservative Members of the European Parliament, namely, that Britain's interests are diminished and that their party's interests are diminished if the misguided view of the leader of the Conservative party that they should withdraw from the European People's party is pursued.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Minister for Europe within the Foreign and Commonwealth Office agree that it is important that any Government should be honest, open and honourable? Will the Minister therefore indicate why the current constitution is not dead, bearing in mind that if one country rejects it in a referendum, the particular treaty relating to the constitution is dead and buried? Will he admit that the constitution, as it stands, is dead and buried and that there should be no reflection, just an answer yes or no?

Mr. Hoon: My right hon. Friend the Foreign Secretary has already dealt with that question, but I am happy to repeat the point that she made. The reality is that this constitution cannot come into force without the unanimous ratification of all member states. With two founding members of the EU—France and the Netherlands—having rejected the situation by way of referendums, it is clearly important that we take account of the views that they have set out.

Keith Vaz (Leicester, East) (Lab): My right hon. Friend will know that the fact remains that next year, when Romania and Bulgaria join the European Union, it will be a Union of 27 members governed by rules for the Six. Is it not right that we should pursue the reform agenda to make some serious structural reforms to the way in which the EU operates, and that we should also pursue the economic reform agenda? At the same time, if there are issues on which we can move forward with our EU partners that are outside the scope of the constitution, should we not pursue them given that that would be in the best interests of Britain and Europe?

Mr. Hoon: Of course, there are still some issues that must be resolved before Romania and Bulgaria can join the European Union but, like my right hon. Friend, I anticipate that they will be determined, allowing those two countries to join an enlarged European Union. It is often overlooked by Opposition Members, but there has been a series of changes to the way in which the European Union makes decisions—most of them enthusiastically supported by Conservative Governments and Members of Parliament. The reality is that there has been an evolution in decision making to reflect the welcome enlargement of the European Union, and I am confident that that process will continue.

Afghanistan

11. **Mr. Mark Harper** (Forest of Dean) (Con): If she will make a statement on the political situation in Afghanistan. [80221]

The Minister for Europe (Mr. Geoffrey Hoon) *rose—* *[Interruption.]* I will get there eventually.

Mr. Keith Simpson (Mid-Norfolk) (Con): Back into the Cabinet?

Mr. Hoon: We all live in hope.

Afghanistan has made significant political progress since 2001. Parliamentary and provincial elections were successfully held in September 2005, and Parliament went into session in December. Most Cabinet Ministers have been approved and the budget endorsed. Afghan Government influence is increasing throughout the country with assistance from the international security assistance force and the United Nations. As part of our efforts in southern Afghanistan, we are working to support Afghan-led reconstruction.

Mr. Harper: I thank the Minister for his answer. Given that the two soldiers who were tragically killed today were, according to the Secretary of State for Defence, taking part in Operation Enduring Freedom, is the Minister confident that our efforts to achieve reconstruction, opium eradication and the elimination of the Taliban are adequately co-ordinated? Is not the proposal made by my right hon. Friend the shadow Foreign Secretary worthy not just of consideration, but of urgent consideration?

Mr. Hoon: The right hon. Member for Richmond, Yorks (Mr. Hague) made a slightly different point about the need to co-ordinate the reconstruction and rebuilding effort, but I made it clear that it was worthy of consideration. The hon. Gentleman, however, is making a different argument about military co-ordination, and I am absolutely confident that there is effective co-ordination of the different kinds of military activity that take place in Afghanistan.

Mr. David Crausby (Bolton, North-East) (Lab): Does my right hon. Friend accept that there cannot be a stable political resolution in Afghanistan without our dealing effectively with the production of opium? What can he do to eliminate that vile trade?

Mr. Hoon: I have made it clear that a determined effort is being made both to disrupt the activities of the criminal organisations that engage in the production and the smuggling of opium and to eliminate their sources of support. That work combines with an effort, primarily by officials from the Department for International Development, to offer alternative livelihoods and encourage the development of substitute crops. As my hon. Friend said, we accept that that should be central to our policy in Afghanistan, and we continue to pursue it vigorously.

Nuclear Proliferation

12. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): If she will make a statement on nuclear proliferation in the developing world. [80222]

The Minister for Trade (Mr. Ian McCartney): The proliferation of nuclear weapons is a serious threat to international peace and security wherever it may occur in the world. Last year, the United Kingdom, alongside our European Union partners, recognised the non-proliferation treaty as a unique and irreplaceable instrument for retaining and reinforcing international security. We agreed to work towards universal accession to the treaty, and we called on all states not party to it to make a commitment to non-proliferation and disarmament.

Mr. Hands: I thank the Minister for his answer. I am sure that he shares my concern about the prospective launch by North Korea of the Taepo-Dong II missile, which could carry a nuclear warhead as far as Alaska or Japan. Exactly a week ago, the US Secretary of State said that she would consult with allies about the situation. What suggestions has he made to her to resolve that potential crisis?

Mr. McCartney: The international community, including the UK, has been proactive in speaking to North Korea and others to make sure that everyone is aware of the serious consequences if the North Koreans went ahead with that missile test launch. In our discussion upstairs the other day, in which the hon. Gentleman played a prominent part, we made it clear that the six-party talks represent the best mechanism for progress towards the denuclearisation of the Korean peninsula. That remains the case, and we still believe that the North Koreans should rejoin the six-party talks. The message to the North Koreans is, "Rejoin the six-party talks, because you gave a commitment to those talks. Fulfil your commitment." Through those talks, we can start to denuclearise the region and, hopefully, put off any attempt whatsoever by the Koreans to launch a test missile.

Mike Gapes (Ilford, South) (Lab/Co-op): Does my right hon. Friend share my concern that the negotiations last year on the non-proliferation treaty, to which he has just referred, did not have a very successful outcome? Is not a big question mark now placed over the future of the non-proliferation regime, due not just to North Korea, but to the fact that there is significant disagreement internationally about the way forward? Can he give us an undertaking that the British Government will do all that they can to reinforce, maintain and strengthen the non-proliferation treaty?

Mr. McCartney: I give my hon. Friend that absolute assurance. Signing the treaty was the easy part—the second part is to get others to come forward to sign it and to deal with the nitty-gritty around the politics. I can give an absolute assurance that we will do exactly what my hon. Friend asks. No doubt from time to time his Committee will have me and other responsible Ministers before it to review progress.

Point of Order

3.31 pm

Mr. Dominic Grieve (Beaconsfield) (Con): On a point of order, Mr. Speaker. Today the Attorney-General has made an oral statement to the House of Lords concerning the collapse of the Jubilee line trial. You will recall that that was a matter on which there was a written ministerial statement to this House on 22 March 2005. The report that has been published is critical of the Crown Prosecution Service's handling of the case, points out that the use of the offence of conspiracy to defraud is greatly muddled and added length to the proceedings, which is a topical matter for this House, and stressed that the fact that a jury was present at the trial was irrelevant to its collapse, with which the Attorney-General only a few moments ago stated that he disagreed, despite the fact that he commissioned that report. In those circumstances, is it appropriate that a statement of this kind should be made only in the other place and that the House should not have the benefit of the presence of the Solicitor-General to make a similar statement?

Mr. Speaker: The hon. Gentleman has said that the Attorney-General made the statement in the other place not so long ago, so let me have a look at what the Attorney-General said. I urge the hon. Gentleman to look at that statement also and to work through the usual channels to see whether similar action can be taken in this House. I will get back to the hon. Gentleman.

Sexually Explicit Material (Regulation of Sale and Display)

3.32 pm

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I beg to move,

That leave be given to bring in a Bill to establish an Office for the Regulation of the Sale and Display of Sexually Explicit Material; to require the Office to regulate the sale and display of such material; and for connected purposes.

My Bill seeks to allow the appropriate regulation of sexually explicit material such as that in lads mags and the *Daily Sport* and the *Sunday Sport*.

Before I begin, I must tell the House that much of the material from those publications that I would have liked to have quoted has, after long consultation with your office, Mr. Speaker, been deemed to be too obscene to be spoken in this Chamber. I ask Members present to reflect on the fact that while they may never have seen such material and are today unable to hear it read out loud in detail, those publications are available for purchase by children in nearly every newsagent in Britain.

My first example of such material is provided by the *Daily Sport* and the *Sunday Sport*. Inside such so-called newspapers, the overwhelming majority of the content comprises adverts for hard-core pornography, sex chat lines, national directories of sex shops and every other form of adult entertainment. There are quite literally thousands of adverts per issue—often page after page. One page alone may have up to 700 one-line ads for masseurs/escorts, accompanied by graphic images.

Another shocking example of such disgraceful content is provided by the issue that covered Jane Longhurst's murder by a necrophile addict. In the *Daily Sport* the sex life of her murderer was described as being a series of "adventurous romps". Jane's murder was not presented as a tragedy, but instead was degraded to what can only be described as a deviant narrative designed to appeal to the most depraved members of our society.

The problem is compounded by banners across the top of the *Daily Sport* that advertise hard-core sex websites. Those are simply a portal to hard-core porn sites, which advertise the *Daily Sport*, while hard-core porn mail-out catalogues in turn advertise the same paper.

In a similar manner, lad mags—or so-called men's lifestyle magazines—provide another clear example of the total failure of current media regulation. Publications such as *FHM*, *Zoo*, *Nuts* and the like are sexually explicit and highly sexually denigrating. The question hon. Members must ask themselves is why such publications are not on the top shelves, given that their content is barely indistinguishable from recognisable top-shelf pornography.

In those publications, women are shown only as cheap and contemptible sexual commodities, fit only to be subjected to a range of exploitative, violent and degrading activities. An example of the content is a recent issue of *Zoo* magazine, which features images of girl-on-girl action and jokes about women enjoying being urinated on and having sex with animals. Its "tit op comp" invites men to win breast enlargements for their girlfriends, with the declared purpose of transforming them

"into a happier, more generous, intelligent and interesting version of the slightly second rate person they are today."

[Mrs. Claire Curtis-Thomas]

This is a magazine being sold or provided to young boys under the age of 16. What impressions are they gaining about the importance of a woman in our society and what messages are we sending to young girls? It is that we condone their use and misuse in any way that makes the editors, producers and distributors of this so-called literature a profit. Is this type of sexual activity and literature so normal that it can be displayed next to *The Beano* and *The Dandy*? Something must be done.

I believe that it is strongly in our interests as a society to restrict the availability of this material. While those publications are clearly sexually explicit, exploitative and denigrating, there is currently no meaningful regulation in place to ensure that they are sold as age-restricted and on the top shelf. Throughout its history, the British media has achieved a balance between decency and freedom of expression. For centuries, our country has led the world in its ability to combine a freedom of choice for society while at the same time protecting its most vulnerable members. The availability and impact of publications such as *Zoo*, *Nuts* and the *Daily Sport* are undermining that reputation.

Regulation has worked well for other industries. The British Board of Film Classification has allowed the film industry to go from strength to strength, while at the same time protecting the development of our nation's youth. A 9 pm television watershed and internet controls have given parents a choice over what their children watch or where they surf. Considering the success of such measures, why is there no regulatory mechanism in the print media that affords women and children a similar protection? If it is right to have measures in place to protect children within the film, TV and internet industries, why are they not in place for the explicit sex magazines and so-called newspapers that feature so freely on our nation's shelves? If that were the case, all the publications that I am concerned about would be rated 18-plus and would have to carry explicit warnings about their content.

Currently, the Obscene Publications Act 1959 and the Indecent Displays (Control) Act 1981 are entirely inadequate for the regulation of today's media. Those Acts are applied by the courts only to the most extreme forms of pornography and at present the law is simply not equipped to deal with the sort of material found in lad mags or the *Daily Sport*. Tellingly, there are no legal definitions of pornography in existence—not even of the word "indecent".

Although the publishers of newspapers and magazines are currently regulated by the Press Complaints Commission, that body has no codes regarding sexual explicitness and it has refused to consider introducing guidelines even over the explicitness of the covers of newspapers and magazines. In a similar manner, while the sale of newspapers and magazines are monitored by a retail regulator, the National Federation of Retail Newsagents, it issues purely voluntary codes to retailers and has no powers to impose fines. Retailers are under no obligation whatsoever to abide by its recommendations.

I have previously contacted WH Smith to discuss this issue, but the chairman refused to speak to me, presumably because he is very happy with the profits he is earning as a result of his role in promoting and distributing that literature. WH Smith is the largest distributor for such publications and, despite hearing my arguments, it continues to make those publications available to children.

Today we have an opportunity to force an industry to uphold those principles that we value in everyday life. The Bill proposes the establishment of a new, independent, non-partisan regulator for the sale and display of sexually explicit material, with binding codes and transparent, well publicised guidelines—a regulator that is socially responsible and not motivated by profit and could take the onus off commercially motivated retailers and publishers to act as regulators.

I want our children and the women who have been the subject of sexual abuse and misuse to be properly protected from what is now freely displayed to them, and normalises and glamorises degrading and often violent activity. I believe that my measure will do something towards that surely admirable end. I commend it to the House.

3.40 pm

Angela Watkinson (Upminster) (Con): The Bill is clearly well intentioned in trying to protect minors from exposure to thoroughly unpleasant publications. There cannot be an hon. Member in the House who disagrees about the fact that minors deserve that protection and that their parents would expect the law to achieve that aim.

I wish to oppose the Bill, however, because I believe that it is wrong in two respects: first, in its proposal that a Government office should be set up to regulate the sale and display of such material; and secondly, in its failure to take proper account of the co-operation of the women portrayed.

I became interested in the subject some months ago when I received a copy of the *Daily Sport* in my postbag. I was surprised at how many large advertisements it contained for hard-core pornography, together with pictures of women wearing nothing more than a lascivious expression. I was even more surprised to find that that was eligible material for display alongside newspapers, where such publications are readily accessible to children.

A range of lifestyle magazines is aimed at the teenage girl market, but there are no comparable publications, as far as I am aware, for teenage boys. Perhaps that gap in the market could be filled by a responsible publisher. If a lifestyle magazine could be produced that was attractive to teenage boys and acceptable to their parents, it might help reduce any curiosity that they might have in the grossly unsuitable publications that the Bill covers.

The Bill includes no reference to the complicity of the women pictured in the publications. They are not victims. Women who take part willingly in that sort of photographic or film session, and are paid for their services, must surely take responsibility for their involvement. Portraying women as objects of disrespect at best, and deserving of degradation, violence and utter contempt at worst, does a great disservice to other women who may suffer at the hands of husbands or partners who have been influenced by what they have seen in those publications.

A clear definition of what constitutes pornography is needed to encompass that type of publication and those that the hon. Lady described, which I have not seen, in the Obscene Publications Act 1959, so that they are consigned to the top shelf, away from the reach and eyes of children. We do not need yet another Government office—we have far too many already.

The Bill is trying to do the right thing in the wrong way and I therefore oppose it.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mrs. Claire Curtis-Thomas, Annette Brooke, Dr. Evan Harris, Lynda Waltho, Andrew Selous, Helen Goodman, Mr. Barry Sheerman, Peter Bottomley, Stephen Hammond, Mrs. Siân C. James, Ms Diane Abbott and Rosie Cooper.

Sexually Explicit Material (Regulation of Sale and Display)

Mrs. Claire Curtis-Thomas accordingly presented a Bill to establish an Office for the Regulation of the Sale and Display of Sexually Explicit Material; to require the Office to regulate the sale and display of such material; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 20 October, and to be printed [Bill 200].

Pensions Reform

[Relevant Document: Fifth Report from the Treasury Committee, Session 2005–06, HC 1074, on the design of a National Pension Savings Scheme and the role of financial services regulation.]

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Leader of the Opposition.

3.45 pm

The Secretary of State for Work and Pensions (Mr. John Hutton): I beg to move,

That this House welcomes the White Paper 'Security in retirement: towards a new pensions system' [Cm 6841] as the basis for a consensus on the future of pensions policy.

Last month's White Paper set out the changes that we intend to make to our pensions system in the UK over the next few years. The reforms are radical and far-reaching, which they need to be if they are to succeed in addressing the fundamental demographic, social and economic challenges that we face. They take forward the main recommendations of the Pensions Commission, offering the prospect of a wide national consensus in the years ahead. That will be an essential ingredient if the reforms are to produce the effect for which they have been designed—allowing future generations to work and save for a long and healthy retirement.

The measures set out in the White Paper will make it easier for more people to save more for their retirement, which must be our fundamental objective. In return, the state pension will become more generous, simpler and fairer to women and carers, and there will be less means-testing. Because of our decisions about the state pension age, the state second pension and the future of the defined contribution rebate, the reforms are affordable in both the short term and the long term, which is an essential component of any sustainable reform package.

The reforms necessarily involve new and different responsibilities for taxpayers, employers, the pensions industry and individuals. Thanks to the work of the Pensions Commission and the national pensions debate, there is a large measure of support for the general principles behind the reforms.

Mr. John Redwood (Wokingham) (Con): I am grateful to the Secretary of State for giving way so early in his speech. Why are the reforms not affordable in 2010? And why should we believe that they will suddenly become affordable in 2012? The current Chancellor does not think that they are affordable in his foreseeable lifetime in either of the two top jobs.

Mr. Hutton: I shall address that point in a second, but that is not the view of my right hon. Friend the Chancellor.

Our task is to forge a real and lasting consensus, both in the Chamber—I hope that it will include the right hon. Member for Wokingham (Mr. Redwood)—and across the country. We all know the importance of pensions to our constituents, and it is our responsibility to try to reach agreement on the pensions system to

[Mr. Hutton]

enable the people whom we represent to make future savings decisions with the confidence that those reforms will last between the generations.

It is right that the debate about pensions should continue—indeed, the White Paper encourages that process—and I look forward to the contributions from hon. Members on both sides of the House to today's debate.

Mr. David Laws (Yeovil) (LD): The Secretary of State has indicated that he wants to establish a consensus on the matter and hold discussions with the Opposition parties, but he has been quoted as saying that this is not a 'pick-and-choose package. Will he clarify which issues in the White Paper are open to amendment and discussion?

Mr. Hutton: I shall come on to that in a moment. The White Paper acknowledges that there are some issues, particularly to do with the introduction of personal accounts and the national pension savings scheme, on which some work remains to be done. If the hon. Gentleman is still attached to the citizens pension, perhaps he will explain where the billions of pounds of additional public expenditure will come from without the need for tax rises. Before he intervened, I was about to say that I want to make one thing absolutely clear: this is not a pick-and-choose menu, so we do not, by definition, have the luxury of cherry-picking.

The reforms are designed to lock together a framework that provides a sustainable, affordable solution and provides real benefits to all those who are saving for their retirement. Those such as the right hon. Member for Wokingham and the hon. Member for Yeovil (Mr. Laws), who propose different solutions, need to explain to the public how they are going to be financed, what different outcomes they will produce and on what basis they will provide a better prospect for the consensus that we all desire than the proposals by Lord Turner and the Pensions Commission, which we are now taking forward.

Lynne Jones (Birmingham, Selly Oak) (Lab): In terms of cost, does my right hon. Friend propose to redistribute the money that is spent on tax relief so that more of that funding goes to people on lower incomes? At present, 50 per cent. of that tax relief goes to those earning more than £50,000.

Mr. Hutton: No, I do not propose to bring such a proposal before the House, because, as my hon. Friend knows, I am not the Chancellor of the Exchequer, and those are matters entirely for him.

Sir John Butterfill (Bournemouth, West) (Con) *rose—*

Mr. Hutton: I shall give way to the hon. Gentleman, who has a special expertise in this subject.

Sir John Butterfill: On tax relief, will the right hon. Gentleman clarify the answer to the question that I asked him when he last made a statement? He said that the Government provide 1 per cent., the scheme member provides 4 per cent., and the employer provides 3 per cent. He may be understating the Government's contribution, because presumably, in addition to the tax relief given to the saver, tax relief will be given to the employer who is contributing the 3 per cent., which is tax deductible. However, that is not clear from what the Government have said previously.

Mr. Hutton: I do not think that we are proposing any additional tax relief for employers. The hon. Gentleman gave me plenty of notice of that question, but I still may not have the answer that he is looking for. I will ensure that he gets it during the course of the debate.

Mr. Mike Weir (Angus) (SNP): Will the Secretary of State give way?

Mr. Hutton: I will give way once more, but then I want to make progress because there is a time limit on Back-Bench contributions.

Mr. Weir: The right hon. Gentleman says that tax relief is a matter for the Chancellor, but surely it is fundamental in considering all the options open to us in dealing with pensions. If he is ruling out any change in tax relief, he is tying our hands behind our backs before we even start to discuss the pension problem.

Mr. Hutton: As the hon. Gentleman knows, the Chancellor keeps all taxation issues under regular review. When this matter was considered in the course of the Pensions Commission's work, it decided not to make any recommendations, at least in part because of the complexity of the system. However, those are matters for my right hon. Friend the Chancellor. Taken as a whole, the measures that we propose in the White Paper are affordable and sustainable over the long term because we have not been prepared to avoid making those difficult decisions.

Lynne Jones: Will my right hon. Friend give way?

Mr. Hutton: No, because I have given way to my hon. Friend already.

Kelvin Hopkins (Luton, North) (Lab): Has my right hon. Friend received recommendations from the National Pensioners Convention and others about the fact that while the change of direction is welcome, it is very much jam tomorrow, while nothing is done for today's pensioners, many of whom still live on very low incomes?

Mr. Hutton: I do not accept that, because the White Paper confirmed that we would continue to uprate the pension credit in line with earnings beyond 2008. That has been a welcome decision. As I shall point out again later, that decision alone will ensure that up to 500,000 pensioners will not end up falling into poverty. It is not true to say that there is nothing for today's pensioners. These matters are addressed by my right hon. Friend the Chancellor during the course of his annual review of public spending in the Budget. In the remaining years of this Parliament, there will be plenty of

opportunity for the Government to ensure that we do not forget the needs of today's pensioners, but the White Paper was very much about the future and long-term reform.

It is not acceptable for us to duck the long-term challenge of reform, and we have tried to avoid doing so. When we came into office, we could have restored the link between the state pension and earnings, as many people were urging us to do, but if that had been our policy, 1.5 million more pensioners would be below the poverty line today. Instead, since 1997, we have spent three times as much on pensioners as it would have cost to restore the earnings link. We have targeted the bulk of that extra investment on the poorest pensioners, which was entirely right. Compared with 1997, we are now spending more than £10 billion extra each year on British pensioners. Almost half the spending is going to the poorest third. Two million pensioners have been lifted above the poverty line and, for the first time in a generation, pensioners are less likely to be poor than any other group. It is simply not true, as some have said, that progress is not being made in tackling poverty among the retired.

In our second phase of reform, we tried to address the loss of confidence in the private pensions market, to which the Conservative amendment correctly refers. That included dealing with the pensions mis-selling scandal and the impact of the falling stock market on occupational pension schemes. In 1997, fewer than 2 per cent. of pension mis-selling cases had been satisfactorily resolved. By the end of 2002, more than 99 per cent. of consumers with mis-selling claims had been compensated, with total compensation reaching £11 billion. The Pension Protection Fund and the pensions regulator are today helping to respond to the problems experienced by those in defined benefit occupational schemes and acting to boost security for scheme members. The significantly expanded financial assistance scheme, which we announced last month, offers a new prospect of help for those who have lost the most when the pension schemes of insolvent employers have been wound up.

Mr. Chris Mullin (Sunderland, South) (Lab): Will my right hon. Friend remind the House by how much that financial assistance scheme has been expanded? Does he share my disappointment that the spokesmen for those who have been affected, with whom everyone has sympathy, sometimes fail to acknowledge some of the changes that we have made on their behalf?

Mr. Hutton: I am grateful to my hon. Friend for that intervention. We originally set aside £400 million for the financial assistance scheme. We have now set aside a further £1.9 billion to address the problem more satisfactorily. That is a generous and proper response to the plight in which many people have found themselves, with which Members on both sides of the House have great sympathy.

Miss Julie Kirkbride (Bromsgrove) (Con): It would be helpful if the Secretary of State were to clarify the liabilities in relation to those who might be eligible for the financial assistance scheme but who fail to be so at present because of the restrictions placed on the scheme by the Government. When he and the Prime Minister originally made an announcement about it to the House, we were told that £15 billion would have to be set aside to meet the liabilities of those people who had lost their pensions. As I understand it, the Government have re-examined the figures, and the true amount is nearer £3 billion. Can he clarify how much it would cost to pay out to those people their rightful due?

Mr. Hutton: The cash valuation is £15 billion. That is what I said in my statement, and that is still my view of the cash required to meet the liability. The net present value is around £3 billion. However, such commitments are not funded through the Government making dowries, as it were, at the beginning of the period and using that as a basis on which income can be generated to meet expenditure commitments. It is therefore important to keep in mind the cash figure, as there are many Members present who are experienced in dealing with these issues. Cash is cash, and it is always important, when presenting public spending figures, that we do not forget that.

Miss Kirkbride: Will the right hon. Gentleman give way?

Mr. Hutton: No.

It is not true, as the hon. Lady has implied, that we have somehow changed our assessment of the valuation. She is not comparing like with like. *[Interruption.]* Obviously, she does not like my answer, as I can hear her chuntering. I have done my best to try to educate her, however, and to correct the mistake in her question.

Several hon. Members *rose—*

Mr. Hutton: With great respect to hon. Members on both sides of the House, I intend to make a little progress with my speech and then give way later. I know that there is a lot of interest in the issue of the financial assistance scheme, and I am sure that my hon. Friend the Minister for Pensions Reform will deal with some of the points that arise when he winds up.

I want to turn briefly to the recent report of the parliamentary commissioner on pensions. While I have repeatedly made it clear that we disagree with the ombudsman's finding of maladministration by my Department, and have therefore not been able to accept her recommendations calling for compensation along the lines that she proposed, we obviously have the greatest sympathy with those who have lost some or all of their pensions. I have met people who have been affected and am acutely aware of the difficulties that they undoubtedly face. They believe that they have been robbed of their pensions, and I entirely understand that feeling of injustice.

At the time of the ombudsman's report, we had already committed ourselves to a review of the financial assistance scheme. In March, the Prime Minister announced that we had expedited the review, and last month I announced that we had decided to extend the scheme to cover eligible people who were within 15 years of their scheme's normal retirement age on 14 May 2004.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my right hon. Friend give way?

Mr. Hutton: I will do so a bit later, if my hon. Friend will bear with me.

In extending the financial assistance available in that way, we took proper account of the issues raised in the ombudsman's report. The scheme will now cover some 40,000 people and—as I said in response to my hon. Friend the Member for Sunderland, South (Mr. Mullin)—it represents a substantial additional investment, taking the total cash funding from £400 million to more than £2 billion.

In making its recommendations, the Pensions Commission acknowledged the progress that we had made since 1997. Its report was designed to build on that progress. The commission made it clear that there was no immediate pensions crisis, but said that there would certainly be one if we did not act soon. It identified four principal challenges. First, there was the problem of undersaving, affecting perhaps as many as 12 million people. Secondly, by 2050 there would be 50 per cent. more pensioners than there are today. Over the same period, the ratio of people in work to those in retirement would halve. In fact, the latest research has revealed that during the past 20 years, life expectancy at the age of 65 has grown at the rate of about 15 minutes per hour.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): It might feel much longer.

Mr. Hutton: I am only on page 6, so the hon. Gentleman had better make himself comfortable.

Several hon. Members *rose*

Mr. Hutton: I will not give way. I want to give the House some good news. Our life expectancy will have increased by about an hour and a half during the debate. Debate is a very healthy thing, after all.

Thirdly, as a result of developments spanning many decades, the current state pension system has become very complex. It delivers unfair outcomes, especially for women and carers. Finally, if we maintained the current indexation arrangements, the basic state pension might be worth only £35 a week by 2050 in today's earnings terms, and more than 70 per cent. of pensioner households could be eligible for pension credit. That, of course, was never the Government's intention.

I believe that the proposals in the White Paper address the challenges identified by the Pensions Commission. Crucially, they do so in a way that promotes personal responsibility and achieves outcomes that are fairer, simpler, affordable and sustainable. The introduction of personal accounts combined with compulsory minimum employer contributions and automatic enrolment will help to embed a new pensions savings culture in which future generations can take increasing responsibility for building their retirement savings.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): In the light of his comments about longevity, will the Secretary of State now extend his speech? I think we should look again at the statistic involving 15 minutes per hour.

As the Secretary of State will know, the Treasury Committee published a report on the national pensions saving scheme. We recommended two things: simplicity and minimum regulation. If we secure those, we can achieve what the Pensions Commission said would be 30 basis points for management charges. Can the Secretary of State assure us that the Government are considering that figure rather than, say, 0.6 per cent. or 1 per cent.? It is important, for the sake of the pot at the end of the day, that the minimum is charged.

Mr. Hutton: I congratulate my right hon. Friend on the Treasury Committee's excellent report, which has helped our thinking greatly. He is right to say that at the heart of making personal accounts a success will be our ability to keep the costs and charges associated with them as low as possible. I recently returned from a trip to Washington, where a similar scheme has been in operation for about 20 years for federal employees. It operates not at 30 basis points, not at 20, but at five. I am not saying that we can get down to five as a starting point for personal accounts, but I think that the scale of the potential investment in personal accounts, along with automatic enrolment, present a prospect of considerable advances in scheme administration costs.

The proposals in the White Paper will address the principal challenges identified by the Pensions Commission, and that is particularly true in relation to personal accounts. As a result of the changes we propose, up to 10 million people could be saving in a new low-cost personal account. By retirement, their pension funds could be worth up to around 25 per cent. more because of the lower charges, to which my right hon. Friend alluded. It is estimated that personal accounts will generate an additional £4 billion to £5 billion of saving every year, equivalent to around 0.5 per cent. of gross domestic product.

We are consulting on the best administration model for the accounts, and particularly on whether there is value in offering consumers a choice of branded provider. It is perfectly proper for the Opposition motion to refer to that ongoing work and we will host a stakeholder summit as part of the consultation later in July, to which the main Opposition parties have been invited. We will publish a further document later this year setting out the detail of the approach that we intend to take. I hope that that approach will have the support of the spokesmen for both main Opposition parties.

Personal accounts are the key to empowering personal responsibility. We estimate that by 2050 a regular saver, who saved from age 25 into a personal account with total contributions of 8 per cent. and on median earnings, could be up to £50 a week better off than if the system continues as it is today. That is, in part, the power of compound interest. So while there will always be specific individual circumstances, such as debt or stock market performance, that will affect people's savings, fundamentally the package of reforms in the White Paper will mean that people should be better off in retirement from having saved themselves.

However, to achieve that result and enable people to save in personal accounts with confidence, it will also be necessary to make reforms to the state pension. Our reforms to modernise the contributory principle and enable more women and carers to qualify for the state

pension will deliver much fairer outcomes. And by restoring the earnings link and simplifying the state second pension so that it gradually becomes a flat-rate weekly top-up to the basic state pension—an already existing trend and a change recommended by the Pensions Commission—we will make the state pension simpler and more generous, while reducing the spread of means-testing and providing a solid foundation on which to build a sustained expansion of private savings.

A person retiring in around 2050 who has been in employment or caring throughout their working life could receive a contributory state pension worth £135 a week in today's earnings terms, which is £20 a week above the guaranteed income level. Without those reforms, people retiring in 2050 would receive a total contributory state pension—including the basic state pension and the state second pension—worth between £90 and £100 a week, well below the current means-tested threshold. That would not be an acceptable outcome.

The White Paper announced our commitment to continue to uprate pension credit in line with earnings, locking in our progress on pensioner poverty and preventing half a million pensioners from falling into poverty between now and 2012. But we will also be able to limit the spread of means-testing. We will make an immediate start on that by modifying the calculation of the savings credit from 2008. That gives a clear indication from the outset of our determination to make clear people's incentives to save. As a result of that change and our restoration of the earnings link, by 2050 only about a third of pensioners, or fewer, will be eligible for pension credit, instead of some 70 per cent. if current uprating policies continued.

I wish to make one very important point. Of the third of pensioners who will continue to be eligible for pension credit, only about 6 per cent. will receive the guarantee credit alone, which means that in the vast majority of cases, those receiving pension credit will be rewarded because they have saved for their retirement, and that has got to be the right policy. So when people criticise the level of means-testing in our proposals, they need to reflect on that very important feature.

Mrs. Iris Robinson (Strangford) (DUP): What does the Secretary of State intend to do for the many widows who, on the death of their husbands, receive only half the value of their pensions? Those women often have to scrimp and save to keep a roof over their head. What will the Government do to alleviate their difficulties?

Mr. Hutton: To some extent, pension credit will cover women in those circumstances. I am sure that my hon. Friend the Minister for Pensions Reform will explain that in more detail later, but it is through pension credit that we will target additional financial help for people in those circumstances.

Mr. Frank Field (Birkenhead) (Lab): I hope that my right hon. Friend will ask the Minister for Pensions Reform to deal with this question too when he winds up the debate. My right hon. Friend said that he expects the full implementation of the White Paper to reduce means-testing to about one third, the level that the Turner commission suggested would be reached under its proposed reforms. I believe that he was right a moment ago to say that the Government were not going down the citizenship pension route because of the great cost, but that means that many people will not gain a full state pension who otherwise would if we had a citizenship pension. If national insurance rights are not to be extended to that group, how is he able to say that there will be the same number of people on means-tested assistance as would be the case under the Liberal Democrat policy proposed by the Turner commission?

Mr. Hutton: Turner proposed not a citizens pension but a universal pension for those over 75. We have taken on board a number of proposals, such as the change to the savings credit fix, that will produce the result that I have suggested. I shall return in a moment to the reforms to the contributory principle, but they were not supported by Lord Turner who, as my right hon. Friend will know, favoured the introduction of a residency test that would take time to have the desired effect. Our proposals mean that women will have a fairer pensions deal by 2010 and that, in combination with our other proposals, is how we arrive at the figures that I have set out.

By saying that we will aim to restore the earnings link in 2012, subject to affordability and the fiscal position, we have made it clear that we will not risk jeopardising the public finances. We have also ensured both affordability and sustainability over the long term.

Over the period to 2020, our proposals will keep spending on pensioners as a proportion of national income broadly constant at today's levels. They take advantage of the savings realised by the decade of state pension age equalisation and will help pensioners to share in rising national prosperity. In addition, of course, the rise in the state pension age over the long term will match increases in life expectancy. That, and the other changes that we are making, will also help to secure the financial stability and sustainability of the state pension system.

Therefore, the four main elements of the White Paper form an integrated package. They introduce auto-enrolment into a low-cost scheme of personal accounts, and provide a firm foundation for private saving by linking the state pension to earnings in the next Parliament. Moreover, we will modernise the contributory principle the better to provide for women and carers, and gradually raise the state pension age to ensure sustainability.

As I said earlier—and I intend to labour this point today—we cannot pick and choose from within the package to avoid the tough choices that we have to make. Those who want to change some elements of the proposals need to explain how they could do so without jeopardising the key outcomes of fairness, simplicity and affordability.

For example, there are those who favour a residency base for future accruals, as proposed by the Pensions Commission. However, that would offer no immediate help to the key group of women aged 45 and over who have poor contribution records and clearly no time to put that right. Changing the current rules from 2010 to

[Mr. Hutton]

reduce the number of years needed to qualify for the basic state pension to 30, and improving the system of credits the better to reflect the different ways that people contribute to society, will result in an immediate and very significant increase in the proportion of women reaching state pension age with a full basic state pension.

The residency approach, like the current system, means that only 50 per cent. of women would get a full basic state pension in 2010, whereas our changes will immediately increase that figure to 70 per cent. By 2020, up to 270,000 more women every year will receive a full basic state pension—approximately three times the number that would be achieved under a residency-based approach.

Of course, those who argue for a residency-based citizens pension—which I believe remains the policy favoured by the Liberal Democrats and the nationalist parties in this House—also have to contend with issues of simplicity and affordability. As the Pensions Commission highlighted, it depends on the model chosen: there would either be an immediate and unaffordable increase in costs, peaking at £60 billion around 2040, or—if a transitory approach were adopted—a smaller increase in costs would be coupled with a dramatic and unacceptable increase in complexity during what would have to be a lengthy transition period. Hardly surprising, therefore, that the Pensions Commission rejected the notion of a citizens pension.

Some argue that we should introduce the earnings link sooner or delay the implementation of increases to the state pension age until 2030. In doing so, they, too, need to set out clearly what the public expenditure implications would be and how that affects the current crucial question of affordability. For example, under the White Paper, increases to the state pension age will eventually reduce the cost of the package by £30 billion a year, but delaying the timetable for the implementation of each increase in the state pension age by five years would by 2050 increase the cost of the reform package by £5 billion every year. Those who argue for such changes must first argue for how they would find the additional money that would make them affordable and still maintain our progress in tackling poverty and delivering fairer, simpler outcomes.

Some Opposition Members have expressed concern about the plans to accelerate the flat-rating of the state second pension and, in particular, the impact on middle-income earners of the withdrawal of earnings relation. The Pensions Commission explicitly recommended that the earnings-related element should be withdrawn. We accept that recommendation, but the savings will be reinvested in the basic state pension, ensuring that no one loses out, so it is nonsense to talk of hidden tax increases. There are none. Indeed, the effect of flat-rating for even the highest earners is more than made up by the earnings uprating of the basic state pension. For example, a high earner who worked from age 25 would get £102 basic state pension and state second pension under the current scheme in 2053, in earnings terms. Under our reforms they will get £140. A median earner would get £100 under the current system and £139 with our reforms. Yes, they lose £1 of state second pension because of flat-rating, but they gain £40 of additional basic state pension. Most people would not describe that as a bad deal at all.

Kali Mountford (Colne Valley) (Lab): I am grateful to my right hon. Friend for his explanations of the various schemes and the balance between them. I am sure he agrees, however, that fairness must include what happens to carers, so can he describe how he intends to help them, to ensure that the contributions they lose while they are caring are added to their pension when they retire?

Mr. Hutton: I will describe the changes briefly. As my hon. Friend knows, we shall consult on the detail, but in broad terms we intend to introduce a new credit in the state pension system for those who have caring responsibilities of more than 20 hours of week. At present, credits can be accrued only if a person is in receipt of carer's allowance, which involves a minimum caring responsibility of 35 hours a week, so tens of thousands of carers will acquire new credits in relation to the state pension as a result of the changes that we propose to introduce through the White Paper and on which we hope to legislate in the next Session of Parliament. That is a significant reform, which many carers' organisations have been pressing on the Government for some time.

I want to try to conclude my remarks as quickly as I can. I have probably detained the House long enough—[Hon. Members: "No, no."] None the less, I think I shall stick to my speech.

Taken as a package, the reforms can provide a framework for pensions that can last for generations to come—a future in which we give people the tools to take personal responsibility for building their retirement savings with confidence; and in which we deliver a system that is affordable and sustainable for the long term. That is the opportunity before the House today. In supporting our motion, the House can signal its support for the direction of travel set out in the White Paper, as I very much hope that it will. In doing so, it will help us all take a significant step towards a lasting pensions settlement, with a sustainable, affordable and trusted system that will meet the needs of those in retirement both now and well into the future.

4.19 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I beg to move, at the end of the Question, to add:

", recognises the importance of consensus in ensuring long-term, affordable and sustainable pension reform; and therefore welcomes the commitment of all major parties in the House to engage in the process of consensus building, while acknowledging that a number of concerns remain to be addressed in the course of that process, including the impact of the projected future level of means-testing on savings behaviour, the design of an auto-enrolled savings scheme, the need to strengthen existing occupational pension provision to reduce the risk of 'levelling down' on the introduction of personal accounts and the need to restore public confidence in the fairness and security of the pensions system."

I welcome the opportunity to hold this debate today. The amendment seeks to reinforce the message of support for the key principles and to underline our commitment to the consensus-building process, but also, as the Secretary of State has acknowledged, to place on the record that there are a number of key issues that need to be addressed if a sustainable, affordable and lasting pension reform is to be introduced. We are clear that such a reform requires

cross-party political consensus. The underlying purpose of the reforms is to create a stable platform of state provision upon which people can plan their own private saving. It is clear to us that that places a heavy burden on the Opposition in rising to the challenge of forming a genuine cross-party consensus. However, it also places a heavy burden on the Government, because a lasting consensus is one built around a sustainable proposition. It has to be a hard-edged consensus, not a woolly one. The Secretary of State will know that the history of recent pensions policy warns us of the fragility of any consensus built around a flawed proposition.

In reaching for that consensus, it is essential that we analyse the details of the White Paper rigorously, and that we are prepared to challenge, without fear of ridicule by the Secretary of State, the areas where it is as yet unclear whether the proposals before us will deliver the objectives that we all share. There must also be a clear understanding that consensus is a two-way street. There is an obligation on the Government to listen to the concerns of the Opposition and others outside the House and to engage constructively in addressing them, working with us to explore alternative solutions where problems are identified.

I will be frank with the Secretary of State: we were disappointed by the level of engagement between the Opposition and the Government before the publication of the White Paper. It was effectively a fait accompli. However, we are pleased by the clear signals that the Secretary of State has sent that he is now ready to engage. We are certainly ready to do so. We hope that the willingness for dialogue will extend to dialogue about the drafting of the Bill. Our clear preference is to spend the summer talking about the drafting of the more contentious areas of the Bill, rather than to spend the autumn tabling amendments to what the Government have presented.

Our starting point for this exercise is a bout of realism—a recognition of the looming crisis in pensions provision. Increased longevity, lower investment returns and changing demographics have all created a situation that has to be addressed, but so too has the Chancellor's annual tax raid on pension funds, which was most recently estimated to cost about £7 billion a year—equivalent to about £175 billion wiped off capital value. Nine million people are not saving enough for an adequate retirement income. Half of all pensioners are eligible for means-tested benefits, and that figure is projected to grow to at least 75 per cent. by 2050. Some 1.6 million of those pensioners—800,000 of them among the poorest pensioners—are failing to claim what are supposed to be very well-targeted benefits. To cap that, 60,000 pension schemes, with 1 million members, have started wind-up since 1997.

As a response to that catalogue, the key elements of the White Paper, all of which we can enthusiastically support, include, as the Secretary of State said, the restoration of the earnings link, the raising of the basic state pension age over time, changes to the contribution regime to address the particular problems of poverty among women pensioners, and further encouragement of workplace saving. That has to mean workplace saving in existing occupational pension schemes, as well as through the tailoring of new arrangements specifically targeted at median and below median earners.

If we are to build a robust consensus around those key principles, it must be based on knowledge and understanding, not on ignorance. The Secretary of State is right to say that the package has to be affordable. That means that the consensus that we build, both here and among the wider public, has to be based on parts of the package that deliver savings, as well as parts of the package that increase expenditure. A real consensus must be based around tough decisions as well as easy ones. The financing of the package must be transparent and openly debated.

Mr. Redwood: My hon. Friend makes the extremely important point that whatever people today think about consensus—we would all like to find a consensus—any variant of the scheme will work only if it proves to be affordable in the medium term. Is not the worrying thing about the scheme the fact that it is sketchy about how affordable it will be in the next decade, when compound arithmetic starts to work against both the Government and the taxpayer, as well as the people who are asked to contribute?

Mr. Hammond: My right hon. Friend takes me almost exactly on to my next point: there is no transparency in the financial data that support the White Paper. The key table on page 24 of the executive summary counts as a cost of reform the continued indexing of guaranteed credit to earnings, even though the Pensions Commission and everyone else who has examined the matter has always assumed that in their baseline case, because to do otherwise would, by definition, increase the percentage of pensioners in poverty. The £4 billion that the Government will save from 2010 by abolishing contracted-out rebates is not included in the table, although the costs associated with ending contracting out are.

The headlines about the White Paper painted a rather simple proposition: work longer for an earnings-linked basic state pension. There has been virtually no public debate about changes to the state second pension and the savings credit, and the withdrawal of adult dependency increases. Together, those changes will save tens of billions of pounds for the Treasury. That does not mean that they are wrong, but if public support for the package is to be durable, people must understand how all its aspects will affect them. Our message to the Government is clear: if we are to build a consensus, it must be a sustainable national consensus, not one formed behind closed doors at Westminster. It falls to the Opposition, in our role of holding the Executive to account, to ensure that all consequences of the package are understood by those who will be affected by them. I will make no apology for drawing public attention to aspects of the White Paper that will deliver savings for the Exchequer, but about which there has so far been little public debate.

Mr. Hutton: I genuinely did not intend to interrupt the hon. Gentleman's speech, but let me point out two things to him. On the state second pension, the argument in favour of moving to flat rating is clearly set out in the Turner report—we have accepted those recommendations—so nothing is being done in a hidden or covert way. The argument is clear and profound.

[Mr. Hutton]

Let me ensure that the hon. Gentleman understands the situation regarding ADIs. The proposal represents a way of funding [illegible] effectively a redistribution in the state pension system and tackling the problem to which the hon. Member for Strangford (Mrs. Robinson) referred, thus ensuring that more women have a direct entitlement to a full basic state pension. The money is being not withdrawn from the pension system, but used in a more intelligent way that reflects modern family relationships and modern life. I hope that the hon. Gentleman will be able to support the proposal. We are not doing anything secretly or covertly, because everything is out in the open. If I had the reference for the pages of the White Paper that explain all that, he could find the detail there.

Mr. Hammond: The Secretary of State is right to say that everything is set out, say on page 299 of the Turner report, or in annexe 6 of the regulatory impact assessment. However, if he asks people on any high street in Britain what they understand about the Government's White Paper on pensions reform, they will tell him—if they understand it at all—that it is about reintroducing the earnings link in exchange for raising the basic state pension age. I am saying that a sustainable consensus must be based on the dissemination of information, so I make no apology for trying to get the debate going in the public sphere. That means not that the changes that the Secretary of State wants to make are wrong, but that they must be debated and understood.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): The hon. Gentleman makes a welcome commitment to trying to reach consensus on the way forward. We all accept that it is perfectly valid for him to wish to question aspects of the Government's proposals. However, if he decides to reject certain proposals at the end of the day, will he come up with viable alternatives that also promote affordability, with which he says he agrees?

Mr. Hammond: I am grateful to the hon. Lady for her intervention, and the Secretary of State is absolutely right, in that it is not open to anybody to reject all the elements of the package that save money for the Exchequer and then say that they would like to have all the elements that cost money. This has got to be affordable; we are fully signed up to that. The issue is about transparency and getting the debate going.

I reiterate to the Secretary of State the point that the hon. Member for Yeovil (Mr. Laws) made. If we are to have a consensus-building process, it must involve our being able to ask questions to probe the detailed arrangements being put forward as part of this package. The Secretary of State cannot say to us that no cherry-picking means no right to question the route that has been chosen to deliver the objectives. We must be able to look in a grown-up way at how the arrangements work.

My first point, then, is that transparency and openness in respect of the assumptions that lie behind the package and its financing are prerequisites for a durable consensus. But the other key concerns that need to be addressed, and on which I shall focus, are the impact of means-testing, the design of a workplace saving scheme and its interaction with existing occupational pension schemes, the certainty of the timetable for implementation, and pubic perceptions of the fairness and security of the pension system.

The key purpose of the package is the promotion of saving among not just the 5.2 million people who are not saving at all, but the rest of the population, many of whom are not saving sufficiently for a decent income in retirement. The pension credit has created an expectation of growing levels of means-testing, with consequent effects on savings behaviour that we now collectively need to assess and address. We welcome the Secretary of State's confirmation that it was never intended that means-testing should reach the 75 or 80 per cent. level predicted by Turner for 2050, but there remain major concerns about its impact on the proposed package.

The Government themselves say that there will be about 30 per cent. means-testing in the system by 2050. Other experts—notably the Pensions Policy Institute—disagree with the baseline assessment and therefore arrive at a higher level; they suggest that as much as 45 per cent. of the pensioner population could be means-tested by 2050. Whether the proportion is 30 or 45 per cent., a serious question is being asked by expert observers: will means-testing at these levels, institutionalised as a permanent feature of the system, undermine the package's key savings-promoting objective? We must look at what impact this level of means-testing will have on the savings behaviour of—typically, but not always—people on the lowest incomes. They are most likely to have interrupted work patterns throughout their lives, and are thus most likely to be entitled to means-tested benefits in retirement.

The fact is that we simply do not know what the answer is—we are in what I suggest is uncharted territory. This is probably the first time that we have had to consider behavioural responses to a long-term stable environment of moderately generous means-tested benefits. Historically, such benefits have been used as a safety net to catch a small number of people who have fallen through the system. Now, we are looking at a system that could be extensive enough to impact on people's lifetime savings patterns. The irony is that we are having to grapple with the behavioural consequences of the very consensus that we are trying to build, which will give people the certainty that they can plan on the basis of those means-tested benefits being available to them in retirement.

This will be a key area of the debate, and the Government can help us in several ways: by giving a commitment to publishing the full range of outcomes of their modelling of the extent of future pension credit eligibility; by commissioning more work on the impact on savings behaviour of different levels of means-tested benefit eligibility; and by extrapolating beyond 2050 the projected outcomes for paid individuals.

The Secretary of State said that 2050 was about the limit of his predictive power, but I put the following point to him. In the case of the low-paid earner used in the regulatory impact assessment, the assumption is that someone will have contributed for 52 years of continuous work. A person who is 16 in 2012, when the scheme starts, and who contributes for 52 years will be looking for an outcome in 2064. It is therefore essential that we project further forward so that people in that

position can understand the likely scenario facing them. We also need to see a range of real world outcomes. The truth is that most people will not work for 52 years in unbroken employment. Many people who will be on the margins of the savings decisions will have broken work records, and will need to know whether saving will pay for them.

It is legitimate to rely on auto-enrolment only if we are sure that we are auto-enrolling people into a scheme that leaves them better off by saving. The Conservatives would have serious misgivings about an auto-enrolment scheme that brought people into a savings system that would leave them less well off, or no better off, than they would have been had they not saved. We need to be confident that it is safe to recommend saving for the overwhelming majority of people, including those whose employment record is discontinuous. More will have to be done to demonstrate that that will be the case.

Much of the public comment on the White Paper has focused on the changes to the state pension arrangements and the introduction of the auto-enrolled workplace savings scheme, but until very recently Britain had a first-class workplace pensions savings system. Changes in the environment, which I have already described, have greatly reduced that provision, and most commentators now accept that defined benefit schemes in the private sector are on the way to extinction; however, high-quality defined contribution schemes remain, with employer contributions well in excess of the 3 per cent. compulsory level proposed for the national pensions savings scheme. As the Secretary of State knows, there is a real risk that the introduction of the NPSS, or a similar scheme, will act as a catalyst not only of the final demise of defined benefit schemes, but of a downgrading of employer contributions to existing defined contribution schemes.

The White Paper contains welcome provisions for a review of the regulatory environment surrounding occupational pension schemes. It is vital that that work be done soon and that the outputs from it are implemented well in advance of the introduction of an auto-enrolled scheme, because history will judge our putative consensus harshly if what we deliver is a pyrrhic victory, with a national pensions savings scheme that results in the downgrading of many people's employer pension contributions from higher levels to 3 per cent.

Mr. Laws: The hon. Gentleman raises a serious point. Given his party's general support in principle for the NPSS and for personal accounts, what policy solutions does he envisage that might deal with the problem of employer contributions to occupational pensions being downgraded to a very low level?

Mr. Hammond: The policy solution is to create a more attractive regime for occupational pension schemes so that employers can see that such a scheme is to their benefit—that a more generous occupational pension arrangement works for them as a recruitment and retention tool. It would be helpful if, when he winds up, the Minister of State made clear the scope of the review of the regulatory environment. Some of his recent statements on the record have been slightly ambiguous, and it would be helpful to know how wide he expects the review to go.

The Government have, rightly, signalled that the workplace savings scheme that they are introducing will be targeted primarily on median and lower earnings. We look forward to engaging with the Government in a debate over the summer on the potential benefits of such a scheme and the risks of an auto-enrolment model. The extent to which the Government should become involved in the delivery of a workplace savings scheme is not clear. The key debate—on the personal account system—is likely to revolve around the degree of state involvement, and thus the degree of personal responsibility and choice.

The danger, which Lord Turner has spelled out recently, is that a high degree of Government involvement in the delivery system will be interpreted by users of the system as a Government guarantee of investment outcomes. I am sure that the Secretary of State would be as keen as we are to ensure that that does not happen.

It would be useful if the Government could say what level of saving in the workplace saving scheme they would regard as a success. The White Paper implies an expected opt-out rate of about 38 per cent. The New Zealand Government are warning, in relation to the proposed Kiwi savers scheme, that opt-out rates could be as high as 75 per cent. The success of the auto-enrolled scheme will be a key measure of the success of the entire package. We must have a clear measure of what will count as success and what level of opt-out will trigger a review of the arrangements.

No part of this reform package will work unless we restore trust in the pension system and public confidence in its fairness. Two broad issues must be addressed if public confidence is to be restored. The first is the Government's response to the ombudsman's report. Acceptance of the ombudsman's finding of maladministration would cost the Government nothing. The ombudsman is an officer of Parliament. She was put in place to adjudicate on claims of maladministration. It is unacceptable for the Govt to reject the finding that she has made. To do so is to challenge the right of Parliament to scrutinise the Executive and deliver judgment upon its activities.

In response to the ombudsman's recommendations the Government have announced, as the Secretary of State said, an increase in the funds available for the financial assistance scheme. However, he knows very well that the benefits available under the scheme still fall far short of the demands of the pensions action group and of the recommendations of the ombudsman.

Jenny Willott (Cardiff, Central) (LD): Does the hon. Gentleman agree that there is a startling resemblance between the current occupational pensions saga with the ombudsman and the previous case about the state earnings-related pension scheme—SERPS—when the previous Administration were criticised by the ombudsman, also for maladministration and giving incomplete information? Does the hon. Gentleman agree that the only major difference is that with the previous case, the Labour Government accepted the previous Conservative Government's maladministration, whereas in this instance they are refusing to accept anything at all?

Mr. Hammond: The hon. Lady makes a good point.

[Mr. Philip Hammond]

The issue is not just about the supremacy of Parliament over the Executive. Similarly, it is not just about the justice of individual cases of people who have lost their pensions. It is about restoring confidence in the pension system. As I am sure the Secretary of State will understand, those people will not go away. They are determined to pursue their case. I suggest that as long as the newspapers are carrying stories about failed pension schemes, and about people living in poverty because of what has happened to the pensions that they worked for and saved for throughout their working lives, it will be difficult to re-establish confidence and get people saving again in a national pension savings scheme.

David Taylor: Those people will not go away, including those in the BUSM scheme in Leicester, some of whom live in and near North-West Leicestershire. Does the hon. Gentleman agree that it is important to reach an agreement about what the costs of responding to the ombudsman's report would be? A figure of £15 billion cash has been suggested, with net present value down to between £2.9 billion and £3.7 billion—but even that does not take into account the fact that compensation would be taxable, which would take a good number of people out of means-tested benefits. Let us reach agreement about the costs before we start to dismiss some of the solutions that might be available. Does the hon. Gentleman agree with that?

Mr. Hammond: I agree with the hon. Gentleman's plea for transparency. First, we need information. I also agree with the hon. Gentleman that the initial figures—the £15 billion to which reference has been made—were bogus figures, and designed to be misleading.

We need to understand what the costs would be. We have asked the Government to consider seriously the possibility of using unclaimed assets as a way of supporting the group of people concerned. So far I have not seen any response to that suggestion. The Secretary of State, for reasons of high moral principle and a pragmatic need to achieve delivery and acceptance of his White Paper package, must look at the issue again. I believe that I speak on behalf of Members from all parts of the House in saying that if he decided to revise his position and take a more generous approach he would not be criticised in any quarter of the House.

Mr. Hutton: May I once again put on the record my strong view that the figures are not bogus? The £15 billion was assembled in exactly the same way as we produced the costings for the financial assistance scheme in the first place. They are proper, actuarially based figures, and I dispute the hon. Gentleman's allegation that they are bogus, because that is fundamentally not the case. May I press him on something at which he has hinted, but not said? Is he saying from the Dispatch Box that he would compensate all those pensioners in full? He has criticised the Government for not making compensation available, but is it his policy to compensate them in full if he had the opportunity to do so in government—yes or no?

Mr. Hammond: If, when we are in government in three years' time or later, the Secretary of State has not resolved the issue satisfactorily, we will make a decision on the issue, as he would expect. However, this is his watch, so he must address the issue that has been raised and deal with the questions that have been presented.

On the issue of fairness, I should like to say something about the ongoing debate about public sector occupational pensions. Like the state pension, unfunded public sector occupational pensions are paid for by the general taxpayer, who will not take seriously the Government's strictures about the need to work to the age of 68 to address the challenges of increased longevity while they cave in to pressure from public sector trade union paymasters to continue to allow pensionable retirement at 60. The then Trade and Industry Secretary was right last year when he said of the plans to raise the public sector pension age to 65:

> "That argument is irrefutable. For us to say to the private sector you have to work longer and save more money, and to the public sector you stick with your retirement age is impossible".

Those words were spoken by a senior member of the Government, so the craven surrender to the vested interests of the Labour party's paymasters in negotiations ranks as one of the Government's low points.

Let me make it clear: our public servants perform a vital task and are entitled to be treated fairly, just like their private sector counterparts. However, public servants, too, will benefit from greater life expectancy, so they must participate in the necessary adjustment of pension expectations to reflect that increased longevity. Anything less fundamentally undermines the credibility of the Government's overall package. In the interests not only of protecting the interests of the taxpayer but of restoring the confidence of the man in the street in the fairness of the overall pensions system, it is essential that the Government revisit their wrong and unfair decision to allow retirement at 60 in the public sector for the next 40 years.

I welcome the opportunity to place on the record our support for the "direction of travel"—to use the Secretary of State's words—of the White Paper. I welcome, too, the opportunity to set out the big issues that must be addressed to build the durable consensus which, I believe, all parties in the House seek. The system itself, however, must be demonstrably robust before the consensus built on it can be so. We must test the package of proposals that the Government have presented, and engage with them constructively—if the Government are willing to engage with us—to address what we perceive as potential areas of weakness. We remain optimistic, despite some unhelpful noises off, that a lasting consensus can be forged, and that on the back of it, a lasting solution to the looming pensions crisis can be built.

4.49 pm

Mr. Terry Rooney (Bradford, North) (Lab): In recent weeks, the Work and Pensions Committee has taken evidence on the Pensions Commission report and the White Paper. I have attended far too many breakfasts, lunches and evening events. I have stopped eating, but the phrases keep going round in my head. We seemed to hear the same arguments time and again. Nevertheless, we were very grateful for the enormous number of submissions that we received. Not surprisingly, there

were some very, very vested interests. Generally speaking, the employers' side was anti-compulsion and the TUC was anti any increase in the retirement age. One can understand the position that they are coming from, but the Secretary of State has made the case positively that this is a package of measures, and if we start to unpick one bit, everything else unravels, and we need to be resilient in our arguments for the total package.

I want to concentrate for a minute on the issue of the state retirement age, because at the moment, once one goes beyond 55, the economic-activity rate plummets. It has been increasing in the last couple of years, which is partly down to the new deal for the over-50s, but at age 60, about 50 per cent. of the population are in economic activity. There must be a strengthening of training provision for the over-55s and of healthy workplace initiatives, and careers advice must be available. The general architecture must change—we need to start doing that now in preparation, because there is already a problem—to ensure that not only is the retirement age 68, but that people can work to that age and beyond if they wish. We need to ensure that they are physically capable and trained to take those employment opportunities. That participation rate must be a key indicator of the progress that we are making.

Among all the submissions, most gratifying was the general agreement on the principles in the Pensions Commission report. The argument is around the architecture and the implementation. There was fairly unanimous support for the proposals around the state scheme, and I do not propose to dwell on them. The difficulties are around whether we call it a national pension savings scheme or personal account. This is a classic case—I am not looking for work—for a draft Bill. There are many areas of debate and discussion to be had on that, and that would help the case.

The overwhelming message that comes through from all organisations is that there has to be simplicity and transparency in the scheme—primarily simplicity to reduce the cost. We had lots of argument over whether there should be 30 basis points or 50 basis points. We would settle for five. But if it is 50 basis points, as against 1.25 per cent. for stakeholders, that increases a person's pension pot by 20 per cent. That is what we should be looking at—the individual's pension pot at the end of the day. That should be the driving factor, not any submissions from vested interests. That is a key indicator that we should be looking at.

In this initial round we must also consider key groups such as the low paid, those in multiple jobs—each of which may be paying less than £5,000, which would exclude them from the NPSS, but which cumulatively takes them over—and those with continuing health problems. There is a laudable target to get 1 million people who are currently receiving incapacity benefit into work, but how will their broken work records affect contributions into the scheme?

There is also a huge issue, which I do not think the White Paper addresses, around the self-employed. I am not blaming anybody, but they seem to have been left out of the debate by both sides of the House and by outside organisations. Around 7 million people are self-employed. They are probably the most under-pensioned group of all and I dare to suggest that they are probably a group with greater means for pensions than others, but I take it no further than that.

David Taylor: My hon. Friend is right to focus on the two categories of fragmented employment and self-employment, but does he acknowledge that there is also a problem with fragmented, short-lived and disorganised employers and that when there are large numbers of them on the scene, it places difficulties in the way of many people who are trying to accumulate a pensions pot from them?

Mr. Rooney: My hon. Friend is right, and as he speaks with the voice of the accountancy profession I would expect nothing less. I will come on to the issue of manipulation by employers in few moments, if he will bear with me.

The low paid, people with health problems and those with multiple employers all desperately need generic financial advice—not investment advice, but generic financial advice, particularly relating to their current debts and how best to manage them. It cannot be left to the bandit advertisements on television, which encourage people to roll up all their debts into one as a means of sorting out their problems and having money to spare. By and large, those are not good deals. Sadly, decisions have been taken recently about the funding of advice from citizens advice bureaux and similar organisations, which mean that it is no longer available. I suggest that that is not a good deal. We really need a network of generic financial advice made available to the low paid and underpaid to allow them to make wise choices. As I said, I do not mean investment advice, but generic financial advice.

For the same reason and in line with keeping costs low, there needs to be a strong default option on the national pension savings scheme. As far as possible, we need to take the choice out of the equation. The greater the choice, the greater the need for advice, the greater the opportunity for mis-selling, the greater the complexity and the more costs increase. We also need to keep the scheme simple for employers. I have spoken to hundreds of employers over the last three or four months and they want no role at all in making any choices about the scheme for their employees. They want a simple scheme that allows them to deduct a certain amount of money every month, to send it off somewhere and to forget about it. Simplicity is important both for employer and employee.

There are dangers with this sort of enrolment scheme and we need to be honest about them. Certain less-than-honest employers will seek to induce people not to take part in the scheme. I do not want to traduce anyone, but by and large, the smaller the employer, the greater the likelihood of that happening. There is no better policed system than the national minimum wage, but there are still issues about it. There are still far too many employers who do not pay the national minimum wage. If they are not willing to pay a wage of £5.05 an hour, it is likely to be a problem for them to contribute to the national pension savings scheme. We really need a strong regulatory role—*[Interruption.]* The hon. Member for Runnymede and Weybridge (Mr. Hammond) is turning up his nose, but I wonder whether he will turn up his nose in 30 or 40 years' time when people who have spent a lifetime working for an employer find themselves in poverty because they were forced out of the scheme.

Mr. Philip Hammond: I am wary of creating new regulators and having more regulation, but I entirely recognise the hon. Gentleman's point. Surely the answer lies in the design of the scheme and the design of the opting-out system. That should help to deal with the few rogue and unscrupulous employers who encourage people not to participate in the scheme.

Mr. Rooney: Without naming names, when a multinational company is willing to break the law on trade union recognition, a small employer will be more than happy to break the law to deny people their rights under the scheme. We need to be mindful and wary of that. I would be delighted if there were no need for regulation and every employer played ball, but, frankly, that is cloud cuckoo land. We need to ensure, in the early days, that anyone who plays that game gets hammered hard, thus serving as a warning to everyone else. The regulatory programme could then hopefully be disbanded. However, experience tells us otherwise.

There is also a problem about the stage at which someone enters into a savings scheme. Some organisations say after six months, whereas others say after one month. Nowadays, the standard is that someone starts a job on three months' trial. The end of that trial period is the logical time for someone to join the scheme. However, there is a difficulty.

There is a connected problem. If individuals choose to opt out of the national pension savings scheme, they should receive standard generic advice on the consequences. Perhaps there should even be a cooling-off period for people to revise their decisions. The advantage of auto-enrolment is that it makes a decision for people. If they then exercise a different choice, it is fair and proper for the Government or somebody to point out the consequences and costs of their decision.

We are considering a period of further consultation, especially on personal accounts. We are therefore in danger of individuals facing six years of inertia. It is possible to consult to death. It is interesting that, in Sweden, where a similar scheme was set up, the contributions were collected for four years before it was established. That made sure of identification and allocation. We need to be wary. Another six years of people avoiding decisions that they did not want to make in the first place is quite a slice of someone's working life, and of investment activity that is not happening.

One of the commission's proposals, which the Government rightly rejected, was for an ongoing commission. I do not see the need for a continuing, fairly expensive quango that would have little to do for the next few years. It would be good if the Minister for Pensions Reform set out the review mechanisms that the Government anticipate in 10 or 15 years. I do not accept the need for a standing commission, but establishing the architecture of the review process would be helpful.

5.2 pm

Mr. David Laws (Yeovil) (LD): The Liberal Democrats also welcome the opportunity to debate the detail of the White Paper. As the Secretary of State and his colleagues know, we made it clear when he made his statement to the House a month or so ago that we support the direction of travel of pensions policy.

There is a remarkable consensus about the broad thrust of pensions policy in that all the major parties have agreed that there should be a firmer foundation for the state pension and an end to the increase in means-testing. All parties, if not all hon. Members, have agreed that the state should get out of second pension provision in favour of some sort of personal accounts that are not controlled by the state. All have also accepted what seemed unlikely to gain consensus only a year ago—namely, the need for an increase in the state pension age. The Secretary of State and his colleagues deserve some credit for moving the debate in that way and gathering consensus, as do Lord Turner and his colleagues.

Our concerns are about the detail of the reforms. The greatest threat is not disagreement between the parties on the philosophy of pension reform, or even that the existing agreement will not be sustained in future. There is broad philosophical agreement, not just agreement about detailed aspects of pension reform, between the parties. Our biggest concern is whether the pensions reforms will deliver the outcomes to which the Secretary of State and others aspire. The biggest risk is that when we review the proposals in 10, 20 or 30 years—given the Secretary of State's earlier predictions about longevity, we will all be alive then—we may find that the most important part of the Secretary of State's reforms, the personal savings accounts and the national pension savings scheme, have not delivered the intended results.

In his valuable contribution, the hon. Member for Bradford, North (Mr. Rooney), who is Chairman of the Work and Pensions Select Committee, identified a number of areas in which the personal savings accounts and the NPSS may fall down. As was the case with stakeholder pensions and other accounts, the fear is that we will not get the additional degree of individual commitment to pensions, which we have not had in recent years, and that we will still be building on a basic state pension system that even Lord Turner has described as mean by international standards.

We hope that there will be a further consensus-building process over the next few months. We know that the Secretary of State has had to forge his own consensus with the Chancellor and other Ministers on pensions reform, and we hope that in doing so he is not borrowing from the Chancellor's traditional view of consensus building and consultation. In my experience, consultation à la Brown consists of an announcement by the Chancellor of a new policy and the simultaneous announcement of a great national debate and consultation, which is followed by a decision to rule out all the alternatives on the basis that they are ludicrous or unaffordable. Although the Secretary of State and the Minister for Pensions Reform are more constructive and more approachable than the Chancellor, an element of that Brownite approach is apparent. In his press release earlier today, the Secretary of State made it clear that one cannot pick and choose from within the package and avoid the tough choices.

When I asked the Secretary of State which provisions he is prepared to amend, the answer was the personal pension, the only part of the package about which he has not made up his mind. In other words, the Government are unwilling to discuss with the Opposition parties

those aspects of the package on which the Secretary of State has already made up his mind, but where they do not have a clue about the detail they will look elsewhere for good ideas. I welcome the fact that the Government have not set in stone their views about personal pensions and the NPSS, which involve some extremely complex issues that, as the Select Committee Chairman has said, would benefit from extensive debate.

The Liberal Democrats do not have fixed views about all the aspects of personal pensions, and I hope that we can debate and consult on those issues. I hope that the Secretary of State understands the angle from which we are coming. Although there is agreement about the direction of travel, we want to test whether his proposals are likely to deliver the outcomes to which he aspires.

Before I discuss the aspects of the pensions debate mentioned by the right hon. Gentleman in his contribution, he and the Minister for Pensions Reform have said that the Opposition parties have been avoiding tough choices. If the Government are looking for sources of additional finance to help to improve the pensions package over the next few decades, perhaps they will return to the one tough choice on pensions policy that they have failed to take, which, as the Conservative spokesman, the hon. Member for Runnymede and Weybridge (Mr. Hammond), has said, is the reform of public sector pensions.

Despite the proposals agreed by the previous Secretary of State for Trade and Industry at the end of last year, expenditure on the state pensions system will be broadly static for the next 15 years at a time when expenditure on public sector pensions will increase by 50 per cent. as a share of GDP. We still have the rather ludicrous deal that the previous Secretary of State for Trade and Industry struck with a number of unions, under which people who have not even joined the public sector yet will be able to retire at 60, while the Secretary of State for Work and Pensions is trying to raise the state pension age to 68. We still have the injustice for many women who begin employment in the public sector and work for a similar period to their male colleagues, but find that because they have to give up employment for child care responsibilities they lose the entitlement to the grandfathering of their pension age and may end up retiring five years later than people with a very similar work history.

I wonder whether the Government are dealing with different public sector employees in a fair and rational way. One of the most affordable and rational public sector pension schemes is the local government employees scheme—a funded scheme in which the level of employer contribution is relatively low compared with other public sector schemes, including our own. Yet the Government's proposals on that scheme are considerably tougher than some of those that apply to other public sector schemes.

Mr. Russell Brown (Dumfries and Galloway) (Lab): The hon. Gentleman paints a picture of local government pension schemes. I remind him that some of the lowest paid workers work in local government. He should not try to portray a situation whereby everyone is on magnificent salaries, which is clearly not the case.

Mr. Laws: I thank the hon. Gentleman, but perhaps he misunderstood my argument. I am arguing that the way in which the Government are approaching public sector reform is incoherent and that some public sector schemes, such as the local government scheme, are being treated completely differently from others. The hon. Gentleman says that many local government employees are on low incomes, and he may well be right. Nevertheless, the Government can find the money to increase the share of GDP in public sector pensions by 50 per cent. but cannot find the money to increase the share of GDP in the state pension, which is relied on not only by people in the public sector, but by people on low incomes throughout the entire economy.

Kali Mountford: The hon. Gentleman points to the apparent disparity between different people in similar-seeming jobs getting different pensions. As an ex-civil servant, I know that the issue of pensions is a key part of the national pay negotiations for civil servants. The unions would rightly demand on behalf of their pensioners, who have foregone wages for all those years to have a pension, the wages that they would have had.

Mr. Laws: The hon. Lady is right to say that all aspects of remuneration are considered together, but wrong to say that there is clear evidence that better pensions for public sector workers are a compensation for lower pay. In many parts of the country, that is not the case at all.

Mr. Rooney: The Government are not the employer in the local government pension scheme, but the regulator.

Mr. Laws: The Chairman of the Select Committee makes a technically accurate point, but one that ignores the fact that the Department for Communities and Local Government not only helps to fund that scheme, but may be pulling many of the strings.

Our exchanges highlight the fact that there are very different views about public sector pensions and about what needs to happen in future to make them sustainable. Surely the lesson is that the Secretary of State and the Government should borrow from the model that has served them so well in relation to the rest of pension reform, whereby they established an independent body chaired by somebody who is highly respected—*[Interruption.]* I am most grateful to the Pensions Reform Minister, but I am not offering myself, or any other Liberal Democrat Member, for the job, as I am sure that somebody of even greater independence would be needed.

The Government have a perfect model for flushing out the substance of the debate and securing a consensus. They should learn from the experience of Turner and consider establishing an independent commission to look into public sector pensions to give us a shared understanding of the economics of those schemes, which often rely on employer contributions—that basically means taxpayer contributions—and which are way in excess of anything in the private sector. Were the Government to establish such a commission, we could understand, on the basis of evidence—not prejudice from either the left or the right of the political spectrum—whether such pension schemes are sustainable. We could then bring forward proposals for rational reform. If we

[Mr. Laws]

do not reform public sector pensions in that way, I fear that some future Government, of some party, will, in a very short period, have to make the reforms that should have been made with the sort of long lead times that the Secretary of State has provided today in respect of the change in the state pension age. If he is looking for a typically new Labour tough choice, establishing an independent commission to consider public sector pensions is precisely what he ought to do.

To return to some of the other detail dealt with by the Secretary of State today, another issue about which people were concerned when he made his previous statement, and one that is a big concern among constituents throughout the country, is the amount of time that we will have to wait for the earnings link to be restored to the basic state pension. The initial Turner proposal was for 2010, and the Secretary of State has not only moved back the earnings link and moved forward the increase in the state pension age, but he and the Chancellor have added another element of uncertainty about when the earnings link will be restored. It is unclear why that element of uncertainty has been added.

Mr. Hutton: It is important to correct what the hon. Gentleman has said about us not accepting Turner's recommendations on increasing the state pension age—*[Interruption.]* No, we have not brought it forward. If he reads the report carefully, he will see that Lord Turner mentions 2030 for modelling purposes. He did not recommend that the state pension age should rise in 2030. The hon. Gentleman is therefore wrong to say that we have brought that forward by five years. He needs to read the report more carefully.

Mr. Laws: I note the Secretary of State's comments and the difference between modelling assumptions and recommendations. All that I say is that, compared with the modelling assumptions or recommendations in the Turner report, he happens to have moved back the good news and moved forward the bad news.

Kate Hoey (Vauxhall) (Lab): The hon. Gentleman is right that there is huge concern in our constituencies about when the earnings link will be restored. Is he aware that the National Pensioners Convention has worked out that even if the link were to be restored by 2012, that would merely mean an extra £1.40 compared with the current provision? Should we not unite in the House to do something to help current pensioners who cannot afford to wait until 2012 or 2015?

Mr. Laws: The hon. Lady is right. She will have found, as many Members will have done, that although there was broad consensus in the House about pensions reform on the day of the Secretary of State's statement, pensioners throughout the country were much less enthusiastic—when they heard about the proposals because many of them, longevity notwithstanding, may be gone by the time that some of the benefits of the proposals accrue.

The Government maintained in the White Paper, on page 110, that the increase in the state pension age and the earnings link should be "inextricably linked", and yet it seems that we will legislate for higher state pension ages even without a firm date for the restoration of the earnings link. To many people, the reason for the uncertainty about the earnings link is unclear. The Chancellor and the Secretary of State have said that it is a fiscal and affordability issue. However, the point about the earnings link, which has been a matter of political debate for years in this country, is its cost in the future—in five, 10, 15 or 20 years.

The Minister for Pensions Reform, who is in the Chamber today, was kind enough to answer a parliamentary question on the cost of restoring the link a few days ago. He indicated that that cost was £0.4 billion in the first year and £0.7 billion in the second year, so the amount of money that we will save through a delay in the pension age of one or two years is, in the context of the national accounts, peanuts. That is the amount of money that the Chancellor uses, in one of his great wheezes, in every Budget and pre-Budget report. If this is supposed to be a great reform, why is £0.4 billion or £0.7 billion now so vital? Why does that make it affordable or unaffordable? It makes no sense to us.

What about the significance of the earnings link—and not just for the pensioners who are waiting for it be restored? When the Secretary of State responded to the hon. Member for Newcastle upon Tyne, Central (Jim Cousins) in the House on the day of the statement, he seemed to me to be saying that the earnings link and the new personal pension accounts, along with the national pensions saving scheme, would be contingent: that they would be introduced at the same time. That is confirmed in the House of Commons briefing paper, so if it is wrong, perhaps the Secretary of State will correct it. The clear implication was that if the earnings link were delayed, the NPSS could be delayed as well. As the Select Committee Chairman pointed out, we must wait six years in any event. I hope that if I am wrong the Secretary of State and the Minister for Pensions Reform will feel free to intervene. Otherwise, however, the delay has a double significance.

The Minister for Pensions Reform (James Purnell): I am happy to make it clear that all that we are saying is that the two fit well together in terms of their introduction in 2012. There is no direct link between them.

Mr. Laws: I am fascinated to hear that. If the Minister looks at the *Hansard* report, he will see that a clear commitment was given to the hon. Member for Newcastle upon Tyne, Central that the NPSS would not be introduced until the earnings link was restored. I hope that we have been given some reassurance today, although I fear that the hon. Member for Newcastle upon Tyne, Central will not be very pleased to hear what has been said. The Government have not made the case for a delay in the earnings link and I hope that we shall return to that when we consider the legislation. As the Minister can read in *Hansard*, the hon. Member for Newcastle upon Tyne, Central said on the day of the statement

> "I hope there will be no attempt to cherry-pick Turner so that the personal savings scheme starts in 2012 and the earnings link

does not. Will my right hon. Friend assure us that the two dates will be coupled... ?"—[*Official Report*, 25 May 2006; Vol. 446, c. 1659-60.]

The Secretary of State's answer was simply "Yes."

Will the Minister clarify another issue relating to the earnings link? Although it may seem to affect only a small number of pensioners, it is hugely important to a growing proportion of the pensioner population. As the Minister will know, about 1 million pensioners out of a total of about 11 million live abroad. At present, the pensions of half of those people are linked to prices, while half receive no uplift each year even in relation to prices. Does the Minister intend to uprate in relation to earnings the pensions of those who currently receive the prices uplift? If so, the current unjust difference between the pensions of those living in different countries will widen significantly in the future. If the Minister already has a clear view, we should be grateful to hear it.

In his helpful speech, the hon. Member for Bradford, North identified many concerns about the NPSS and the personal accounts. I have already said that I hope that there will be close co-operation between all the parties in the framing of the scheme. There are numerous risks. There is, indeed, a risk the people will perceive the risk itself as Government-backed, and against the thrust of the proposal for personal pensions that do not rely on the Government.

There is also the fundamental issue—mentioned by the hon. Member for Runnymede and Weybridge—of means-testing. On page 105 of the White Paper, the Government say:

> "Problems with incentives could... develop if a pensions system evolved in which a significant majority of pensioners were entitled to Pension Credit in the long term."

We know that that was very carefully written, and we know that the Government now aspire to cap the extent of means-testing at 50 per cent. at the highest, and think that they can push that down to below 30 per cent. However, there is also much doubt about the nature of those figures, notwithstanding the changes that have been made to savings credit.

I repeat the request by the Conservative spokesman that the Government should look closely at the modelling on the number of pensioners in means-testing and that if people come up with other, perhaps more realistic assumptions, the Government will run them through their model. Surely the point is that even if the Minister is successful in reducing the number being means-tested to below 50 or 40 per cent., many of those individuals are those least likely to save. In other words, the 30 or 40 per cent. of people we are talking about will be those who will have to make difficult decisions about whether to save. We do not care about the top 10, 20 or 30 per cent. because we know that they will save anyway and, indeed—as several hon. Members have pointed out—there are already generous incentives for them to do so.

The 30 or 40 per cent. we are talking about will have to make a difficult choice, but they are the very people who are already struggling financially, as Labour Members well know. Those people may be borrowing money at very high rates of interest from mortgage companies or on credit cards in the struggle to purchase a home. They have many other things to do with their scarce earnings. Some will not receive any employer contributions, as the Select Committee Chairman mentioned. Others will see all the employer contributions wiped out by means-testing. I seriously doubt whether many of those people will choose to save in a scheme of this type, especially as I do not think that they will easily understand the risks. Therefore, the auto-enrolment aspect—also mentioned by the Chairman of the Select Committee, in what was a very interesting contribution—is crucial to ensuring that huge numbers do not simply opt out.

The issue of means-testing is not just how high we can get the basic state pension, or its affordability or its simplicity—it is also fundamental to the whole thrust of what the Government are trying to achieve.

Mr. Philip Hammond: I am slightly confused by something that the hon. Gentleman has just said. He expressed the concern that high levels of means-testing would make it inappropriate for some people to save and then he said that auto-enrolment would be very important. Does he share my concern that if we are to have a system of auto-enrolment, we must be highly confident that saving will be in the best interest of the overwhelming majority of people?

Mr. Laws: I entirely agree. The point that I was seeking to make was that if we have a significant element of means-testing, those people who are means-tested may see any employer contribution wiped out as a result. If we are talking about people saving only their own money, when they could be using it to pay off debt or save through some other instrument, it is unlikely that they would choose this particular instrument unless the effect of the auto-enrolment inertia is so great as to keep them in the scheme. However, as the hon. Gentleman suggests, we would not want to keep them in the scheme if they were effectively being mis-sold these pensions, and that is a critical point.

One point has been implicit throughout our debate and was touched on by the Chairman of the Select Committee; however, it is worth spelling out in a little more detail. The proposals entail an enormous transfer of risk, away from the state in relation to second-tier pension provision, and away from employers, who have not been able easily to manage the risks in recent years. Employers will welcome that and, as a politician, I welcome the move away from political involvement in second pensions, but we must consider whether individuals are ready for the risk to be transferred to them. I fear that the level of financial illiteracy is very high, so the Government will need to address the challenge of trying to ensure that we have some prospect of people understanding the risks that they will take before the NPSS starts.

Secondly, I agree with what the Conservative spokesman said earlier about the ombudsman's report. The Government's response has been extremely disappointing. Even if the potential liabilities fall due a long time in the future, they are just the sort of unexpected contingency that ought to be met out of the contingency reserve. What is that reserve for, if not for dealing with precisely such matters? It has been possible to find the money needed for Iraq in the contingency reserve, so it must be possible—over 30, 40 or 50 years, and with the co-operation of the Chancellor of the Exchequer—to find in that

[Mr. Laws]

reserve the money necessary to offer some justice for those who have lost their pensions.

The Secretary of State also referred to the financial assistance scheme. I hope that the Minister for Pensions Reform will be more successful than his predecessor in getting the scheme's administration to work effectively so that, over the next six months, people will not have to wait as long for the pay-outs as they have in the past year.

We welcome the debate for which the Government have given us scope today. I regret that it has been necessary to table some amendments to the Government's motion, but it had the flavour that the Government expect us to sign up to their proposals in an unthinking way. We agree with the direction of travel and we concur most strongly with the philosophy behind the White Paper, but over the next couple of years the House of Commons must ensure that there is consensus about the proposals and that they will deliver in the future.

5.31 pm

Mr. Frank Field (Birkenhead) (Lab): I want to thank my right hon. Friend the Secretary of State on two counts. First, our life expectancy has risen by 30 minutes or more since the debate started. If his calculation is correct, it enables us to understand why there is such a crisis facing pensions funding.

Secondly, I thank my right hon. Friend for reminding the House of the success of the pension credit scheme. This Government have redistributed more resources to the poorest pensioners than any Government since 1948, and the only sadness is that he has had to remind some Labour Members of the Government's success in that regard. However, we know that the pension credit scheme, as currently constituted, cannot last in the longer term. That is why we need to debate the proposed reforms, and I want to raise three matters that will break up the consensus that has held sway since my life expectancy was extended by 30 minutes a short time ago.

My first point has to do with the Government's approach to consensus. A sort of Judy Garland approach has taken over the contributions to the debate so far. The feeling appears to be that, if we just hold hands, we can tiptoe more quickly to the end of the rainbow and the great prize that is a political consensus.

I do not want to knock the importance of the House of Commons, but we do not play much of a part in the formation of consensus. That is formed by the people of this country—our voters. The last time that we thought we were so clever as to create a consensus was in respect of SERPS. It lasted all of five years, and I wonder whether the Government's tax-financed pension proposals, as opposed to an investment-led approach, will last even that long.

The choice being given to the electorate is to support the Government issuing some more IOUs for pension reform. They will not be paid now, but are to be redeemed by taxpayers in the future. However, Governments have issued such IOUs in the past, and we all know that they have not been so redeemed. The only consensus in this country since 1948 has been in favour of a modest basic state pension. In the early days, it was not linked to anything, although the subsequent link to prices has remained in place. So there is a sombre note for us. It is fine for us to talk in wonderful glowing terms about what we shall create and the consensus that will enforce it, but if we rely on a tax-financed model that consensus will not last long.

My first disappointment in the Government is that given the success of pension credit, and that for the first time they have managed to buy time when they have not also had to deal with reforms to help today's poor pensioners, we chose the old tax-financed approach instead of building up rafts of investments. If we had adopted the investment-led approach, no politician would advocate changing the consensus. If one of us did, our colleagues would quickly drag us to the political knacker's yard where we could safely be put out of our misery and our constituents' pension investments would be left intact. That is my first note of caution.

Secondly, although the phrase "auto-enrolment" flows easily off the tongue, the Government are really introducing a toxic element in our occupational pension provision. There are already major changes because employers want to cut the costs of their pension commitments, and in the auto-enrolment proposals the Government's natural wish to establish a floor will quickly become the ceiling. Employers who are paying between 15 and 40 per cent. of wages costs to occupational pension schemes could quickly decide to embrace the Government's approach to auto-enrolment to reduce significantly their contributions to such schemes.

Sir John Butterfill: I entirely agree with the right hon. Gentleman. Does he agree that we need to establish an incentive for employers to go beyond the basic level if we are to avoid the scheme becoming both the ceiling and the floor?

Mr. Field: As the hon. Gentleman knows, I favour a single scheme for everybody, whereby we continue the basic state pension, building up investment funds alongside it, and deliver a pension that takes people off means-testing. Beyond that, it is not the duty of the House to interfere with how people save; they have a very good idea about how to save and we should not try to bribe them one way or the other.

The third aspect on which I want to suggest caution is the establishment of the national pension savings scheme. The Government will call it by a different name—I do not blame them—but there are real dangers. The Government have had to listen to Front and Back Benchers remind them about the ombudsman's report on Government liability for giving wrong advice about the safety of occupational pension schemes. I am amazed by the toughness of the ombudsman's report about the issuing of a form that most of us never saw—I certainly did not see it and I take a particular interest in pensions. If the House establishes, and encourages people to join, a national pension savings scheme that has different funds with different rates of return, we can imagine the outcry when considerable numbers of our constituents express disquiet that they joined the wrong fund. Imagine the liability for future taxpayers if we go down that path.

If the private sector wants to establish such a scheme, I am all in favour of letting it do so, but it is not the role of the Government to decide to set up that sort of framework, by whatever name. It is not right to expose future taxpayers to the mis-selling and disappointment that will inevitably arise from such a scheme. However, I welcome those in the private sector who wish to prove me wrong and think that they would be able to do a job along the lines that the Chairman of the Treasury Committee spoke about earlier.

Sandra Osborne: I am interested in what my right hon. Friend has to say and I will certainly reflect on it. I am sure that he recognises that many people currently do not have any occupational scheme whatsoever or any personal savings scheme. What is his solution to that?

Mr. Field: It is the solution that I mentioned a moment ago. We should have a simple scheme, whereby we continue the basic state pension and have an investment-led scheme that builds alongside it, so that at the end of the day it delivers a pension that takes us all off means-testing. It would be compulsory and simple. There would be one scheme and no mis-selling. If other people wish to save on top of that, fine. It is not our job to try to persuade them to do so and we should not use huge sums of taxpayers' money to try to bribe them to save beyond that. However, it is the House's duty to deliver a scheme that, at end of the day, takes all our constituents off means-tested benefits. That will not be offered by those on the Labour Benches or on the Conservative Benches.

I am sorry that I am rather late this afternoon and am introducing a note of cynicism into the mood of self-congratulation that was embracing us all up until the point at which I spoke. Consensus is not made in this House; it is made outside by our voters, who will discipline us for destroying a scheme that they wish to keep. At the end of the day, they will not support the reforms that the Government are bringing forward. I end on a note of sadness. We have a Secretary of State of real quality who is selling proposals that will not last. Imagine what the enthusiasm in the country would be if we had managed to match the Secretary of State with a scheme that worked with the grain of human nature, rather than against it.

5.42 pm

Sir John Butterfill (Bournemouth, West) (Con): I do not often disagree fundamentally with the right hon. Member for Birkenhead (Mr. Field), but I do on this issue, because I think that the Government are fundamentally right in what they are putting forward in response to Turner. Although it has lots of things that need tidying up and clarifying, the proposed scheme will be for the benefit of the nation as a whole. However, he was right to point out the damage that has been done by the Government's refusal to acknowledge the findings of the ombudsman's report, which is sad. Perhaps that is one of the reasons why Scottish Widows announced today that voluntary pension saving for personal pensions has fallen in the past 12 months by no less than 10 per cent. That flags up the urgency of doing something about the issue. It also emphasises that the Government cannot have it both ways: they cannot appoint an ombudsman and then completely disregard the ombudsman's recommendations.

There are ways in which the Government's proposals can be improved. What the Government propose—particularly delaying the link with earnings until 2012—is pretty unsatisfactory. At the moment, we have a group of people in this country who are the main recipients of pension credit. I am talking about the very elderly—the people born before 1930, who are already in their late 70s and will be in their late 80s by the time the Government's proposals come into effect. They represent—probably predominately—the very poorest in our society. Not all of them are very poor, but I am talking about the majority. We should do something now for those people. We should say that those born before 1930 should have a higher pension than the rest of us, although that should not roll on to people born before 1931 and people born before 1932. We should recognise that that generation grew up in a war period or an immediate post-war austerity period and were not able to make the same pension savings that most of us have been able to make. By recognising those people's needs with a special pension, we could reduce considerably the bill for pension credit and help the whole process to go forward.

Equally, we could introduce measures that would enable us to reintroduce the earnings link sooner than the Government propose. The Government were right to go a little further than Turner and bring forward the age extension that he proposed, so I congratulate them. The scale of change to the pension age that was suggested by Lord Turner was rather conservative, although he was largely motivated by the need to integrate the retirement ages of men and women. However, there is scope to make the change more rapidly still. We will wait too long if everything is ultimately left until 2050, so we could compress the process further and thus bring in more money to allow the earlier establishment of the earnings link.

We must also persuade the rest of the public sector to follow the example of the House. On 3 November 2004, the House voted to end Members' right to retire at 60 without any reduction in pension. That will apply from 2009, rather than 2013, which is the date proposed for the rest of the public sector. I know that such a change will be painful, but the House has already voted for it. We thought that by setting an example, we might strengthen the Government's hand when trying to convince the remainder of the public sector that such a change was necessary. It would not mean that people would have to work much longer. However, if people choose to retire earlier, there is inevitably a cost. If people live longer, the cost to taxpayers is much higher.

Such measures would enable us to do more—and do so earlier—for those who are most needy. They would create a greater prospect of not needing to move endlessly towards putting more and more people on means-tested benefits. As the right hon. Member for Birkenhead said, that has to end eventually because we cannot continue on that road indefinitely.

I agreed with some of what the right hon. Gentleman said about the scheme that the Government are proposing. If we have a complex scheme with many investment choices, there might be a danger of mis-selling. The scheme is aimed predominantly at those who are not very high earners. Those high earners can afford to take the gamble of going for risky investments because if

[Sir John Butterfill]

everything falls down, they will still have enough to live on. However, ordinary working people do not have that luxury, so they need a guarantee that they will be saving in a safe vehicle. I thus respectfully suggest to the Government that there should be a single investment pot from which everyone in the national pension savings scheme would draw their pension.

We could have a large number of investment advisers. The Government should use expertise in the private sector and encourage bids for the right to be an investment adviser. Such a process would be competitive. It would keep people on their toes, and those who did not perform well would get the sack, which might allow others to get a job. That would maximise the return to the NPSS and its beneficiaries.

I do not think that the Government have quite decided whether there will be a single scheme or multiple schemes. I hope that they do not envisage having multiple schemes because the examples from countries that have done so are not especially edifying. Anyone who worries about such matters should consider the experience in Australia, where there was massive mis-selling and an awful lot of suspect activity. No one wants that, so we should have a single provider with multiple advisers.

The resources of the private sector could be used in the administration of the scheme. There is massive expertise in the pensions and insurance sector, and that sector also has existing computer systems that work. No one wants the Government to set up yet another major public sector computer scheme because they have not yet found one system that works properly. One only has to look at the Child Support Agency to find real evidence of what can happen.

We would be mad to try to set up a new scheme when there is plenty of expertise outside the public sector, but given what can be done, there is a genuine prospect of us being able to create something very worth while. However, I reiterate that, as the right hon. Member for Birkenhead said, there is a danger that the floor will also become the ceiling. We therefore need to encourage the private sector to continue to offer pension saving for its employees. The only way we can do that is by giving it some incentive, and I hope that the Government will see that to do so would be an act of enlightened self-interest.

5.50 pm

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): In view of the number of Members who wish to speak, I will be as brief as possible. I wish to comment on the proposals as they affect women, and to inform the House of a number of matters that were raised with me and with my hon. Friend the Member for Central Ayrshire (Mr. Donohoe) in a consultation that we held with the five seniors forums in South Ayrshire. A number of strong views were expressed, which I shall put forward on behalf of those who aired them. Finally, I shall refer to the situation of people who have lost their pensions; I have been involved in that issue for a considerable time.

There is a great deal of public interest in the whole issue of pensions, and strong views are held. Contrary to what my right hon. Friend the Member for Birkenhead (Mr. Field) said, we have a once in a lifetime opportunity to reach a consensus that can take us forward. But, unlike what happened in the past, that consensus should not be built on the back of women's unpaid work, nor on their assumed dependence and reliance on men regardless of what their personal circumstances happen to be. That has not served women well in the past, and as we know from all the statistics, it is totally irrelevant in the modern age and for the future.

Women are individuals in their own right, and they should be regarded as such in the pension system. The fact that they still bear the brunt of the nation's caring responsibilities means that they should be rewarded, not penalised as they are at present. I greatly welcome the fact that that will be addressed as part of the reform process. Younger women will now be able to qualify for a full basic state pension and will have more income in retirement, as well as benefiting from other measures in the reforms, which will help them to plan ahead for their future—which many of them will spend on their own.

There is a general welcome for the core principles of the White Paper; we have heard that from Opposition Members today. However, there is also a need for much more discussion on the detail. Although the proposals will provide a better platform for pension provision in the future, there is a concern, which many Members have expressed in the debate, that the recommendations contain no immediate benefits for today's pensioners. However, I have been impressed by the uptake of pension credit benefits among my constituents; it has greatly improved many lives, and many pensioners have told me that they have never been better off.

However, my right hon. Friend the Member for Birkenhead is right to say that we need a consensus on the current proposals. Older women—certainly the pensioners that my hon. Friend the Member for Central Ayrshire and I consulted—are concerned about how long it will take to implement some of these measures. They are impatient about the long time scale; they believe that the link with earnings should be restored more quickly, and that that needs to be done sooner rather than later. They cite the fact, as they have often done in my many discussions and consultations with them, that there is a substantial surplus in the national insurance fund that could be used for that purpose. I have never been able to substantiate that in any detail, and I shall be grateful if the Minister for Pensions Reform can make some comments on that this evening, which I can take back to my constituents. There is a frustration about the time scales, and there is a feeling on their part that they are being forgotten in the whole scheme of things.

My constituents recognise that there is a long time scale for raising the retirement age, but they are concerned that as people get older work opportunities become difficult to come by, and health could be affected, depending on the nature of the work involved. They also strongly feel that the rich will be able to retire early because they will have sufficient income, while the poor will be forced to continue working because they will not have sufficient income to retire early. They are

also concerned about the current level of pensioner incomes and benefits, particularly as the costs of fuel and council tax are rising. They feel that that is the case now, and that it needs to be addressed now.

The group of pensioners whom we consulted were very pleased with the measures on women and the national pension savings scheme; those were given a warm welcome. But it was thought important that the scheme should be administered at the national level, as employers' and pension companies' records in administering pensions are not good; in fact, they are thought to be "terrible". That is a direct quote; I am putting forward that opinion on behalf of my constituents—although I am not saying that I particularly disagree with it. They feel that the industry and employers have a terrible record in administering pensions, and that that should be done at the national level, with Government involvement.

That brings me to my final and very important point: the position of those who have lost their pensions. In the case of the people whom I represent, that is substantially due to lack of efficiency on the part of the people administering their occupational pensions. As the Minister knows, I have campaigned with my constituents whose pension funds collapsed—and those former United Engineering Forgings workers have been at the forefront of the campaign on this issue, along with trade unions.

As a result, the Government brought in the financial assistance scheme and the Pension Protection Fund in the Pensions Act 2004. Then, on 25 May, they announced in the White Paper that we are debating today that they will extend the FAS to those who were within 15 years of retirement on 14 May 2004. That will bring the actual pension paid to 80 per cent. for those who were up to seven years from retirement, 65 per cent. for those between seven and 11 years from retirement, and 50 per cent. for those between 11 and 15 years away. To achieve that, the Government are increasing the FAS funding from £400 million over 20 years to £2.3 billion. There is dispute about the actual percentages involved; I have quoted the Government figures. As my hon. Friend the Member for Sunderland, South (Mr. Mullin) said, one of the problems with this whole issue is that different figures are being bandied about by different parties. Some are disputing the Government figures, and we are not getting substantiation, which is leading to those involved becoming further disillusioned.

Mr. Nigel Waterson (Eastbourne) (Con): Does the hon. Lady agree that one of the problems is that the Government talk about percentages of what they call the core pension of those individuals—that is a new concept in the pensions world, so far as I am aware—and that in most cases the core pension in no way represents the pensions they could and would have expected if their schemes had not got into difficulties?

Sandra Osborne: I agree that it is alleged that the 80 per cent.—in common with the other percentages that I have quoted—is not 80 per cent. of 100 per cent. of what such people would have received. I am raising that matter to seek clarification from the Minister.

Stewart Hosie (Dundee, East) (SNP): The hon. Lady will be aware that one of the problems with the financial assistance scheme is that it does not kick in until a pension scheme is fully wound up, which can be delayed for many years simply because the people administering the scheme cannot find one or two of its members. That is causing a great deal of worry for people who are due money from the FAS. Will the hon. Lady join me in encouraging the Minister to look at that and to find a remedy for that particular fault with the scheme?

Sandra Osborne: I am aware that there are genuine difficulties in identifying all those who are eligible for the scheme, but that would be the case whatever scheme the Government—any Government—introduced. I believe that the Government are taking steps to try to improve the scheme's efficiency. The number of people being paid has increased significantly, but I agree that there is a problem and I encourage the Minister to look at it.

I recognise that the Government have made significant progress in providing assistance, but as we all know and as we are discussing today, serious gaps remain. For example, it is perfectly possible for someone who started in a scheme at the age of 21 and who is now 45 to get nothing, even though they have paid in for 20 to 25 years. The Government have made it clear that the financial assistance scheme is not a compensation scheme and that they do not accept liability; the money has been targeted at those closest to retirement. It is certainly true that those closest to retirement will be in the most difficulty, because they have no time to make up the shortfall. But we all know that it will also be difficult for those aged 45 and over to make up the years that they have lost—years for which, in any case, they paid for through deferred wages. They have already paid that money and they feel very strongly that they are entitled to a return on it.

The Minister for Pensions Reform said in last week's Westminster Hall debate that of the 125,000 people affected, about a third would qualify for the scheme, a third would not qualify because their loss was less than £520 a year, and a further third would not qualify because they are not within 15 years of retirement. Of course, there is also a sliding scale even for the third who will qualify. The Minister has been very candid about the reasons why the arrangement has been made in this way. The scheme is cash-limited, and although the Government have been able to extend it significantly, which we all welcome, the amount available is not sufficient for all 125,000 people. The money has therefore been targeted in the way that the Minister felt most appropriate to meet the greatest need, which is perhaps understandable. But the crux of the matter is that a difference of opinion exists as to whether these workers have been treated unfairly and are entitled to redress, or whether they are entitled simply to assistance, welcome though that may be.

Long before the ombudsman reported, there was a strong view—certainly among Labour Back Benchers—that an injustice had been done, and calls were made for the Government to correct it. Successive Secretaries of State, pensions Ministers and even the Prime Minister have recognised the plight of these workers, and the will has been there to do something. It was repeatedly stated that a pension promised should be a pension paid. How much would it cost to keep that promise?

[Sandra Osborne]

It is clear from today's debate that there are differences of opinion on how much it would cost to implement the ombudsman's recommendations. The Minister said that it was valid to consider future costs according to a net present value calculation, which produces a figure of some £3 billion—not that much more than the Government are already putting in. However, the Government have calculated that the figure is between £13 and £17 billion in cash terms, which is the normal way that they express such figures. This is not a question of anybody being conned or of a lack of transparency, and it is very unhelpful to describe the situation in that way.

I am not an economist, as is probably fairly obvious—nor are most of the people who have lost their pensions. To a lay person, there is a very big difference between the figures that have been bandied about, and further explanation of them is required. For example, it has been said that £25 billion might need to be spent to replace Trident. That seems like a lot of money, but so does the £17 billion required for this proposal. Where does such a figure fit into the overall scheme of things? These differences in the figures are adding to people's frustrations and we need more clarification. Will the Minister agree to meet my constituents and me to discuss them in detail?

Of course, the official Opposition have never at any stage in this debate, which has been going on for four or five years, committed themselves to spending public money to resolve this issue.

Mr. Waterson *rose—*

Sandra Osborne: If the hon. Gentleman is about to dispute that, I am happy to give way.

Mr. Waterson: The hon. Lady is absolutely right: at no stage have the official Opposition ever committed taxpayers' money to this issue above and beyond what the Government have already committed. What we have said consistently is that the Government should look at unclaimed assets, which total some £15 billion; they are now doing so—rather belatedly—but for different purposes. This has been our consistent position from start to finish; indeed, I said the same during the passage of the Pensions Act 2004.

Sandra Osborne: I thank the hon. Gentleman for backing me up—I have certainly heard him say that many times before.

James Purnell: Is my hon. Friend aware that those unclaimed assets are not the Government's money? It is obviously up to the financial services industry to decide how to spend that money, and it has kindly come forward and said that some of it should be spent on community facilities. But even if all that money were spent on the cause that the Opposition mentioned, it would be nowhere near the amount implied by the £3 billion, or £15 billion, figure. It would amount to barely a few hundred million pounds—even if it were our money to spend, which it is not.

Sandra Osborne: I will ask the Minister about precisely that issue in a moment. The Opposition's reaction to the money that the Government have put in is slightly disingenuous, as they are not prepared to commit any public money themselves.

I recognise why it is difficult for the Government to come up with any more public money, but I cannot understand why the unclaimed assets cannot be used. There is strong support among Labour Back Benchers for the use of that mechanism. My early-day motion 1868, which deals with this issue, attracted substantial support. Some 113 Members—mainly Labour Members—have signed it. The Chancellor has managed to prise money out of the private sector for other purposes; why can he not do so for this purpose? I ask the Minister to pursue that issue.

So far, the Government have responded with what I call incremental benevolence. There is nothing wrong with benevolence—I am all for it—but it is no substitute for justice. Those of my constituents and others throughout the country who have lost their pensions are seeking justice. They feel that promises have been broken, and that trust has been broken.

Two things are clear. First, as many Members have said, this issue will not go away; indeed, two court cases are outstanding. As I have made clear, I am very proud of what the Government have done so far, but I feel that they can and should do more. Secondly, if this issue is not wholly resolved, confidence in saving will not be restored as quickly as it should be. One Opposition Member pointed out that according to Scottish Widows people are not saving, and in my view, this issue has had an influence in that regard: It appears that ongoing publicity about the problems has put many people off saving.

My hon. Friends will not be surprised to have discovered that, as usual, I have not minced my words on this issue. I have stood four-square behind my constituents since day one, and I will continue to do so. I congratulate the Government on what they have done, but I ask them to do more.

6.8 pm

Mr. Robert Syms (Poole) (Con): This is an important debate. I suspect that security in old age is one of the most important issues that the political parties will argue about over the next few decades. Some 40 per cent. of my constituents are pensioners, and it always surprises me when, as often happens, an elderly individual comes to my constituency surgery to talk about their mother or father, who must be even more elderly. We all appreciate that longevity is a growing issue, and people's understanding of its impact on the pension system is becoming much clearer than it was perhaps five or 10 years ago.

In future, the rest of the country may well catch Poole up. By 2050, there will be 50 per cent. more pensioners, and the ratio of workers to pensioners will halve. So we have to get this right and not only provide security in old age for those who retire, but ensure that the burdens on the working population do not become so great that we as a nation are no longer competitive in the world economy.

There is a problem, in that, as has already been said today, well in excess of 9 million people are not saving enough for their pension. We have heard that there is a particular problem with one category of person—the self-employed. We also know that there has been tremendous loss of confidence in the pensions industry, which is informing the decisions that people are making today. It is evident that if people have surplus cash they buy a piece of property rather than investing the money in a pension fund, because the experience of friends, neighbours and sometimes family are such that they are put off. The fundamental test of the White Paper, the direction of travel and the recommendations that the Government are making is whether they increase confidence in the pensions system.

It seems to me that a number of problems have brought us to the present position—the first is longevity. Some of the accounting rules may have forced companies to take decisions to close schemes prematurely, and the regulatory regime has sometimes led to illogical investment decisions. As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said, the changes that the Chancellor made to the advance corporation tax regulations in 1997 have had a major impact on pension fund operations. It has been said that the Treasury got £7 billion per annum from a capital value of £170 billion, and I think that all hon. Members would acknowledge that that has made a massive difference to the economics of pension funds. I am glad that the Government are now examining pensions, but I suspect that, as many of my hon. Friends, including my hon. Friend the Member for Bournemouth, West (Sir John Butterfill, predicted when that change was made, it has caused long-term problems.

I am sure that the increase in pension credit has helped many of the poorest pensioners, but as the Secretary of State said, if the predictions that nearly 70 per cent. of pensioners will be in receipt of the credit are accurate, not only will that not be sustainable, but it will be a major disincentive to people continuing to save. What we have to do, in addition to setting up a sensible pensions system, is to reinforce people's good intentions to save money for all the eventualities of retirement. Unfortunately, predictions that pension credit will be paid to as many as 70 per cent. of pensioners are a major disincentive to saving.

I agree with my hon. Friends about the direction of travel. We have to have a consensus because during the period that we are debating there will, no doubt, be changes of Government. It is tremendously important to get Government and Opposition parties signed up to approximately what is decided.

I shall not go into the detail of the White Paper—it is extremely technical and many hon. Members have a greater understanding of its provisions than I—but I do wish to welcome some of the proposals. All hon. Members know that women, particularly those who stay at home, have not been well treated by our present pensions system. The White Paper's acknowledgement of that, and the reduction in the number of years needed to qualify in terms of national insurance, are to be welcomed. I also welcome the strengthening of provision for carers, which has already been mentioned. A person who gives up work to look after a loved one, a relative or a neighbour probably saves the state thousands of pounds, and it is wrong to disadvantage such people in terms of their pension claim. I am glad that the Government have made proposals that will plug that gap.

It is inevitable that the pension age will increase. The proposals in that respect are sensible, but there are associated issues relating to joined-up government. Some of my constituents find it difficult to stay in work because they cannot get the operations that they need. We need a national health service that is responsive to people who develop problems as they age and who want to continue to work, but who now sometimes do not have that choice. In addition, the only way that some people will be able to continue in work until they are 67 or 68 is by changing jobs or careers, so training throughout life will be terribly important. The proposals cannot be seen in isolation; they must be seen as part of a package.

It is extraordinary that as we are talking about increasing the retirement age, the Government have agreed that the retirement age in much of the public sector will remain at 60. I agree that many people who work in the public sector, particularly in local government, are not well paid, but it is extraordinary to design a system in which the retirement age is 60 for one category of worker but 67 or 68 for another.

Miss Anne Begg (Aberdeen, South) (Lab): The hon. Gentleman is in danger of misleading himself—I will not say the House. The state retirement age will be the same whether someone works in the public sector or in the private sector. The age at which a person gets their private or occupational pension will vary, whether they work in the private sector or in the public sector. Some public sector workers can get their full pension, having made full contributions, at 60, but some members of the occupational pension schemes of the oil companies in my constituency can get their full pension, having made full contributions, at 55. This is not a matter of public or private sector; it depends on the rules of the individual occupational pension.

Mr. Syms: The hon. Lady makes her point, but it is clear that as the state pushes up the retirement age many occupational schemes will follow suit, and many people in occupational schemes will be paying through the tax system for the public sector pensions, and through council tax for local government pensions, for people who are perceived to have a better deal. We cannot park that issue to one side or see it in isolation. At some point it must be re-examined.

Stewart Hosie: I have been listening to the hon. Gentleman's argument and the intervention from the hon. Member for Aberdeen, South (Miss Begg). Surely people in the public sector who are paying into superannuation schemes are paying out of their salaries. The money is not coming directly from council tax, central Government or anywhere else. They happen to work in the public sector, but it is their money—their income—that they pay into superannuation schemes. Is it not a point of principle that if they have signed a contract to pay over the odds into a superannuation scheme from their own salary, they are entitled to have that contract honoured?

Mr. Syms: I agree that it is sensible to honour contracts entered into, but we are talking about the agreement negotiated by the Government extending over the next 20 to 40 years. A change suggested in the White Paper is being phased in and I see no reason why we should not consider phasing in a different retirement age in some of the public sector schemes.

To return to the point I made at the beginning of my speech, the Treasury pulling in more money because of the changes to ACT and corporation tax has had an impact, particularly on local government pension schemes. We all know that our local authorities are having to deal with shortfalls, the burden of which inevitably falls on council tax payers. There is an issue—I put it no higher than that, and I have no magic solution. There is a perception of unfairness, and on behalf of the Conservative party my hon. Friend the Member for Runnymede and Weybridge has set out certain tests that we wish to be applied to the White Paper. Those tests are pension dignity, fairness, affordability, personal responsibility, simplicity and transparency. We shall scrutinise the Government's proposals and test them against those yardsticks.

It is important that we restore confidence in the industry and that will not be possible unless we deal with some of the perceptions of what has gone wrong in the past, which have been brought to our attention via our postbag and e-mail. We have all had vast amounts of correspondence with people who have suffered because of the Equitable Life affair, and we are all aware of how aggrieved people feel following the parliamentary ombudsman's report on occupational pensions. We are now starting to get more hard facts, and I hope that the Government will take up our suggestion of using unclaimed assets. We have figures of £2.9 billion to £3.7 billion and annual costs of perhaps £100 million to £150 million to deal with the problem.

Many people who have been severely affected are in no position to repair the damage done to their occupational pension. If a person who is still working, with many years to go before retirement, gets a knock, they might be able to put it right, but someone who is in the last few years of work whose expectation of a particular deal has been lost is in a very different position. Some of these schemes included rights for widows or husbands. It is important to note that some people may go home having lost a pension and some of the security, for example that a husband would have left his wife. One of my constituents, David Cull, e-mailed me the other day. He has possibly lost £15,000 in pension. It was to be index linked and included decent provisions for his wife in the event of his death. He feels aggrieved about that. I hope that the Government will revisit this issue because Members on both sides of the House will feel that there is a degree of unfairness.

We have heard about the financial assistance scheme. Its scope has been widened. I suspect, as is the nature of things, with pressures from parliamentarians, that its scope will be widened still further. There is a legitimate issue of how quickly it will address some of those who accept redress from it. I hope that the Government will examine that carefully.

I am glad that the Government have produced the White Paper. There are some good things in it. I hope that there is a consensus. I hope that we can set up a scheme that this country can be proud of in the future. However, there is some unfinished business for those who feel that they have been misled, particularly those who had an expectation of different things. If we leave such issues to fester, we will end up with a lack of confidence in the pension system and people will still be putting their money into second homes or into investments because they do not trust the pension system.

6.21 pm

Miss Anne Begg (Aberdeen, South) (Lab): I think that we all come into Parliament with the intention of making a difference. I genuinely believe that since 1997 the Labour Government have made a difference to today's pensioners. We have already heard tributes paid by hon. Members on both sides of the House, remarkably, to the pension credit scheme and the difference that that has made to the poorest pensioners, especially women. We have the winter fuel allowance, free travel and free televisions licences for the over-75s. In Scotland, there is free help with heating for those who have older houses or houses without central heating. We have done a great deal for today's pensioners.

Every so often, however, there is a chance in our lives as politicians to change the lives of future generations. The legislation that will come from the White Paper will do just that. The White Paper is not about today's pensioners. I can understand that when something is called a pensions White Paper or a Pensions Commission the people to whom we turn immediately for an opinion are those who are presently pensioners. However, they will not be the ones to enrol in the national pension savings scheme. They are not the ones who might have to work longer to make the scheme pay. Current female pensioners will not benefit from the changes in accrual rights for national insurance credits. They have already retired. So, by its very nature, the White Paper is not aimed at today's pensioners. It is aimed instead at ensuring that we have a structure and a basis for future pensioners so that they can also enjoy the benefits of the country's prosperity.

There are bold aspirations in both the Turner proposals and in the White Paper. I hope that for the first time we are bringing together political parties from both sides of the House and, as my right hon. Friend the Member for Birkenhead (Mr. Field) said, the public as well into a consensus on how we move forward and how we will build for the future on what we have now.

We have come quite a long way. I was on the Select Committee on Work and Pensions for all of the previous Parliament and have been on the same Committee for slightly more than a year during this Parliament. I feel as if I have been living with the proposals from the various Turner commission reports for a long time, but not, I suspect, for quite as long as is felt by Lord Turner and his two fellow commission members. Perhaps it is worth reflecting on Opposition Members' attitude at the time. That might illustrate how we have come quite a long way.

The setting up of the Turner commission was greeted with a great deal of scepticism. Opposition Members thought that the Government were trying to avoid the issue by putting it out into the long grass and that when the commission reported, the Government would bury

the report. That was probably the general feeling among Opposition Members. In fact, the Government have not buried the report, and the level of consensus that we have already seen during today's debate suggests that we have come quite a long way.

I was disappointed by the amendment tabled by the Scottish National party. Its tone is somewhat sour. That is not the tone of the Conservative amendment or that of the Liberal Democrats—I am not normally nice to the Liberals.

Mr. Weir: The point made by my party's amendment is that the White Paper omits any discussion on the central point. We talk about consensus, but consensus outside the House rests not on these proposals, but around the idea of a citizens pension. We wish to bring that approach to the House and to discuss it. We seem to be the last people standing in the House who are still talking about a citizens pension, but we will continue to do so.

Miss Begg: I think that the hon. Gentleman has made my point for me. A citizens pension did not necessarily have full support from the general public or in the House. There was some support—I was part of that—for a universal entitlement. There were those who thought that that might be a good way forward, based on residency. It is interesting that, since the Government came up with their proposals in the White Paper, which expand the coverage of national insurance contributions, many of the organisations that thought that universal entitlement was one of the easier ways to go forward are quite happy with what is proposed. The change in the proposals will produce the same result as that which would have been reached with universal entitlement.

I never signed up to a citizens pension because it had too many elements of the old dependency pension, which we want to get rid of, especially for women. It depended on women being dependent on men. There are also issues about living in the country and being a citizen of the country. That led to issues about taking the pension abroad. I find it slightly ironic that some Members have signed the early-day motion that asks the Government to consider restoring the link to inflation for those who live in Commonwealth countries, while others are advocating the citizens pension, which would not follow many such people to Commonwealth countries, especially if they had been out of this country for 20 years. The situation is not quite as clear cut as the hon. Member for Angus (Mr. Weir) makes out.

How do we build a consensus? My route through this process is perhaps an illustrative one. It might be that that is why I am slightly disappointed in the attitude of the SNP, given that it has been unable to move from its rigid position to grasp what some of the changes are. Scottish Widows has been mentioned several times today. I remember participating in an event for Scottish Widows a couple of days after the publication of the second Turner commission report. My initial reactions at that event were based very much on a first quick reading of the Turner commission report. I thought that it scored highly in terms of what it offered for women carers. For me, that was a big tick. It was something that I had been looking for in any future pensions policy. I took the view that women who had been so discriminated against in previous pension policy should receive equal recognition along with men in work.

I wanted to see whether the Turner commission proposed to continue the Government's work on poverty reduction. Again, it did so, so that was another positive. Initially, I was not keen on the proposal to raise the state retirement age, which I thought was a bad idea, particularly for manual workers and people who live in communities such as Glasgow where the average life expectancy is 69. People die young, and many of them are not economically active beyond 50. I was therefore extremely dubious about the proposal to raise the state retirement age.

As for the national pension savings scheme, I did not know enough about it, so I was not in a position to judge whether or not it would be a good idea. I therefore held off expressing an opinion, whether positive or negative, until I found out a great deal more. However, my views have changed, not because I believe that the basic pension should be based on a different principle but because consensus building involves looking at all the different components. Crucially, the White Paper and the original Turner proposals are part of a whole—there is an interplay between different elements, so that, in practice, if one removes one major element, the other elements simply do not work. I therefore disagree with the SNP—if its members had looked more carefully at the White Paper they would realise that it includes many of the things that they want to achieve in pensions policy. They are not necessarily present in the form that they want, but they are there none the less.

Mr. Weir: There are some parts of the White Paper with which we agree, but may I stress again that we are in favour of a citizens pension, which is why we tabled the amendment? Yes, there are some things with which I agree and, if I have an opportunity to catch Madam Deputy Speaker's eye, I hope to explain what they are.

Miss Begg: If that is the case, the SNP should have tabled an amendment adding their proposals to the end of the motion, as did the Liberal Democrats, because that would enable them to retain the positive aspect of the motion. In fact, their amendment removes it.

In general, the White Paper is a follow-up to the Turner commission proposals. I like what the White Paper says about women and carers—it is not the universal entitlement that I wanted, but I am sure that my hon. Friend the Minister for Pensions Reform will explain in his winding-up speech that the proposals on women and carers put money in their hands much more quickly than a citizens pension or universal entitlement based on residence. However, the Government should explain more thoroughly why a residence qualification is not a simple option and why it is much more complicated than many of its supporters believe. That fact is sometimes missing from the debate, as people are still thirled to the idea that residence is easy to determine.

I have changed my view, as I said, about the state retirement age, not because things are any better for people who live in Glasgow, but because the White

[Miss Begg]

Paper proposes a phased introduction in future. The proposal will not affect anyone who is over 47 today, but the Government must make sure that the pensions system is flexible enough to allow people to change jobs. People rarely want to retire completely after 30 years in a job—often, they are tired of that particular job or the treadmill of work. Having spoken to many people who have accepted an early retirement package, they gained a second wind when they started a new job. The financial security of their pension settlement allowed them to go off and do something that they always wanted to do. Often, they started jobs in which they gave a great deal back to society and, as a result, they benefited a great deal themselves.

When I was a teacher, some of my colleagues complained that they could not work beyond 60. That may well be true of secondary school teaching, given the rough and tumble that the job entails, but it is not a case of people's working lives being over. It is crucial that the pensions system allows individuals who have had enough of one job to move on to another one without jeopardising their pension entitlement. What convinced me of the worth of the national pension savings scheme was a visit to Sweden by the Work and Pensions Committee to see how such a scheme operates there. I appeal to the Government, however, not to establish as many funds as have been established in Sweden, because choice has led to inertia, and most people opt for the default scheme to avoid confusion. I accept that the issue still requires a great deal of discussion.

We must achieve consensus among hon. Members, but my right hon. Friend the Member for Birkenhead was right that it is the people outside who are important, so we must consider what they think is fair and justifiable in future pension provision. Some people have great ideas about the shape of the pensions system, and we have heard about one of those ideas from my right hon. Friend. Some say that if we set out from a different starting point—that is the SNP's position—we could design a much simpler, more coherent system, and I am sure that we could. Some want to pick and choose different parts of the package to avoid difficult decisions. They want to pick the good bits that will improve pension provision while avoiding measures that have to be put in place to pay for it.

People have different ideas, but there is one problem common to all of them—not one of them has achieved the consensus built by the White Paper and the Turner proposals, and not one of them can do so. The Turner commission was successful, because it did not give everything to everyone. My hon. Friend the Member for Bradford, North (Mr. Rooney) talked about vested interests. Trade unions, employers and pensioner groups did not get exactly what they wanted from Turner, but they did get something. Similarly, everyone, both inside and outside the House, can buy into something in the White Paper, which makes it possible to build consensus. No matter how brilliant a proposal, it simply will not stand the test of time without consensus. To carry out the proposals in the White Paper will be a serious test of political will for everyone. We must not fail, because if we do, future generations of pensioners will not receive what they are entitled to. They are depending on us.

6.38 pm

John Penrose (Weston-super-Mare) (Con): I should like to pick up some comments made by the hon. Member for Aberdeen, South (Miss Begg) who, like me, is a member of the Select Committee on Work and Pensions. She said that we are debating something that is important not only to us and to people outside the House today, but to future generations, as it will make a difference to their lives. She was right to highlight the comments of the right hon. Member for Birkenhead (Mr. Field), who said that it is not enough to try to forge a consensus, either in the House or across the nation, that is effective today—we must forge a durable, stable consensus that will last not for a few years or even the life of this Parliament, but for decades and generations.

That durability is vital not only because the working life of someone who is 16 and about to enter work today will be potentially 50-plus years—and therefore they have a right to expect that any pension scheme and pensions environment that they are saving into will be stable throughout their working life so that they can plan effectively for their retirement, however distant that may be—but because instability is the enemy of simplicity. In other words, every time we change our pensions system we add another layer of change, another layer of regulation and another layer of complexity to our existing pensions organisation.

Politicians and external stakeholder groups being what they are, there is no shortage of good ideas about how to change the pensions system. Every five, 10 or 15 years, one of those good ideas bubbles up and the temptation is to make an adjustment. That has happened consistently over the life of the existing pensions settlement, and has led to us having one of the most complicated pensions environments in the developed world. Therefore, stability and durability are vital if we are to avoid the same ratchet effect continuing for the next 20, 30 or 40 years, and even more complexity being added to the settlement that we are trying to debate today.

These are not just theoretical possibilities. As we stand here today, we can all see issues on the horizon that could lead to a need to reopen the debate that we are having today. We have already heard about the issue of pensioners overseas, some of whom have their state pensions frozen. I suspect that that will not go away and will probably come up in years to come in this House. The temptation to reopen the debate on that point, and potentially to debate an injustice, will be great.

In the White Paper is an acknowledgement that when the earnings link is restored at some point in the future, a caveat will be built into that date—namely, that it will be reinstated subject to it being affordable. If, when we get to that date, it is not affordable, that will undermine much of the so-called consensus that we are building up today. Again, the temptation, quite legitimately, on both sides of the House will be to reopen the debate at that time.

Finally, in the White Paper the Government also acknowledge that there is an issue over changing life expectancy, so they have quite properly built into their projections on how the pension age will rise in future a series of review dates, to check that those rises in

pension age still make sense. If they do not, those review dates will inevitably be an opportunity for instability, for this pensions consensus to fracture and for the debate to be reopened.

Those are just three examples of potential issues on the horizon that could lead to instability over the lifetime of this consensus. I am sure that all here would agree that if we can see three or four of those today, the chances are that there are several dozen more that we cannot spot that will almost certainly crop up unexpectedly during the course of the next decade or two. Therefore, I urge the Government to consider mechanisms to reduce that uncertainty—mechanisms to build stability and durability into this consensus so that we have fewer opportunities to reopen the debate, and so that the pensions consensus has built-in stabilisers that will allow it to ride out any changes, or most of the changes, that we can reasonably foresee.

Let me give some examples. How do we ensure stability and consensus? The weakest way of doing that, I am afraid, is what I can see in the White Paper, and that is to try to establish a pensions consensus today. That, on its own, is no mean feat and I am not trying to downplay that achievement. It is a vital and necessary part of achieving a proper pensions settlement for a generation. However, it is not enough on its own because future generations of MPs will inevitably come up with new ideas and have the urge to reopen the debate, doubtless for genuine and valid reasons.

So what else do we need to build into today's consensus to allow that settlement to ride out the years? There are a couple of examples elsewhere. Sweden has a balancing mechanism—it is effectively a mathematical formula that allows its state pension system to adjust automatically for changes in national growth rates and longevity rates, and for other external macro-economic shocks. It is probably not perfect, but it does mean that when something comes up that might otherwise fracture that consensus, the system adjusts automatically. The debate can be reopened, but it does not have to be. The system has a built-in stabiliser.

I offer that as just one example for the Government to consider, perhaps in relation to longevity and retirement age, where establishing some principles, and potentially even a formula today, might very well allow the system to ride out some shocks in future. In fact, the Minister for Pensions Reform was at a meeting that I attended this morning where a member of the Turner commission urged him to do something similar to that to establish some principles that would guide future generations. I would argue that in fact we could go a step further than that and build a formula into the Government's published proposals today.

Another alternative is one that we can pluck from one of the ideas suggested by the right hon. Member for Birkenhead. I am not signing up to all his proposals, but one of his ideas is to have an independent board of trustees, which he models on the governors of the Bank of England, that is at arm's length from the Government, that is independent and that is charged with commenting on and maintaining the consensus and the settlement that has been established today. We could build that into the role of the trustees for the NPSS. I am not trying to tell the Government how to do it—all I am saying is that if they can establish an external, arm's length body of experts who have access to high quality analysis and have a duty and obligation to comment on any proposed changes to the pensions settlement, they will be a vital item of ballast and a way to ensure that the debate in 10 or 20 years' time does not diverge from the central principles that we are setting out today, or if it does so diverge, only does so for the very best reasons and because it is founded on solid analysis.

Those are just two or three possible examples—

Danny Alexander: The hon. Gentleman makes an important point about the need to have a stable and enduring consensus, rather than simply creating one now that then has the opportunity to fall apart after subsequent elections. Does he agree that one of the merits of some sort of independent commission, which he is discussing at the moment, is that it would also help to build public trust in the consensus because lack of public trust in the pensions system is one of the biggest problems that we face?

John Penrose: I agree that lack of public trust in the pensions system is one of the biggest problems that we face, and a degree of external comment by acknowledged experts might very well help build up trust. It is crucial to remember that if we believe that the proposals in the White Paper are worthwhile—there is a fair degree of unanimity on many aspects—valuable, and should stand the test of time, let us not sell them short. Let us instead build in stability, durability and mechanisms to ensure that they last, rather than simply trusting to hope.

6.48 pm

Mr. Russell Brown (Dumfries and Galloway) (Lab): It is a pleasure to follow the hon. Member for Weston-super-Mare (John Penrose). I say that because those who can speak in this Chamber without notes are to be admired. I hope to be here until I am of pensionable age, and perhaps can match that on one occasion at least.

The pensions issue has an impact on almost every household and is of importance to today's pensioners. The White Paper, "Security in retirement: towards a new pensions system" is very much about looking to the future and the pensioners of tomorrow. I hope that the whole House would agree on two aspects of pensions provision. The hon. Member for Weston-super-Mare mentioned one of them—the sustainability of anything that we introduce into the pensions system. It must be sustainable, as Members would not be prepared to accept the option of going back to the levels of pensioner poverty that this country has witnessed in the past.

Equally, on the second aspect, Members have referred to what the Government have done for today's pensioners. There was much to be admired in the introduction of the minimum income guarantee, followed by the pension credit and the savings credit. Like many other Members, I have met pensioner groups in my constituency. In all fairness, we get some stick about what the Government have done, but many people in my constituency—people from a solid trade union background and people with roughly the same

[Mr. Russell Brown]

political leanings as myself—do not always recognise how redistributive the Government were in what they did for the poorest pensioners. Nevertheless, although we have done some positive things, I always admit that there remains much more to do.

I want to reflect on what has brought us to the current stage of unrest, uncertainty and disappointment. Occupational or works pensions are one important issue, and how some companies reached their current position is another. A significant number of final salary pension schemes have been closed. Speaking as one who worked for 23 years with a multinational company—or rather I was employed for 23 years, as working and being employed by a company are two different things—I witnessed what happened when it wanted to reduce its numbers. Of course, the big advantage was a good redundancy package, but an additional carrot was access to a pension scheme. The company I was employed by was not alone, as it happened right across the country during the 80s and early 90s. When people get early access to a pension scheme and people are living longer, it undoubtedly puts pressure on the schemes.

I have to say that the same thing happened in the public sector. As a councillor for 11 years during the days of Mrs. Thatcher, I experienced the squeeze on local government spending in the late 80s and early 90s, which was also pursued by her successor, John Major. Council departments across the country were asked to reduce numbers, but those who decided to leave were the people on high salaries with big pensions. Pension funds cannot sustain the sort of numbers that we saw moving out of the public sector, especially local government, over those years.

The Government are trying to put a message across about the importance of preparing and saving for old age. I regret to say that some of today's pensioners send out the wrong message at our surgeries, although I understand why they feel angry. Irate pensioners sometimes complain about the couple down the road, neither of whom work and who are in receipt of pension credit, getting exactly the same money or perhaps even more than they do. The big argument then is whether it is worth saving for old age. The answer has to go out loud and clear from this Government from this Chamber that it is indeed right to prepare for old age.

The country is witnessing a significant demographic shift like never before. In my constituency of Dumfries and Galloway, it is projected that about 4,000 or 5,000 jobs will not be filled between 2012 and 2015, simply because people are growing older and more people are retiring in the area, while at the same time many young people are leaving the locality due to the lack of decent, well paid jobs.

That brings me to my first point about the White Paper. I represent a part of the country that is recognised as having a low wage economy. I believe that, had it not been for the introduction of the national minimum wage, we would still have wages of about £4 an hour in my area. The minimum wage has made a difference, but it is still very much a low wage economy. I applaud the concept of a national pension savings scheme—or personal accounts, as they are called in the White Paper—but we must not forget those on low incomes. We really need to deal with the issue of how to get over some of the problems of low earners. The most obvious barrier to saving for many people is poverty and low income, as they have to think about the necessities and essential spending. Saving for retirement is not an option for those people.

More than half of all the households identified by the National Association of Citizens Advice Bureaux as having serious debts have incomes of less than £7,500 a year. More than 12 million people—about 43 per cent. of the working population—are not saving enough in a private pension for their retirement. That figure is on the rise; it was only 36 per cent. in 2003. Currently, an estimated 7.5 million people are not saving at all and just under 5 million save only small amounts. Those on the lowest incomes—less than £15,000 a year—account for 3 million of those who are not saving at all. If personal accounts are to succeed for all employees, they will have to provide the guarantee of a state-backed pension scheme, so employers must contribute. Lord Turner's report set out a model, but it would have been preferable if the Government had come out in its favour.

I have been a trade unionist for more than 30 years, so the Minister will not be surprised to hear that I greatly agree with the position of the TUC, which emphasises that a good scheme definitely needs to meet a number of criteria. Costs must be kept to a minimum, which can be done only through a simple system that minimises regulatory advice and marketing costs. There must be a simple default option available to all and it must make sense for the vast majority of NPSS savers. There must be other choices, but it is important to have a straightforward lifestyle option. Savers should have their own pot and should feel that it belongs to them. They should have representation in scheme administration and stewardship, as with trustee stakeholders. Employers should not choose NPSS suppliers for their staff as there are too many opportunities for mis-selling and it is a burden that employers do not want, although employers are free to do better with their own schemes.

Mr. Jim McGovern (Dundee, West) (Lab): Does my hon. Friend share my concern that if employers are given an opportunity to contribute just 3p in the pound to a pension scheme, that is exactly what they will do? In some cases, employers might end up contributing less in the future than they do now.

Mr. Brown: Yes, that will go on the record and I hope that any employers taking an interest in today's debate will hear what my hon. Friend says. Any system must be able to cope with workers who frequently change their jobs and, of course, with disorganised, short-lived employers, as they are often called.

I have already briefly mentioned the issue of demographic shift, as it impacts on my own area. The figures show that when the state pension was introduced, there was one pensioner for every 14 employees. Today, there is one pensioner for only four employees. I therefore understand the reasoning behind raising the retirement age over time. However, we must acknowledge that longevity is not equal throughout the country. My hon. Friend the Member for Aberdeen, South (Miss Begg) referred to that.

Extended life expectancy, which is good news in some parts of the country, is not experienced in many others. I know from conversations with colleagues from Glasgow and other industrial heartlands that three score years and 10 is not an option for many of their constituents. Admittedly, lifestyle has something to do with not only early retirement on the ground of ill health, but early departure from this world.

My hon. Friend the Member for Bradford, North (Mr. Rooney), the Chairman of the Select Committee, was right to discuss what people would do in their mid to late 50s and beyond. There needs to be a general change in attitude and understanding of how those in the latter years of their working lives will be best employed. That will mean retraining and ensuring that opportunities exist for people.

The White Paper contained announcements for carers and women. The Department has carried out research that demonstrates that pensions are not high among women's priorities, but that, thankfully, will change. Women tend to be more concerned about their families' short to medium-term needs than saving for their future, and feel that their partner should or will provide for their retirement. They rarely think of pensions when making child-related employment choices, and few would have made different life choices if they had considered their future financial position. I worry even now when I watch programmes and witness young people, especially women—some are in their mid to late 30s and are professional people—who openly admit that they have made no attempt to provide for their retirement. It worries me when people of that age group who work in the City and who, one would think, know better, have made no provision.

The word "consensus" is bandied about the Chamber too often. When I came into the Chamber earlier, one of my colleagues said that I had a weakness in that I made rash judgments about the Opposition. If that is my only weakness, I am delighted. However, I worry that "consensus" trips off the tongue nicely, and has done so more often since the main Opposition party appointed a new leader towards the end of last year. For me, the jury is still out on whether we will reach consensus in the Chamber on the issue that we are considering, or any other.

When we discussed the recent ombudsman's report, the hon. Member for Runnymede and Weybridge (Mr. Hammond), when pressed by the Secretary of State about what he would do about it, refused to give a commitment and merely said that he would look to the future. Yet the hon. Member for Eastbourne (Mr. Waterson) said in response to my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) that the Conservative party would consider unclaimed assets to deal with the matter. I believed that two Front Benchers would have given the same answer to the same question.

Consensus is needed, but perhaps not political consensus in the Chamber and the other place. Consensus is needed in the country because what we determine will affect everyone's future and we therefore need to carry people with us. We do not need some sort of consensus that is discussed here, but does nothing more than blur the edges and allow people to say that we are all the same in any case. We are not all the same, and the White Paper is a genuine starting point for the future of the pensioners of tomorrow.

7.4 pm

Mr. Mike Weir (Angus) (SNP): As the hon. Member for Dumfries and Galloway (Mr. Brown) said, the word "consensus" has floated around the Chamber today. However, the Government's view appears to be, "There will be consensus about our proposals or nothing." That is the wrong place to start because there are differing views about the future of pensions.

We in the Scottish National party and Plaid Cymru believe that the Government have flunked a golden opportunity to tackle the perceived problems of the state pension system. Although we talk about consensus, the right hon. Member for Birkenhead (Mr. Field) was correct to say that there had to be consensus outwith the House. The consensus there, certainly among the people to whom I speak, emerged around the idea of a citizens pension, although views vary about the form that it should take.

As has been said, the White Paper does nothing for current pensioners. Earlier, the Minister for Pensions Reform argued that the proposals are about the future, not the present. The hon. Member for Aberdeen, South (Miss Begg) also referred to that. I take that on board to some extent but, unless we tackle the genuine concerns of today's pensioners, we are unlikely to achieve consensus. As the hon. Member for Runnymede and Weybridge (Mr. Hammond) said when he spoke about the problems with occupational pensions, the genuine grievances of some people and the fact that we continue to hear stories about the matter means that we will never get past that issue. The same applies to the state pension. If today's pensioners feel strongly that their problems are not being taken on board, the same process will happen. Indeed, the National Pensioners Convention has already made the point that the White Paper does nothing for today's pensioners and I understand that it will publish an alternative White Paper next week.

As I said, we greatly support a citizens pension, which we were the first to advocate, although others subsequently took up the idea. I suspect that we may be the last ones standing who continue to talk about it, given that the hon. Member for Yeovil (Mr. Laws) did not mention it. When the Turner report was published, initial reaction was that it advocated moves towards a citizens pension. However, on closer reading, it became clear that it did not take us very far down that road. Turner's gradual approach meant that many years would pass before most people received a citizens pension.

Inadequate though those proposals are, the Government's proposals do not even go that far. As I said in an intervention on the hon. Member for Aberdeen, South, the White Paper contains proposals that we greatly support and I shall enumerate some later if I have time. However, I want to consider the point that has been made repeatedly about the restoration of the link between pensions and earnings in 2012. That has been the spin on the White Paper since its publication, but I ask hon. Members to read its contents carefully.

The executive summary on page 17 states:

"During the next Parliament, we will re-link the uprating of the basic State Pension to average earnings. Our objective, subject to affordability and the fiscal position, is to do this in 2012, but in any event by the end of the Parliament at the latest. We will make a statement on the precise date at the beginning of the next Parliament."

[Mr. Mike Weir]

That could have been framed on Sir Humphrey Appleby's office wall. It is not even jam tomorrow, but a statement that, if we have a good raspberry harvest and sugar remains at a low price, we might perhaps just find it possible to have some jam, but we will not say when. Hon. Members should note that the date on which the Government will make an announcement is nicely past the next general election. That does not give much succour to pensioners. Even if the Government implement that statement—I shall not dignify it by calling it a promise—it could be as late as 2015, not 2012. That is presuming that they win the next general election—they will not in Scotland, but I cannot speak for England.

Even if the Government were to re-establish the link, it would do nothing to address the fact that pensions have fallen behind earnings since the Tories broke the link or to make up for the past 25 years, which is why a true citizens pensions is the correct way to deal with the matter.

Miss Begg: If by some strange miracle pigs were suddenly to fly and the Scottish National party were to obtain control of the Scottish Parliament next year and were to begin the process of disengaging Scotland from England, how long would it take to set up an independent Scotland, and how long would it take for the SNP to introduce its citizens pension? I suspect that those events would be much further in the future than 2015, even with a fair wind.

Mr. Weir: The hon. Lady will find out soon enough.

Two years ago, we published our own paper, "A secure retirement for all", in which we set out our proposals for a citizens pension and the reasons why we believed that it was the correct way forward. Those reasons have not changed, and our solution remains the best way forward.

Despite what has been said about all that has been done for pensioners, far too many of our pensioners continue to live in poverty. The hon. Member for Aberdeen, South has mentioned many things that the Government have done for pensioners, and she specifically referred to the winter fuel allowance, but to put it into perspective, last week Scottish Power put up its charges by between 10 to 17 per cent., depending on the package, which is the third increase in a year. That one increase put up the average bill for a Scottish Power consumer to £131, which puts the £200 winter fuel allowance into perspective. The Scottish Executive have made good strides forward with their central heating scheme, but a central heating scheme is not much good if people are frightened to turn on the gas to use their central heating. Furthermore, many rural areas of Scotland are not connected to the gas main, so the central heating scheme does not do a great deal for people who live in those areas.

The current pensions system is based on labour market participation, the effect of which is to translate poverty during working lives into poverty in old age. We all know that many women and carers do not receive the full basic state pension because of their broken employment histories. The Government proposals will begin to tackle that problem, but they will still leave far too many people in poverty. We should have the courage to take the bold step of true reform and provide a state pension that delivers for all our pensioners. The state must provide all pensioners with a decent minimum income in retirement and take real steps to ameliorate the regressive effects of private pensions for those on lower incomes.

Whenever the matter is debated, the Government talk about the pension credit, as they have done again today, but why should our pensioners rely on means-tested benefits, which is the effect of the pension credit, for a decent retirement pension? The Government accept that the basic state pension is insufficient, which is why they have introduced the pension credit to increase pensioners' incomes to a decent level. Under our proposal for a citizens pension, every pensioner would have a decent pension, which would be set at the current level of basic state pension together with the maximum level of pension credit. We would link the citizens pension to rises in average earnings from the start, rather than basing it on future uncertainties.

By introducing a citizens pension, we would ensure that all our pensioners are lifted out of poverty, that they have a decent basic pension on which to build and that they do not have to rely on means-tested benefits, which many of them will not claim. According to the National Pensioners Convention, 2 million UK pensioners, of whom about 200,000 live in Scotland, do not claim pension credit although they are entitled to do so. The citizens pension also has the distinct advantage that the current system is a disincentive to save because, in effect, those with savings lose out on pension credit, and unless one can afford to save a substantial amount towards a private pension, there is a disincentive to do so. The White Paper mentions research that shows that there should be an incentive to save under the current system, but if there is, it does not seem to be working. Many have seen much of their savings wiped out in the recent past, which has created a great deal of wariness and resentment among pensioners and those approaching retirement.

It is legitimate to ask—I am sure that someone will—how the citizens pension can be paid for. It can be paid for by utilising the amounts currently paid in basic state pension and pension credit and, crucially, reforming the current system of tax relief on private pensions. I cannot understand why the Government will not examine that proposal.

Miss Begg: I have heard the hon. Gentleman make that argument on a number of occasions. What would he say to the constituent to whom I spoke on Saturday, who complained about having to pay tax on her pension? I explained that the money was tax free when it was paid into her pension, but under the SNP proposal, that money would be taxed when it goes in and, presumably, taxed when it goes out.

Mr. Weir: The point is to consider taxation on private pensions. The system will change, whether we use our proposal or the proposal in the White Paper. I am sure that the hon. Lady attended the meeting this morning, where the hon. Member for Edmonton (Mr. Love) specifically asked the representative from the Pensions Commission about that matter. The

representative from the commission talked about the complexity of the matter and the fact that many people have already received fairly substantial benefit from tax relief on private pensions. Labour Members often say that we must tackle the hard issues, and the hard issue in this case is the amount of relief on private pensions.

This morning, Professor Hills from the Pensions Commission explained why both Turner and the Government have rejected changes to relief on private pensions, which was the first thing that the Secretary of State did when the Turner report was published. We believe that that is short-sighted and that the correct way forward is to deal with the blatant inequalities in the present system. There is absolutely no evidence that the present system of pension tax relief encourages private savings, which is the object of the system.

We agree with the Government that we must do more to encourage private saving over and above what the state provides. That is why we are interested in the NPSS, which has a lot of merit and which I shall discuss in a moment, if I have time. The current system of tax relief on private savings costs a fortune and is massively geared towards the better-off. When we compiled our proposals in 2003-04, the economic cost to the Treasury in terms of tax forgone with this subsidy was an estimated £11.4 billion. In his report, Lord Turner points out that the cost of that tax relief is about £12 billion and that there is a further £8 billion in national insurance, which takes the total cost to £20 billion a year. In effect, that is a massive subsidy to private pensions, rather than using taxpayers' money to provide a proper state pension.

Worse still, more than half of the total cost of tax relief on private pension contributions is received by the richest 10 per cent. of the population. Unlike spending on state pensions, which is being restricted, there are no restrictions on the total amount of private pension savings. It is high time that tax relief was reformed to become much more progressive and transparent. In particular, it should be aimed at encouraging and rewarding low and moderate income earners to save for retirement. By reforming that relief, those billions could be released now to fund a citizens pension.

Instead, the Government propose to raise the retirement age for the state pension, and Sir Humphrey Appleby would be proud of how this is described in the document:

"We will support and encourage extended working lives".

That is a cuddly and innocuous way of telling everyone that they will have to work for longer, which is unnecessary.

The hon. Member for Dumfries and Galloway (Mr. Brown) has hinted at a specific problem caused by the disparity between various socio-economic groups and various areas of the country in terms of life expectancy, which can have a dramatic effect.

Let me take just one example. A man in Glasgow has a life expectancy of 69.3 years, while a man in Kensington has one of 80.8 years. At present, Kensington man can expect pension payments of £65,728, which is nearly four times that of Glasgow man, who can expect £17,888. That becomes even worse once the age is raised to 68, when Glasgow man would receive £5,408 while Kensington man would receive nearly 10 times more, at £53,248. That is manifestly unfair. At least Lord Turner recognised that there was a problem in this regard and recommended that eligibility to pension credit should remain at age 65, but even that has been rejected in the White Paper. It seems that Sir Humphrey has been busy again, as paragraph 39 states:

"We think that this is an issue that must be considered nearer the relevant time in the light of the available evidence about inequalities and life expectancy and trends in working among older people."

The evidence on lower life expectancy among various groups in various areas is already available. When is the relevant time to decide on this issue? Although it may be many years before the retirement age rises, the decision to raise it will be taken shortly. If the Minister is serious about persuading people of the necessity and desirability of doing so, he must deal with the problem of the differentials in life expectancy; otherwise, he will get none of the consensus he so desperately seeks. One cannot work in averages across the spectrum.

In our proposals, we put forward ideas relating to private savings and enrolment in schemes, including a Government-backed scheme called the state pension fund, or Scotsaver account, which would provide individuals with a more secure alternative to occupational and private pensions. That is not too far away from the idea of the national pension savings scheme, which we welcome, because such a scheme is necessary. However, we urge the Government to accept that any scheme must be state-backed. We are concerned about what the White Paper says about allowing private providers. There is plenty of evidence that people do not necessarily want choice, but safety, in their pension provision, which means that however the money is invested, it must be a safe investment. That should not be confused by having too many providers and too much choice. Many of the problems in the pensions industry were caused by the breakdown in confidence following the mis-selling and company pension scandals, whereby some people's pensions were frankly stolen by unscrupulous employers.

We can support some aspects of the proposals, and the citizens pension should still be on the agenda.

7.22 pm

Kali Mountford (Colne Valley) (Lab): I have noticed a distinct difference in the tone of this debate compared with previous pensions debates, in which we constantly fell into the trap of blaming each other for past mistakes. I do not want to rehearse those arguments, partly to save the blushes of the Opposition. That difference in tone leads me to believe that it is possible that consensus could come about. To my mind, that must first be established in this House, so that the arguments can be transparent and agreed in the minds of the public, because it is hardly likely that they can come to a fixed and settled view if the House cannot do so. That must be our starting point.

Stewart Hosie: I am not sure whether the hon. Lady's argument is the right way round, as I think that the consensus has to come from the outside first. Does she find that when she speaks to pensioner groups and senior citizens in her constituency there is already a clear consensus on ending means-testing and reintroducing the link to earnings as soon as possible?

Kali Mountford: That is true to some extent. I also find some pensioners who, having taken advantage of the many offers available to them, say that they have never been so well off. There are two views. At many pensioners meetings, I am first harangued by those who take that position, and then quietly spoken to at the end of the meeting by those who say, "I didn't really like some of what was said to you, Kali, and I'd like to put a different view to you." The two arguments never seem to meet. I make no apology for the fact that when we came into government our first objective was to tackle pensioner poverty; that had to be the right way to go. However, it would not be right to continue with a scheme that would fix means-testing in perpetuity. We need not feel ashamed about helping those who were the very poorest and ensuring that the resources that we had were targeted at them, but we must find a way to move on from that.

I feel as though I am in "Back to the Future", as I have debated this issue for many years. The first time I spoke about what we should do about what was then called the demographic challenge was in 1986. Now, 20 years on, it is a demographic time bomb. We have been talking about this for such a long time, with so many different views, that a consensus had to be reached at some point. It has taken us a long time to get to where we are today, but it was vital to do so.

The hon. Member for Runnymede and Weybridge (Mr. Hammond) asked us to look forward still further, to 2064. That briefly reminded me of the advert that I saw for a clairvoyants' event that had been cancelled due to unforeseen circumstances. The problem is that as time goes on, the period that we have to consider when we think about pensions must be a long way into the future but cannot be fixed in stages. The hon. Member for Weston-super-Mare (John Penrose) made an impressive speech in which he said that he was worried about setting staging posts for events because that would undermine sustainability and the settled position that we might arrive at in this Chamber. Some people say that we have to predict the future and stage everything precisely, while others say that we might have to adapt in the light of unforeseen changes. Both arguments are equally valid.

There have been huge demographic changes since 1986. As my right hon. Friend the Member for Birkenhead (Mr. Field) said at the beginning of his speech, our life expectancy has already risen since the beginning of the debate. That will continue to be true. However, we must also take into account the other social changes that are going on. Young people are not looking after themselves as well—they are not taking exercise or eating properly. If a child aged seven, eight or nine is eating burgers all the time, although we are trying hard to get them to eat something else, we do not yet know what will be the impact on their life expectancy. What will their work pattern be like? What will their life be like as a consequence of social changes and changes to work-life balance and what happens in the workplace? Will the economic changes that have made this debate possible be sustained into the future?

My hon. Friend the Member for Bradford, North (Mr. Rooney), who is not here at the moment, spoke about the impact on people who might need retraining having left one job at the age of 50 or 55 in the expectation of finding another. When I studied this in 1986, it was clear even then that the higher the level of unemployment and the less people earn, the more likely it is that a person will be considered old. At that time of very high unemployment, particularly in Liverpool, a person was identified as being too old to work even at 35, because it was cheaper and easier to employ young people and get rid of them quickly. Employers wanted that flexible labour market. That is not today's environment. Sustainability in the work force and the economy cannot be accurately predicted for the next 50 or 60 years, although I would like to think that it could be. Let us be honest with ourselves and accept that labour markets, work patterns and new technologies change. That will and must have an impact on future pension expectations, not least in relation to the amount that people can afford to pay in.

That is especially true for young people, among whom we are seeing a distinct change in social behaviour. For our generation—if I can be so bold as to say that, looking around the Chamber and seeing far too many people who are younger than me—buying something today and paying tomorrow was not the norm. I grew up in a household where we paid for what we could afford and did not buy what we had not saved for. Things have changed. Young people today expect to use a credit card, and there are worries about the amount of debt that they take on. Is it right for those same people to be asked to pay into a pension? I think that it is. If they had to choose between the kind of holiday that they can pay for only with a credit card, and the type of holiday that they can afford at the same time as paying into their pension, that would be a desirable social change. It would be right to ask people to contribute to their pension at an early age. I lecture the young people in my family about that ad nauseam. I see their eyes glaze over every time I do it, but it is necessary.

Mr. McGovern: Does my hon. Friend agree that any consultation following the White Paper must focus on young people? Not only do they contribute to the current generation's greater pensioner intake, but they are being asked to contribute more to their own pensions in future.

Kali Mountford: I am grateful to my hon. Friend, who makes my point even more concisely than I had hoped to do. He is right. Some of young people's spending is about living for today. Some of it, however, is about accepting that they must buy a home and provide for their families. At the same time, under our pay-as-you-go pension scheme, they must pay for the pensioners of today while hearing some pensioner groups say that they do not want to pay any taxes, that they have done their bit and worked all their lives and that, despite having had tax-free savings, they do not want to pay tax now. When young people hear that, they think, "Hang on a minute. I'm still paying, and earning less than they receive in their pension, yet I'm being asked to pay taxes, save, pay my mortgage and look after my children." We must ensure a generational balance. Both generations—the oldest and the youngest—must feel that they are being treated fairly. We cannot build consensus without agreement between the generations. Not all pensioner groups feel exactly the same, because they have children and grandchildren and do not want an excessive burden placed on them.

Mr. David Drew (Stroud) (Lab/Co-op): I agree entirely with my hon. Friend on the generational issues. One of the problems in that regard is that in the 1980s and 1990s an awful lot of people retired early. They might have done so because they had no choice and their jobs were taken away. In doing so, however, many of them got good packages. It is difficult for the generation who have come after them to accept that rather than retiring at 60 or 65, as might have been expected, the previous generation might have retired at 50 or 55 on good packages. That is a scandal that has never really been exposed. In relation to the evolution of the debate, does she agree that that has been a problem?

Kali Mountford: It is a problem in some sectors, but as my hon. Friend the Member for Bradford, North (Mr. Rooney) pointed out—I do not know whether my hon. Friend the Member for Stroud (Mr. Drew) heard him—people who have contributed to an adequate scheme have always been able to take early retirement, and can do so in future, accepting that they will get a smaller pension as a result of actuarial differences. They can change career and do a different type of job with a different level of pay but in a less stressed environment. That is not true of all careers or jobs, however, and that also exposes the differences between economic groups. Some people on low incomes could never be in that situation. They know from the outset that they will have to be in employment for their entire working lives to get any kind of decent pension. They are probably the group to whom we ought to pay most attention.

Mr. Drew: I agree entirely with my hon. Friend, but the problem is that those who took early retirement often had their pensions massively enhanced as a way of buying them out of the labour market. The logic was that those people would not cost that much because their life expectancy was much lower, but that has not been the case. That is a huge burden on some professional schemes.

Kali Mountford: That is precisely why we have problems in the pensions sector now. There were warnings in the 1980s about the challenge of longevity, pension holidays and soft economic management. Trade unions and employers alike referred to taking people out of the labour market in that way as the kindest cut, but that was a short-sighted view, as Members on both sides of the House have accepted in conversation with me, in private if not in public. That process was not as kind as it appeared, and we are feeling its impact now.

We must find solutions, and those solutions must have sustainability built in, or they might fall at the first hurdle. That is where I agree with Opposition Members. We must therefore let go of some old ideas about people having a certain level of income, or the same job, throughout their lives. The world no longer operates in that way. When I accepted that I would have to work until 65, I tried to view that as an opportunity. When I thought about an ageing, white-haired old lady doddering around the place, I realised that I might not be doddering around this place but another place—[Hon. Members: "No."] I always accept compliments. These days, however, a woman of 65 is generally perceived as much healthier, more agile and having a great deal more to offer. In previous generations, women were not perceived as having much to offer at all. We were perceived as largely dependent. I welcome the huge shift in that regard in these proposals.

It has been a scandal that women have benefited least from any of the systems. Women have to claim most means-tested benefits, and live the longest on the least money. That is a scandal that must be redressed. The most important outcome to me was not whether a citizens pension or universal pension was introduced, but that we recognised women's contribution, which might be years of caring for children, older people or disabled people. We now have a real task ahead of us to reach a clear definition of a carer. We have not made that clear enough, and we need to work on it. How will we make sure that our proposals really cater for those years of caring? When women take on work, accepting that the contribution period for their state pension will be shorter, we must give them confidence that the valuable contribution that they made to society through years of caring for parents, relatives and children will be properly recognised. Society could not have managed without those women in the past, and we must recognise their contribution properly in the future.

We must also continue the link between an individual's contribution and the benefit that they receive. If entitlement is simply linked to residence, there will be a disconnection between that and people's contribution to society, either through work or caring. That matters to me, as it is a valuable element of building consensus and making sure that the system can be sustained into the future.

7.39 pm

Mr. Nigel Dodds (Belfast, North) (DUP): I welcome the opportunity to speak in this important debate. I also welcome many aspects of the Government's response to the Turner report. However, I want to deal with concerns that have been expressed by a number of Members about the Government's woefully inadequate, indeed scandalous, response to the parliamentary ombudsman's report on workers who have effectively been robbed of their pensions through no fault of their own.

There are more positive aspects. I join the hon. Member for Colne Valley (Kali Mountford) in welcoming the White Paper's proposals for women and carers. A number of Members have drawn attention to the disgraceful circumstances in which many retired women find themselves. Those women, who have given years to caring for disabled relatives and others, have fragmented work records, and on retirement are utterly dependent on the work records of husbands or partners. Many who have no husbands or partners find themselves in dire poverty.

I am glad that the Government intend to alter the contributory principle to take account of paid contributions, and that far less will be necessary from now on. I am also glad that it will be altered to reward social contributions. Pensioners, many of them women, come to my surgeries and ask "What is in it for me?" The sad fact is that there is not a great deal in the report for many of today's female pensioners. I shall say more about what the Government might do to assist the pensioners of today.

[Mr. Nigel Dodds]

I am also glad that, at long last, the basic state pension will again be linked to earnings. Many people have campaigned for that for a long time, and the Labour party was vociferous when the link was abolished. However, I share the reservations expressed by others about the fact that the link will not be restored until 2012, rather than 2010, the date suggested by Turner. If the current situation continues, by 2012 the value of pensions will still be falling, especially for the poorest pensioners. That is unacceptable.

We need to end dependence on means-testing. As has been said by the hon. Member for Angus (Mr. Weir) and others, there is far too much means-testing. Many older people are deterred from applying for means-tested benefits because of the stigma attached to it, and it is also a disincentive to saving. I recognise the contribution made by pension credit to the alleviation of pensioner poverty. As a Minister in the Department for Social Development, which was responsible for the Social Security Agency in the former Northern Ireland Assembly, I can testify at first hand to the impact of pension credit in Northern Ireland. Nevertheless, we must end that dependence on means-testing. The best way of doing it would be to set the basic state pension at a decent level, lifting pensioners out of poverty and establishing a link with rises in earnings.

As for the qualifying age for the state pension, I entirely understood the arguments of the hon. Member for Aberdeen, South (Miss Begg). She said that despite reservations, she had come round to the view that the proposals were acceptable. Having talked to many of my constituents, I find that many accept that some of the changes must be paid for, and this may be one of the least offensive ways of doing that. However, the Government will have to deal with the issue of inequalities in life expectancy between people in different parts of the country, and between different types of worker. Problems will be stored up if manual workers are expected to work until they are in their late sixties, although they have a shorter life expectancy than others.

The Government must think about today's pensioners as well. They must tackle the question of why so many pensioners do not claim pension credit and other benefits to which they are entitled. A recent report in Northern Ireland turned a spotlight on the tens of millions of pounds being paid to people wrongly through error, fraud and the like. I am sure that the same applies in other parts of the country. It was right to identify that problem, and everything possible should be done to tackle it. Nevertheless, more attention should be paid to the hundreds of millions of pounds that are not claimed by the poorest members of society, including pensioners, who are entitled to that money. The Government must do more to ensure that entitlement to benefits is taken up, especially by pensioners.

Members have mentioned the winter fuel allowance, which was raised from £75 to £200 in 2000 but has remained static ever since. Given the enormous increases in fuel prices—which have also been mentioned—it is incredible that the winter fuel allowance is the one payment that has not risen in line with inflation. The Government could do something for today's pensioners very easily by raising that allowance.

A number of Members in all parts of the House rightly mentioned the parliamentary ombudsman's report and the Government's response. Along with others, I have constituents who have suffered greatly as a result of shortfalls in their pension funds. Having contributed for many years, they face a future devoid of the standard of living that they expected. Indeed, many have no hope of a decent standard of living. Those people are devastated: they feel that they have been robbed.

Some workers travelled from Northern Ireland today to attend the debate. I am sure that they were heartened by some of the speeches made by Members throughout the House. I pay tribute to the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne), who spoke eloquently on behalf of her constituents. She voiced many of my concerns, and those of other Members, about what the Government have failed to do. Although the Government have introduced a pension protection fund and a financial assistance scheme, I do not think that they have done enough to compensate workers properly. They have not done enough to return their expectations to them, and enable them to look forward to a retirement involving a degree of dignity and decency and the standard of living to which they are entitled.

The workers in my constituency who were employed in the Richardson's IFI plant paid into a fund, as they had been advised to do. They did that on the basis of the best advice, believing that their retirement income was secure. They had every reason to believe that as 49 per cent. of the company was owned by ICI and 51 per cent. by, believe it or not, the Irish Government. Two plants were located south of the border and one was in Belfast, in my constituency. The workers in the Irish Republic have rightly had their pension rights sorted out and have been compensated, but the workers in Belfast have been left bereft of their pension entitlement and have to rely on the financial assistance scheme.

We all want to see better relations between Northern Ireland and the Irish Republic, so I ask that the Irish Government treat those workers in the same way as they have treated their workers, as a tangible example of better north-south co-operation. We hope to put those points directly to Bertie Ahern, the Irish Prime Minister, when we meet him on Thursday. Such fair treatment would go a long way to proving that he means what he says about treating people on either side of the border the same. It seems that fair treatment is all right as long as it does not cost anything, but when it is time to divvy up millions of euros, it is a different matter.

Mr. Drew: I agree entirely with the hon. Gentleman, and I have a company in my constituency called Lister Petter that has gone the same way. Does he agree that one of the problems is that all the schemes are lumped together? That is my criticism of the ombudsman. I would ask for all the schemes to be independently investigated, so we know exactly where the money went and who is responsible. The problem is that the schemes are aggregated and the same arguments advanced every time. That is wrong.

Mr. Dodds: There is much merit in that point and I am sure that it has been noted by the Minister. I hope that he will address it when he winds up this evening.

In the statement a couple of weeks ago, and again today, the Secretary of State made a great deal of the financial assistance scheme and the extra money that is being put into it. I do not decry that extra money, but those of us who represent workers affected by the scandal of pension schemes—they will not go away, because they have a just case that has to be answered—know that the financial assistance scheme does not adequately address the injustice that has been inflicted on them. For instance, the payments under the scheme are not inflation-linked, even though the pensions would have been. The scheme starts only at age 65, but the expected pension would have started from the scheme pension age, which is often below 65. The FAS payments are made in full only when the wind-up of the company has been completed, but expected pensions would have been paid as soon as pension age is reached. The scheme payments are capped at £12,000, so they decline in value over the years. FAS payments have no tax-free element. The scheme also pays only 50 per cent. of the benefit to a surviving spouse, but they would normally receive at least 50 per cent. of the full expected pension. FAS payments halve immediately if a member dies soon after retirement, whereas ongoing schemes usually continue paying full pension to surviving spouses for a few years. If members die young, the FAS pays nothing, and survivors are left without any insurance, whereas expected pension benefits include life assurance cover. The FAS pays no ill-health benefits, but most schemes offer ill-health cover. Those are just some of the criticisms that workers in those dire straits have put to me.

Dr. William McCrea (South Antrim) (DUP): What representation have the Government made to the Government of the Irish Republic to ensure that the injustice that the workers in Belfast have endured is put right? Natural justice demands that they should be treated fairly.

Mr. Dodds: I know that some of those workers live in my hon. Friend's constituency and that of my hon. Friend the Member for East Antrim (Sammy Wilson), who is also in his place. In the particular circumstances, the Irish Government have an enormous responsibility to do right by those workers. They worked for a company that was 51 per cent. owned by a sovereign Government of the European Union, but they have been treated despicably and deplorably. I would take the same line if the company had been part owned by the British Government, and I am not attempting to bash the Irish Government, but it is worth making the point that people are entitled to fair play, especially when a sovereign Government are involved in the management of the company.

I recognise the contribution made by the financial assistance scheme, but it is vital that those workers, who are in a difficult situation through no fault of their own—they took the best advice, but their pension fund has an enormous shortfall—are properly compensated by the Government as speedily as possible. None of the workers is getting any younger and some have suffered ill-health as a result of their terrible situation, and I urge the Government to act as quickly as possible.

7.56 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome the White Paper. Of all the White Papers that I have ever read, it is probably the most lucid exposition of a complex subject. The exploration of the social, demographic and behavioural context of pension policy is illuminating and has informed our debate today. I congratulate Ministers on tabling this motion so that we may have a full debate before legislation, so that we can tease out the different issues and address the points made by all the parties. I hope that we will achieve consensus on the subsequent legislation as a result.

This is a hugely important debate. I congratulate the Government on what they have done to lift pensioners out of poverty—several Members have recognised the positive effect on pensioner poverty of pension credit and other Government provision—but the model that has been successful in the past few years in raising the poorest pensioners out of poverty is not necessarily adequate to meet the demographic changes of the future and the behavioural issues that we need to address to ensure that we have decent pension provision in the next few decades.

In the past, as the hon. Member for Weston-super-Mare (John Penrose) said, legislation in this area has been piecemeal and complex. If we are to establish a consensus, it has to start here and then be recognised by the public. The White Paper provides a basis for achieving that. Any new provision has to be so obviously fair and command such wide public support that future Governments are not tempted to tinker with or remove its basic elements. Above all, the scheme must also be affordable, so that future state pension provision is insulated from the vicissitudes of economic ups and downs that might otherwise tempt a Government to change it. There will be less reason to change a scheme that is affordable.

I recognise that the measures that this Government have taken to lift pensioners out of poverty mean that there is no immediate crisis, but profound problems remain that must be tackled if these proposals are to be successful. A combination of social attitudes to saving, what the White Paper terms "behavioural economics", the complexity of pension provision and a lack of faith in the savings industry is making it very difficult to establish in people the commitment to pension saving that is going to be needed if we are to resolve the difficulties in the future.

The first matter that I want to deal with is the live now, pay later culture that several hon. Members have mentioned already. Yesterday, I saw a news item celebrating the 40th anniversary of the introduction of the credit card. I confess that I was alive and around in that era and can remember that buying things on hire purchase was not really respectable. People did it, but it was frowned on, especially in tight working-class communities.

What a revolution there has been. People in our consumerist society are bombarded with expectations of a certain quality of life, irrespective of their incomes. That, combined with the accessibility of easy credit, has changed everything, and our well-documented spending culture does not sit well with the level of pension provision that we want for the future.

[Mr. Adrian Bailey]

The Government can change the culture by changing the way that state provision is made, and the child trust fund is a good example of that. I spoke today to the chief executive of one the fund providers, who told me that there is considerable evidence already that people are adding to the funds—even those allocated by the Treasury—and using them for saving purposes. The jury is still out on the child trust fund. It is still in its early days, and people might say that I was bound to support it, but the initial signs are encouraging. The fund is an example of how the state, through the way that it implements support, can change cultural habits and encourage people to save rather than spend.

The same is true for pensions. The national pensions saving scheme has automatic enrolment, which means that it can harness people's inertia about pensions. I do not want to sound contradictory, as that inertia has been a bugbear in the past and a reason why people did not get around to sorting out their pensions. However, the automatic enrolment in the pension savings scheme means that that inertia can be used to assist saving, rather than the opposite.

That is crucial to the scheme's success, but I echo what my hon. Friend the Member for Bradford, North (Mr. Rooney) said earlier. He is not in his place just now, but he was right to say that it is possible for unscrupulous small employers operating on tight margins to undermine the scheme by urging their employees to opt out. I am the last person to advocate a heavy regulatory regime to enforce the scheme, but I hope that Ministers will raise this very important matter in the discussions that I know they are having with the small business community.

The history of the savings industry has damaged how people perceive that industry, as well as their incentive to save. Pensions mis-selling, problems with endowment mortgages and the collapse of so many defined-benefit company schemes have led many people to believe that saving is just not worthwhile, as they will not get value for money. In common with many other hon. Members, I have a company in my constituency where decent, honest, working blokes who saved in a scheme for many years have lost all the benefits that should have accrued to them. They qualify under the financial assistance scheme, but no pay-outs have yet been made. I know that the Department is looking at ways to speed up the administration of the scheme and the payments made under it, but changing people's perception of the value of saving requires us to bear in mind that every failed scheme is a personal tragedy for those involved. It is also a huge public relations disaster and a massive disincentive to future pensions saving. All that must be sorted out if we are to re-establish confidence in saving for pensions.

Finally, I come to the question of the retirement age. I believe that a large proportion of the public wants to work later in life. People may not want to do the same job that they have done for most of their lives, or even to work full-time, but a huge number feel that they can still contribute to the economy and the community when they reach retirement age. They want to enjoy the sense of self-respect and well-being that goes with working. If the retirement age is to be increased, part and parcel of that must be the provision of support for people in their 50s and 60s—and older than that—so that they can find the sort of jobs that they need.

In my area of West Bromwich, West the history is one of heavy industry, with demanding jobs, poor health and a life expectancy much below average. The Government must look at the provision for people like those in my constituency, who will not enjoy the same post-retirement lifespan as others. I welcome the White Paper's commitment to examine whether the guarantee credit and the pensions credit could remain available at age 65, and I welcome, too, the Government's determination to undertake proper monitoring of what is going on so that people such as I have described do not lose out.

In conclusion, I believe that the Turner report carried real weight. It was robust and received wide support from all groups. The White Paper builds on and refines its recommendations. It is robust and constructed in such a way that we cannot remove certain proposals and go ahead with the rest, as they are all interconnected.

The complex combination of funding and payments and the construction of different schemes is such that if one element is removed the whole is weakened. I urge Members to recognise, whatever their feelings, that the package is good. It is fair and robust and can command consensus not just in this place, but in the country as a whole. It will be a huge improvement on what has happened previously, so we should all work to give future generations something that past generations never enjoyed.

8.10 pm

Mike Penning (Hemel Hempstead) (Con): I have been listening to the debate for the past four and a half hours and have thoroughly enjoyed the cross-party discussions on this important issue.

We have heard a lot about consensus. No matter what consensus we may reach in this place, among the major political parties or out there in the country, I fear that, unless there is trust in our pension schemes, all that hard work may go to waste. The White Paper will not be worth the paper it is written on if the public do not believe in the pension schemes that result. Indeed, they have every reason not to believe or trust in pension schemes, given what has gone on over recent years.

About four years ago, when I was a parliamentary candidate, the former Dexion workers in my constituency asked for my support in their campaign for natural justice in respect of the pensions that had been stolen from them. I sat with them for three days and went through the detailed documentation they had provided through their trustees about actions in which they felt the Government had been involved. Long before the ombudsman's report, I came to the conclusion that they had been treated very badly.

The number of people who have lost their pension has gone up dramatically since then. The early figure was between 70,000 and 80,000; now the number is 125,000 plus—I am sure that the Minister will take me to task if I am wrong. Seven hundred of those people are my constituents, but the loss of their pension does not affect only them; it hits their extended families and their loved ones, especially their widows who, in some cases, have suffered so much. In addition, the situation has massively affected people's confidence about investing in a pension scheme.

We are asking the public to trust Governments and pension companies with their future—with their retirement income. So much of what has been said today shows that they will not have that faith in the future. I freely admit that there was a problem with pension mis-selling, which had to be addressed. Things went wrong and that had a major effect on people's confidence, but there has been an even bigger effect over the last few months when an independent parliamentary ombudsman, appointed by the House, came up with a damning report on the Government's involvement in the collapse of pension schemes. That has had a massive knock-on effect.

Ordinary decent people who changed their standard of living so that they could put something away for their pension have lost so much. It is difficult to see how we can involve the public in this great consensus debate about trusting the Government—no matter who is in power—if we do not address the problems faced by those thousands of decent, honest people who put something away for a rainy day and for their retirement.

I stood on a manifesto that said that those people should receive the minimum funding requirement—80 per cent. of their pension—from unclaimed assets. Halfway through the run-up to the election, the Government came up not with a clear compensation scheme but with the financial assistance scheme. It comes from taxpayers—from public funds—which is good and it can be added to the estimated £15 billion that is sitting around in unclaimed assets. The Chancellor wants to use some of that money for worthy causes and I cannot think of a worthier cause than repairing the damage to people's pensions and restoring their faith.

The knock-on effects will also be felt if something similar happens in the future. In the 13 months that I have had the honour to be a Member, I have been asked several times whether I would take up with the parliamentary ombudsman something that my constituents felt was fundamentally wrong. In some cases my answer would be yes and in others no, but even if I did pursue a case, the Government might simply ignore the ombudsman's ruling. My constituents' faith in Parliament has been massively affected by the pensions problem. The future role of the ombudsman is at risk, if when that person comes up with a report, whether it is for or against the Government or impartial, it is completely ignored.

The ombudsman's report was damning. My constituents, like those of other Members who have spoken today, felt rightly that their pensions had been stolen from them. Some Members have said that we should look more closely at individual cases, and the Minister should consider that proposal seriously. Instead of wrapping everything up in one bundle and saying that all the blame lies with the Government or with the companies, we should look at individual cases. If the Government's approach to an individual scheme was fundamentally flawed, they would have to say so. The ombudsman found in general terms that there was maladministration in the way that Government had dealt with pension schemes.

Sammy Wilson (East Antrim) (DUP): Does the hon. Gentleman agree that by sp[illegible]ting things up and looking at individual schemes, we might get to the bottom of the question whether the full cost of compensation will be £15 billion, £3 billion or whatever it really is, rather than the figure that has been put out to try to stop people from pursuing the findings of the ombudsman's report?

Mike Penning: The hon. Gentleman makes a valid point. The Prime Minister seemed to make up the figure of £15 billion on the hoof at Question Time. Many estimates are that the amount could be as low as £3 billion or £4 billion over a 50-year period—not £15 billion to be taken immediately from the taxpayers', or the Chancellor's, budget.

Considering schemes individually could alleviate some of the public's concerns about whether the figure of £15 billion is correct. Another aspect of natural justice that the Minister could look at relates to the Pension Protection Fund that has been set up for future pensioners who suffer. The cap is £26,000.49, yet under the financial assistance scheme—should people be lucky enough to qualify—it is £12,000. Why are those people being treated as second-class citizens? Why are they being told that they will qualify only when they have less than half the funds required under the PPF criterion? It does not seem fair that those whose pensions have already been stolen are subject to a much lower cap, especially given that, as we heard earlier, because its value is not index-linked, it is falling day by day.

Another aspect is desperately important—I cannot emphasise how important it is. Many people paid large amounts of their income into a pension not only to secure their future, but that of their loved ones. There are some extremely sad cases. Many people have been unable to accept that they would not be able to provide for their loved ones in the future, as they had promised to do. There have been cases—although not in my constituency—of people who took their life due to depression because they were so worried about their family's future and about letting them down.

A delegation from my constituency visited me today. It included a wonderful lady, Marlene Cheshire, whose husband, Dave, had paid into a scheme for nearly 30 years. Soon after the scheme collapsed, he was diagnosed with terminal cancer. Just before he died Marlene told him that everything was sorted and that money from the financial assistance scheme was coming through. I am sure that she will not mind me telling the House that she misled Dave; the money had not come through. Only five of the 700 people in my constituency qualified. Marlene has got some money now: she has £20 a week. Her husband paid in thousands of pounds.

If we want to move forward—I desperately want us to, because I accept all the arguments about the fact that we have an ageing population, that the funding is not there and that we have only four people working for every one person getting a pension—we need the confidence and the trust of the public. To gain that trust, we have to address the problems of the pensioners who have had their pensions stolen from them. I have met the Secretary of State. Will the Minister look at the way in which the scheme is being used and compensate those pensioners for the pensions that have been stolen from them?

8.20 pm

Mr. Iain Wright (Hartlepool) (Lab): It is a genuine pleasure to follow the hon. Member for Hemel Hempstead (Mike Penning). We speak fairly regularly and I know that he is an extremely hard-working constituency Member. Regardless of party affiliation, I support him in that. His constituents are lucky to have him. I want to follow on from the points that he raised. I want to make two points. The first is about the big macro-economic and financial pressures on pensions and pensions policy—and particularly on occupational pension schemes in the UK and also throughout the developed world. The second point, which was raised by the hon. Gentleman and other hon. Members, is the very real effect that those pressures are having on a number of my constituents and, as the debate has shown, a number of other hon. Members' constituents, in terms of compromising and sometimes ending completely the planning that they have undertaken for their retirement.

In the post-1945 period, companies provided an element of security for workers with regard to provision in retirement. Defined benefit pension schemes helped to inject both motivation and loyalty into the work force. In the relatively stable environment of the post-war period, that was entirely feasible. Risks associated with planning for retirement through a defined benefit scheme were borne almost solely by the employer. If a defined benefit scheme fell short, the employer topped it up. That warm and cosy scenario for occupational pensions has been put under severe strain over the past two decades or so for a number of reasons. First, the growing stock market and rising pension fund surpluses in the 1980s enabled the Conservative Governments of the time to impose greater costs on pension schemes—for example, by taxing pension fund surpluses under the misapprehension that pension fund surpluses were a cash cow that could be milked for ever. Secondly, the 1980s saw a break with the link between pensions and earnings, because the Conservative Government of the time made a political judgment—incorrectly as it turned out—that those in work had generously funded company pensions and would not have to rely on state provision. Thirdly, the unemployment policies of the Tory years resulted in high levels of redundancies and factory closures, which, paradoxically, had a positive effect on pension fund surpluses. That was partly because there was a receipt from the sale of capital assets and partly because the number of early leavers from schemes meant a sharp reduction in scheme liabilities. Fourthly, during a period of a historically strong stock market performance, many companies took pension fund contribution holidays. That trend had extremely adverse effects when the markets corrected themselves after 2000.

On the back of lower stock market performance, companies redirected investment decisions for pension funds towards Government bonds. That trend has been accelerated by the fact that the Pension Protection Fund has charged risk-rated premiums, which in turn has encouraged a move into low-risk assets such as bonds. Over the past few years, that has depressed yields and reduced the ability of pension funds to recover from their deficit position. I acknowledge the tension that exists between ensuring that high-return, high-risk investments do not jeopardise the long-term financial situation of schemes, and allowing recovery to take place quickly. However, I would be grateful if the Minister could say in his winding-up speech whether his Department will look again at whether the PPF could change that rule in relation to risk-related premiums.

Underpinning those developments have been the strong forces of globalisation and demographic change. The opening up of international markets and the rise of the electronic economy mean that companies have become ever-more powerful and are able to transfer operations anywhere on earth in order to secure a more effective rate of return. The culmination of those forces has meant that companies providing occupational pension schemes have sought to transfer the risk of providing pensions away from themselves and towards their employees and Government. Given the growing power of companies, they have been able to achieve that with some success and in recent years there has been a reduction in the number of defined benefit schemes on offer.

That trend has been accelerated by a wholly inappropriate accounting scheme. FRS 17 could almost be seen as the last nail in the coffin for decent occupational pension schemes. I should point out that I am a member of the Institute of Chartered Accountants in England and Wales. FRS 17 has good intentions in that it tries to push forward the correct principle that a pension fund and its assets and liabilities should be an integral part of a company's financial position. However, the fact that surpluses or deficits in the pension scheme are recognised in full on a firm's balance sheet has meant significantly greater volatility, with adverse effects on pension schemes.

All those factors have meant that companies have had an appropriate environment in which to try to transfer the risk of planning for the retirement of their work force away from themselves and towards employees and Government. Perhaps more than any thing else, that is a vivid example of companies in the modern era becoming possibly more powerful than Governments.

Sir John Butterfill: I hope that the hon. Gentleman does not overlook the role of the Inland Revenue. One of the reasons why a lot of companies took contributions holidays was that the Revenue rules said that the schemes were overfunded—115 per cent. was the maximum. That was fine when the stock market was strong and technically there was overfunding, but it did not allow companies to build up adequate reserves to allow for the fact that the stock market was going to crash one day. I am afraid that the Revenue is as much a culprit as anyone else.

Mr. Wright: I understand what the hon. Gentleman is saying. Hindsight is a wonderful thing. I remember a report at the time that said that the stock market would go on rising and that there was no need to worry. That proved to be plainly wrong. We should be a lot wiser in this day and age.

It is important to recognise that, in the context of big, global forces, the lives of ordinary men and women are being affected. My hon. Friend the Member for Cardiff, North (Julie Morgan), who is not in her place, secured an Adjournment debate in Westminster Hall earlier this month about the financial assistance scheme, and made

vivid points about workers in her constituency. My hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) has also made such points, as has the hon. Member for Hemel Hempstead. I am not as eloquent as those hon. Members, but I echo their points on this issue. Far too many of my constituents have been caught up in these large forces as the risk of providing for retirement is being moved away from employers towards employees. Those men—in my constituency, they are predominantly men—did everything that was expected of them. They are decent, ordinary, hard-working, working-class men. They wanted to provide a secure and enjoyable retirement for themselves and their wives and families. They did not want to be a burden on the state. They paid into a pension scheme, often for decades, because they had an implicit understanding with their company that a definite level of payment would be provided for them when they retired. Now, because companies are trying to shift the risk, as I keep mentioning, those people are being left with nothing—often months before retiring. That is surely not fair.

I have a number of constituents who are part of the Roxby pension scheme. The scheme is in the process of being wound up, but because that is taking some time and it is still classed as operational—it started to be wound up in 2003—the Roxby pensioners are not eligible for Pension Protection Fund money. I understand that they may be entitled to financial assistance scheme money, but have not heard anything yet. This issue is taking some time to resolve, causing stress, anxiety and uncertainty to my constituents and their families. Like my hon. Friend the Member for West Bromwich, West (Mr. Bailey), I urge the Government to consider streamlining the processes to provide a swift judgment for those pensioners and others.

The plight of those people is exemplified by Mr. Robson, a constituent of mine. After paying into the Roxby scheme for decades, he would have been entitled to about £14,000 a year at the normal retirement age. We are not talking about footballers' salaries. Now, he is forecast to get nothing and, given his age, he is not really in a position to do anything about it. Although the financial assistance scheme is a good idea, it fails to take account of length of service and concentrates instead on the length of time before retirement. If the likes of Mr. Robson have paid into a pension scheme for some 30 years, surely there is a moral, if not legal, obligation for commitments to be honoured by firms.

Mr. Hughes came to see me in my constituency surgery only last Friday. He has worked at Carpets International for many years, but the firm is now being wound up. He was told in 2002 that his fund was worth £67,000 and that he would be entitled to a pension of about £8,000 a year. Now, some four years later, that fund is worth £18,000, which has to last him a full retirement. He has an estimated 10 years of his working life in which to sort that out. I know that the financial assistance scheme will, I hope, help people such as Mr. Hughes, but there is a strong case for providing even more help for people such as Mr. Robson and Mr. Hughes, who have done everything right, yet find on the eve of their retirement that all their plans have been destroyed.

I just want to mention one final pension scheme. Expanded Metals, or Expamet, is a staple firm—I hope that hon. Members will forgive the pun—of my constituency. However, the pension scheme is in the process of being wound up because the firm cannot meet its liabilities. Expamet is still trading, so the workers and former workers who are affected fall between two stools. I understand that the financial assistance scheme applies only when a firm has gone bust, while the Pension Protection Fund covers future victims. Will the Minister explain what can be done for people such as Paul Whitton, who has worked for Expamet for some 30 years, yet will now receive only 40 per cent. of his planned pension, and Mr. and Mrs. Edwards, who, together, were members of the scheme for 53 years, but are now contemplating a pension of £12,000 a year, rather than close to £30,000 a year, as was originally planned?

I stress again that these people—my constituents—did everything right, but are being penalised for a combination of global factors that were outside their control. I understand that those forces are pushing firms to move risk away from themselves and towards individuals. I do not want to tip firms such as Expamet into liquidation, which would lead to the loss of valued jobs in my constituency. However, I urge Ministers and, indeed, the whole House to reach a consensus that people who have planned for their retirement in the correct manner, using occupational pension schemes, should have such commitments honoured as much as possible.

As the White Paper rightly identifies, pension provision will become more problematic as the general population gets older and there is a greater squeeze on the working population. I have tried to acknowledge in my contribution that these forces are great and cannot be reversed with any great ease. However, I still think that both firms and the Government, to some extent, have a moral, if not legal, duty to people who did what they should and planned for retirement properly.

8.32 pm

Mr. Philip Dunne (Ludlow) (Con): I remind the House of my entry in the Register of Members' Interests. I have a personal pension, and I am also the director of an investment management fund that manages several small pension funds.

I shall talk about specific aspects of the proposals in the White Paper for most of my contribution, but I would first like to touch on an issue that has resonated around the Chamber from many hon. Members' speeches: trust and consensus, and the need to rebuild confidence through the Bill that emerges from the White Paper. The issue was put forward most succinctly by my hon. Friend the Member for Weston-super-Mare (John Penrose), and I pay tribute to him for his persuasive and forceful contribution. It is important that there is a broad political consensus on whatever emerges from the proposals.

When I first arrived in the House a year ago, I took the view that the question of pensions was one of the two or three biggest issues that parliamentarians needed to address in this Parliament, not least because pensions had been left woefully adrift for the previous 10 years or so. We cannot allow that situation to continue, for all the reasons that have been cited in the debate. The demographic changes are so important that we cannot continue to ignore the pension system

[Mr. Philip Dunne]

that we set up for future generations. I congratulate the hon. Member for Hartlepool (Mr. Wright) on his positive contribution. He made useful remarks about the need for consensus.

We need to remind ourselves that the Government are not immune from responsibility for several factors behind the difficult situation in which many pensioners find themselves. Hon. Members on both sides of the House have talked about problems that are beyond the Government's control, but at least some responsibility for the significant erosion of confidence in our pension system and the savings culture lies at the Government's door. Although I want to maintain the spirit of consensus, I cannot resist reminding hon. Members of some of the problems. They are relevant because it is important that we overcome the drawbacks as we look forward.

My hon. Friend the Member for Poole (Mr. Syms) referred to the Chancellor's tax grab on savings. The abolition of dividend tax credits played a significant part in undermining defined benefit pension schemes in particular, and occupational schemes in general.

The 2001 initiative of introducing stakeholders was announced with a fanfare as the great white hope for introducing people on lower and middle incomes to the savings culture, but it would be fair to say that it has not been a great success. Take-up has been poor. The latest available figures show that there are about 1.5 million stakeholder pensions in operation, and the number has been broadly flat for the past three years. The schemes have suffered from high lapse rates, for reasons that are well documented.

The Government must take responsibility for the consequences of introducing so much means-testing. I, like hon. Members on both sides of the House, acknowledge that means-testing has led to a benefit in the form of reducing pensioner poverty, but it is also perhaps the matter for which the Government are accountable that is most responsible for the collapse of savings over the past nine years. Until a couple of years ago, when the Government introduced some changes to the rules and the system became less regressive, many people had no incentive whatever to save, because each pound that they saved would lead to their losing pension benefits. We need to reverse a situation in which it is in individuals' financial interests not to save, as the hon. Member for Dumfries and Galloway (Mr. Brown) said.

Several hon. Members have referred to the survey that was published today by Scottish Widows. It shows graphically that the percentage of people saving adequately for retirement has fallen from 55 per cent. last year to 46 per cent. this year. There has thus been a significant reduction in just one year. The problem is especially acute among those who rely on defined benefit schemes for their pension savings. This morning, I spoke to Ian Naismith, the head of pensions market development at Scottish Widows. He said today:

"4 in every 5 people who aren't relying on a final-salary pension are failing to save adequately for their retirement, and ...2 in 5 are saving nothing at all."

That, in part, comes down to means-testing.

The final issue that needs to be borne in mind is the consequences of the delay until 2012—and potentially longer, as we heard earlier—of the introduction of the earnings link. As the hon. Member for Bradford, North (Mr. Rooney)—the Chairman of the Work and Pensions Committee, which I am proud to serve on—said earlier, a six-year delay is very significant for existing pensioners, or people who are about to become pensioners. Such a long period before implementing the proposals does not help to build confidence. Of course the proposals have got to be got right; I would not deny that for a moment. But steps could be taken earlier that would have a much more immediate impact—for example, introducing the earnings link. I know that that has been the subject of great debate between the Prime Minister and the Chancellor, but Ministers need to look at that issue when they turn the White Paper into a Bill.

Having got that off my chest, I endorse the view that we need to achieve a consensus through this proposal in order to rebuild trust among the population at large in the idea that saving is worth while. I am not absolutely convinced that the Secretary of State's claim that for every hour that we sit in this Chamber we add an extra quarter of an hour to our own longevity helps to build confidence in the system—although I am sure that he will be able to produce the evidence that supports that claim. I again endorse what the Select Committee Chairman said: this is a fine example of how pre-legislative scrutiny could be undertaken to ensure as broad a consensus as possible in all parts of the Chamber on the resulting Act. I urge the Minister to address that issue in his wind-up. Is he prepared to consider a draft Bill for when we return in the autumn?

I turn to a few specific points. When the Select Committee took evidence, one issue that arose—it has not been raised so far this evening—was that employers might regard auto-enrolment as a tax on jobs. Much has been made, particularly by Labour Members, of rogue employers seeking to force people to opt out of auto-enrolment. But the valid point that was made to us, and which needs to be borne in mind, is that once we are through the phasing in period, the contributions by employers of 3 per cent.—and by employees of 5 per cent., when tax relief is included—will add a total of 8 per cent. to the employee wage bill of employers who do not provide an existing occupational scheme. That is a significant addition to the cost base of some employers, and we cannot just dismiss them as rogues because they encourage people to opt out.

We need to look very carefully at the transitional arrangements referred to in the White Paper to ensure that they assist such employers. They may not be rogues; they could be going through difficult trading periods or a rapid growth phase, during which they need to invest as much as possible in their own business, rather than paying inflationary wage demands. We all recognise that the employee contribution is likely to be reflected in wage bargaining negotiations, and that some inflationary pressures will therefore emerge as a result of these proposals.

For those with existing occupational schemes, there is also the risk of the levelling down of contributions from employers who may currently provide more for their employees. As defined benefit schemes decline, there has been a shift towards occupational defined

contribution schemes—the real comparator to the proposed national pension savings scheme, which will be the ultimate defined contribution scheme—so that benefits get reduced for existing occupational schemes as they move on to a defined contribution basis.

Because the NPSS is unprecedented, it is not easy for us to foresee its impact on existing schemes. We can make some glib remarks in this Chamber, but none of us really knows how it is going to work. Some comparisons can be drawn with schemes in other countries, but none of them are of the magnitude of this one. There is a real risk that existing defined contribution schemes will trend toward the state scheme, particularly with small and medium-sized employers who, for example, are experiencing trading difficulties. If that happens, savings might decline as a result of the scheme's introduction, and the Government's objectives will fail. This is another area in which I urge the Government to consider transitional measures to limit the impetus for companies to level down.

The Government seem a bit complacent about that risk. A survey by Capita Hartshead last month indicated that 58 per cent. of providers of large schemes who are not using auto-enrolment thought that employers would level down when required to implement auto-enrolment within their existing scheme.

The next issue on which I shall touch is fairness, which has been mentioned by several of my hon. Friends in relation to the perception that the Government are taking different approaches towards private sector schemes and public sector occupational schemes. My hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), who is just leaving the Chamber, spoke clearly and well about the lack of balance and fairness in the Government's approach to the retirement age of members of occupational schemes in the public sector and in the private sector.

It is extremely important for rebuilding trust in the whole pensions arena that the Government face up to the clear public perception, right or wrong—Labour Members have said that they believe that it is a false impression—that the Government think that it is okay to push up retirement ages for those in the private sector, but when the Government themselves are the employer, they are not willing to raise retirement ages for their own occupational schemes, which are, in effect, defined benefit final salary schemes, which are rapidly disappearing from the private sector.

That brings me to what the Government's role should be in the new savings scheme. As others have said, there is little confidence in their ability to manage complex IT administrative schemes. There is little confidence in the Government as an investor: without wanting to get too political, we need look no further than the Chancellor's so-called prudent stewardship of the value of the country's gold reserves. There is little confidence in the Government's statements on the security of occupational schemes, as many have said in relation to the ombudsman's criticisms of maladministration. For all those reasons, it is vital that the Government acknowledge that they are not the best placed people to run the national pension savings scheme.

I endorse the view expressed many times by the right hon. Member for Birkenhead (Mr. Field) that the Government should take a leaf out of the Monetary Policy Committee's book. They should appoint a board of trustees independent of Government, and that board should be responsible for appointing an administrator for the scheme, as well as investment managers to undertake its management. Competition between the investment managers will improve performance and drive down costs. In addition, an independent body should regularly review longevity and the retirement age. When he appeared before the Select Committee, the Secretary of State agreed that that review should take place according to a predetermined timetable, which is important to building confidence in the scheme.

8.46 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Like the majority of hon. Members who have spoken in the debate, I welcome the work of the Pensions Commission, which provides the basis of the consensus that we all know is required if we are to achieve a long-term settlement in pensions. At one point this evening, qualifications to a consensus were expressed that suggested to me that it might not be as easy to obtain as we had hoped, but I hope that after we have had the political debate, which clearly we must have, we do achieve it. We all know that the price of not reaching consensus will be not achieving the long-term settlement that we know is needed, and future generations will not thank us if we do not produce such a settlement.

I shall concentrate on some of the areas in which we have not reached consensus or in which the Government have not given detailed indications of their direction of travel. Before doing that, I wish to echo the comments made by my hon. Friend the Member for Colne Valley (Kali Mountford) during her eloquent defence of the Government's strategy of making its initial priority tackling poverty among those pensioners with the lowest incomes through the income guarantee and the pension credit. I have frequently had the same experience as she has had of pensioners coming up to me after sometimes rather stormy meetings and saying quietly that they welcome the pension credit and recognise its benefits. I hope that, whatever proposals the Government eventually make on the future of the pensions system, they build on the success of the pension credit and ensure that we continue to use it to tackle pensioner poverty as one of our priorities.

I agree strongly with the general drift of the White Paper. Having initially prioritised steps to give more money to pensioners on the lowest incomes, it is right now to take measures to ensure that we do not end up with more and more pensioners relying to a greater and greater extent on means-tested elements of their pension. I say that for all the reasons that have been advanced this evening and that will be reinforced during the continuing debate on this issue. That is why I strongly welcome the proposal to reintroduce the link between pensions and earnings.

I would like to see that happening as soon as possible, and ideally even before 2012. I understand that there are many resources reasons why that may be unlikely to happen. However, I believe that it would be wrong to delay the reintroduction of that link to any later date. Earlier, we had a somewhat convoluted excursion into jam-making, appropriately enough by the hon. Member for Angus (Mr. Weir). I will not pursue him down that avenue. In my view, the position set out in the White

[Mark Lazarowicz]

Paper on the date for the reintroduction of the link with earnings is one of its weakest points. Apart from anything else, it is politically unsustainable.

I ask my hon. Friend the Minister for Pensions Reform to consider the position that the Labour party would be in come the next general election if we were to say, "We will reintroduce the earnings link but, then again, we might not." That does not sound to me to be a particularly attractive position in which to enter the next general election. I do not think that it would stand up to the scrutiny of an election campaign. I think that the Government ultimately would be forced to come forward with a date. It would be better to take the initiative rather than to leave the matter to the vagaries of a political debate prior to a general election.

I shall concentrate my remarks on auto-enrolment, which is at the heart of the reform proposals. There is clearly a tension in auto-enrolment. The more that we make opt-out harder, the less we have crafted a system where workers are genuinely making their own choices about future pensions and the more that we are turning the process into a quasi-compulsory system. If, perhaps by the awkwardness of opting out, we move towards something that is becoming almost quasi-compulsory, we will lose the advantages of having a system that is not increasing tax or national insurance contributions. We will be reducing the incentive of workers to take decisions about their financial futures into their own hands. If we make opt-out too difficult, people will not be in a position to make decisions about their own future with full financial responsibility. If we go along that road, we will almost be introducing SERPS by another name. Clearly, that would cause problems.

Assuming that we want to allow some meaning to the concept of opt-out—I think that that is implicit in the proposals from the commission and from the White Paper—it seems to me that a positive encouragement for opting in and discouraging opting out is to be achieved, above all, by a change in the culture of personal finance and a change in the culture of saving, so we bring about a situation where making a contribution to personal pensions of 8 per cent. across the relevant band is not the ceiling of the contributions made, but is more often than not the floor of such a contribution. People and employers will be encouraged and will want to top up contributions through the NPSS or whatever scheme is eventually introduced to operate personal allowances.

If we do not achieve that cultural shift, we will run a real risk of some occupational schemes, in which contributions are currently above the levels proposed in the White Paper, being levelled down so that pension provision is worse than at present. If the Minister has time when he replies, I shall be interested to know how he might respond to the difficulty that is presented by a possible levelling down in some existing occupational pension schemes.

There is also the risk, to which some hon. Members have referred, of a large-scale opt-out by individual workers. If we do not get the package right, there may be cases where it might be economically rational for an individual to opt out of the scheme. We must ensure that we get the package right and that we do not see such opting out. I accept the point made by many Labour Members that there is a danger that some employers, having made an unscrupulous analysis of their short-term interests, will encourage employees to opt out. We cannot ignore that risk, and the Minister must address it carefully. We could restrict the period for which employees opt out, so that opting-out is not a process that lasts for ever but can be reviewed after a few years.

In any event, we need a cultural shift in attitudes both to saving and to saving for retirement. It is essential that we conduct a major UK-wide exercise before a scheme is brought into effect, whether or not it is the national pension savings scheme, so that we can make the case for the new auto-enrolment scheme to employees in the workplace and, indeed, encourage workers and employers to contribute more to the personal pension. If we are to achieve that objective, employees must have access to financial advice services that they can trust, and in which they are right to place their trust. They must be able to obtain advice that, bluntly, they do not have to pay for up front, otherwise many people who most need it will be unable obtain it.

I will not go into detail about the way in which that advice and wider financial education can be provided, but we must build on existing networks and agencies, including Citizens Advice, local money advice services, and independent advice centres. Trade unions, too, can play an important role. We must be very wary of setting up a plethora of new organisations that seek to offer advice, as that would increase the risk that individual workers would be put off by the complexity of choice. Moreover, some organisations that purport to offer independent and impartial financial advice but, in fact do nothing of the sort, may take advantage of people who are not as informed as they might be.

If employees make bad investment choices when they decide how to direct the savings accumulated in their personal allowances, it is likely that confidence in auto-enrolment will take a tumble, and a future Government will face a choice between a fall in pensioner incomes and the need to make auto-enrolment compulsory with no opt-out. The Government must look at the way in which they provide pensions information and advice. There has been a strong emphasis on encouraging the take-up of pension credit, which is all to the good, as the scheme has been a great success, but take-up could be further improved. It is sometimes difficult for people who most need financial advice and information about financial services to obtain it. The Pension Service relies heavily on the telephone and its website to provide information. In the early years after the adoption of a new pensions settlement, we must provide face-to-face advice so that people do not have to rely on call centres and websites for information and advice.

Finally, as the Pensions Commission and many commentators have pointed out, the implications of pensions reform extend far beyond pensions policy. If we are to develop a policy based on the reasonable expectation that people will live and work longer, there is a huge agenda to address. We must encourage and facilitate the employment of older workers, and introduce more flexible working, to cite just a couple of issues. As has already been mentioned in the debate, it is workers on low incomes, because of illness or disability, or sometimes because of their employees' policies, who will be in danger of suffering badly, so there have to be measures to protect the least well-off, and of course to tackle the underlying health inequalities.

I know that the Minister realises that, as do many other hon. Members here today on both sides of the House, but it is worth emphasising how those wider issues have to be kept in mind as we decide how to draw up a new settlement for pensions. If we do not do that, we will end up with a settlement that makes the real winners in retirement those who have already been the financial winners in their working life.

9 pm

Mr. Brooks Newmark (Braintree) (Con): I should like to address three concerns that arise from the Government's proposal for pension reform. Reform is, as we are all acutely aware, urgently needed in order to jolt us out of what, as Lord Turner told the Treasury Committee, has become "a collective fool's paradise".

None the less, my first concern is that the Government are pursuing what appears to be an attempt to reinvent the wheel by suggesting that they are merely reintroducing the contributory principle. That particular principle would not need to be reinvented if the Government had first not undermined it.

My second concern is the Government's caveat on the uprating of the basic state pension being

"subject to affordability and the fiscal position."

That statement is itself characteristically nebulous. But more importantly, Lord Turner's remit and the subsequent White Paper also failed to include a review of public sector pensions, where affordability and long-term fiscal position are most uncertain.

Lastly, I want to address the danger posed by any reform that does not tackle head-on the purpose and scope of means-testing within the pensions system. There is a danger that a lack of fundamental reform of the scope of means-testing will undermine public confidence in the benefit of the proposed savings scheme, and consequently undermine the purpose of the reform.

First, I come to the contributory principle. The pensions White Paper declares:

"We are creating a system which establishes a new contributory principle for state pensions."

The fact that part of the statement appears in bold type does not unfortunately mean that it is boldly going where no one has gone before. The rhetoric is over 60 years old and any new substance is somewhat lacking. National insurance contributions were originally intended to be hypothecated—or reserved—for certain purposes. Sixty years later, what was envisioned as a national insurance fund is more hypothetical than hypothecated. The Government's return to the something for something rhetoric of the contributory principle is disingenuous, because uprating the basic state pension apparently remains dependent on future affordability. Those who are contributing today, and may have done so for their whole lives, will still depend for their retirement income on the Chancellor's assessment of the fiscal position over the next few years.

I come now to my second concern—that the Pensions Commission remit did nothing to address the mounting public sector pension deficit. If we are to be confident that the basic state pension will in fact be relinked with earnings, we must be reassured about the Chancellor's assumption regarding affordability. But the Treasury has consistently understated the extent of public sector pension liabilities. According to the consultancy firm Watson Wyatt, Britain's underfunded public sector pension liabilities reached a total of nearly £1 trillion in March 2006. That is a one with 12 noughts after it. That is more than 80 per cent. higher than the most recent Government estimate and amounts to a whopping £40,000 per household in the UK.

Stephen Yeo, a senior consultant at Watson Wyatt, has described the Government as

"taking a rosy view of the cost of public sector pensions".

The White Paper does nothing to address the cost of public sector pensions, which is a significant omission. Without action to address the long-term affordability of public sector pensions, it is difficult to have confidence in the Chancellor's assessment of affordability and the fiscal position with regard to the basic state pension, which is to be re-linked to earnings.

Perhaps most significantly of all, I must turn to the seemingly ubiquitous burden of means-testing, which is certainly not a new concern. In 1942, Beveridge noted

"the strength of popular objection to any kind of means test"

before warning that "discouraging thrift" would be the inevitable result of a

"permanent system of pensions subject to means test."

Yet Beveridge went even further in 1942 than the Government are prepared to go in 2006. He warned:

"The State in organising security should not stifle incentive, opportunity or responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family."

To propose a personal pension savings account without a radical reappraisal of the use of means-testing will continue to stifle any incentive to save.

The Treasury Committee heard time and again in the evidence provided in the course of its inquiry into the national pension savings scheme that the existence of means-testing would be one of the most important factors influencing the success of the proposed scheme. Lord Turner was adamant:

"A way forward has to be found which achieves affordable and sustainable reform of state pensions which makes sure that means testing does not grow in the way that it would otherwise grow and ideally reduces in extent."

Yet it is still not clear at all that the Government are pulling in the same direction on the issue of means-testing. Worryingly, Lord Turner also said:

"We have not had detailed discussions with the Treasury over the course of the last few weeks which would clarify exactly where they stand on the issue of the spread of means testing."

The Work and Pensions Committee received evidence from the Pensions Policy Institute stating that, even after the reforms proposed by the Pensions Commission, 45 per cent. of pensioners—not the 33 per cent. claimed by the Government—would still be eligible for means-tested benefit in 2050. The Chancellor was quite clear during his evidence to the Treasury Select Committee earlier this year that

"the long-term solution for pensions is that people are in a position to make their private savings over the course of their lives."

His commitment to ending the means-testing of pensioners is much less clear, yet it is on that commitment that the success of the proposed reforms hangs.

[Mr. Brooks Newmark]

It is not just important to encourage people to save; pensioners must also be freed from the indignity of means-tested benefits. Earlier today, I met two of my constituents, Phyllis Webb and Barbara Shillabeer, who are members of the Braintree pensioner action group. I want to be able to go back to Braintree to tell them unequivocally that the basic state pension will, in future, provide them with an income. Just as importantly, I do not want to have to tell my constituents that there is no point in saving because it will not leave them any better off when they come to retire.

Sixty years ago, Beveridge's recommendation for the introduction of national insurance contributions noted:

"A revolutionary moment in the world's history is a time for revolutions, not for patching."

Perhaps we live in less revolutionary times but the lesson remains valid. If we wish to achieve a lasting pensions settlement, we must not deal in half-measures. Uprating the basic state pension and introducing personal pensions savings accounts must go hand in hand with a decline in means-testing to give people the confidence to save for their retirement.

Perhaps most important, the Government must take steps to account for their unfunded public sector pension liabilities to encourage greater public confidence in the future affordability of all state pension provision. After all, if the Government cannot properly account for their pension liabilities, they cannot hide behind the caveat that an increase in the basic state pension can come about only

"subject to affordability and the fiscal position."

9.10 pm

Ms Diana R. Johnson (Kingston upon Hull, North) (Lab): I want to consider financial literacy, especially the financial education that our young people receive and how they make decisions about planning for their financial futures. I also want to discuss women and carers, and make some small points about the proposed retirement age in the White Paper and whether we need a body to oversee pensions in future.

Pensions is not a sexy subject. If we talk to young people about pensions, we see their eyes glaze over, as my hon. Friend the Member for Colne Valley (Kali Mountford) said. I remember finding my pension statements difficult to fathom. They are complicated and dressed up in language that is not easily accessible. When we are young and should start to pay towards a pension, there are other pressures on money and we think that we will never get old. That struck me forcefully because it is my 40th birthday next month. At such a time, one suddenly starts to get interested in pensions. Often, people start to take the matter seriously at an age when they are told that the contributions that they must make are fairly hefty.

Kali Mountford: I am grateful to my hon. Friend for giving way so early in her already brilliant speech. What does she think of the various proposals made today about how we give advice, bearing in mind that young people are least likely to go to an independent financial adviser? Whose responsibility does she believe that it is to ensure that people are properly advised about the sorts of pension plan they might make, especially given the comments of my hon. Friend the Member for Bradford, North (Mr. Rooney)?

Ms Johnson: I am grateful to my hon. Friend for that intervention because it leads nicely to the comments that I wanted to make about the need to think carefully about the way in which young people receive financial education. Most young people get lessons from their mum or dad or perhaps listen to their peer group, but the advice and guidance available to young people is limited. We must consider the way in which we engage with young people in schools, colleges and universities, and the use of role models who can send a positive message to young people about the necessity to take financial responsibility early in life and plan one's financial future. We have used role models in other ways, for example, to encourage young people, especially boys, to read books and eat healthier food.

There is much cynicism about financial advice. Those whom we approach to provide good financial advice must be organisations and groups that we can trust. I was interested in the comments of my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz), about the use of citizens advice bureaux and the important role of trade unions and other voluntary groups.

I am pleased that the White Paper emphasises the role of personal accounts through the NPSS, which could be important for young people. It is a simple proposition for people to get their heads around—the 8 per cent. is divided between the employee, the employer and the state. The personal account will start at 22 and go through to 65. It is interesting that 22 has been chosen as the starting age, and I wonder whether people who are younger than 22 and who want to opt into the account should be allowed to do so.

The account will be introduced by 2012 and it will help young people to understand how saving for their future can help them. We know that most young people will have many jobs in their employment lifetimes, and they can take the account with them from job to job. I also understand that the self-employed or those who do not work at different points in their lives can also be included in the scheme. Hon. Members on both sides of the House have discussed the need to keep the management costs of the scheme at a minimum, which is correct.

In the spirit of consensus in the Chamber this evening, will my hon. Friend the Minister for Pensions Reform look at the proposals that the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) introduced in his private Member's Bill, the Rights of Savers Bill, earlier this Session? That Bill would have introduced a savings scheme for people to use flexibly throughout their lives, so they could use that money, for example, to pay for a deposit on a house or to take a career break to access education. Such transactions would be limited and managed, and people would have to pay back the money in order to ensure that they do not reach the age of 65 and find that they have no money in their savings accounts. A flexible savings account is a good idea to allow for the choices that people make throughout their lives. That Bill was considered in Committee, and it contains some ideas that the Government could take forward.

My right hon. Friend the Member for Southampton, Itchen (Mr. Denham) recently introduced a ten-minute Bill, which was about making sure that jobs are advertised with the full pension benefits clearly set out. That would allow people to make a positive decision based on the pension advantages of a particular job, and it would help young people to make sensible decisions about their financial futures.

On the role of women, I am pleased that the outdated model that has been used since Beveridge, which involves women being dependent on their husbands for pension provision, has been addressed in the White Paper. That situation is a scandal, and many hon. Members have discussed it this evening. The number of women MPs that we now have in the House of Commons means that the issue has not been allowed to stay at the bottom of the agenda—it has moved right to the top—and it is right that we should sort it out. We know that with a reduction to just 30 years of contributions by 2025, 80 per cent. of women will be entitled to the basic state pension, which is right and proper. We also know that the home responsibilities protection will become a positive weekly credit, which will ensure that more women are included in the basic state pension within the proposals in the White Paper.

I want to comment on women who have multiple low-paid jobs. We should examine how to include such jobs in the pension provision. My hon. Friend the Member for Bradford, North (Mr. Rooney) said that people with such jobs, who are mainly women, will still not be included, and I wonder whether my hon. Friend the Minister for Pensions Reform will comment on that point.

I am pleased that the White Paper includes a proposal for a new credit for those who care for more than 20 hours a week for someone who is in receipt of severe disability benefits. In my view, any carer who is caring for someone for more than 20 hours a week should receive that new credit—it should not be dependent on the benefit received by the person for whom they are caring. I could not let this opportunity pass without mentioning the Hull carers centre, which I visited a few days ago. I was lobbied very hard to ensure that carers are kept in the public eye and that those people, who do such sterling work, get the credit that they deserve and the pension that they deserve. I was also asked to raise the issue of people who reach the age of 65 and receive their pension, but suddenly find themselves losing out on their carers allowance. Can that be considered in future?

I should like to say a few words about raising the retirement age to 68 by 2050. I am very aware that in my constituency, Kingston upon Hull, a baby boy born today will have a life expectancy that is six years less than that of a baby boy born in Kingston upon Thames. There is a marked difference straight away. I hope that the Government will think carefully about how to beef up the work that is already going on with health inequalities and public health to address the problem of different life expectancies across the United Kingdom. We want the White Paper to be fair, but as it is it will not be fair on some of my constituents.

Kali Mountford: My hon. Friend is making a valid point about health inequalities. When pensions were first introduced, life expectancy for working people was only 48, yet they could not receive a pension until they were in their 70s. Does she therefore accept that we have at least seen some improvement?

Ms Johnson: My hon. Friend is right. However, my concern is that to achieve consensus in the country we must ensure that people accept that the White Paper is fair. At the moment, people in certain constituencies may miss out on the options on pensions that we are putting forward.

It has been suggested that a new body should oversee the pensions decisions that we make to ensure that they fit in with what happens in the next 10 or 20 years. Certain organisations are pushing hard for a permanent pensions commission to ensure that our proposals on treating people fairly in future are realised.

A few issues remain to be addressed, but on the whole I welcome the White Paper. I am particularly delighted that women and carers are at the heart of it.

9.22 pm

Mr. Nigel Waterson (Eastbourne) (Con): This has been an excellent debate. I particularly enjoyed all the talk about longevity and the amount by which it will have increased during the course of the debate—although there have been one or two speeches during which my whole life has flashed before me. I will not say which ones they were.

According to my arithmetic, there have been some 18 Back-Bench speeches, so I apologise to hon. Members if I do not go through them all but pick out one or two that deserve particular mention. My hon. Friend the Member for Hemel Hempstead (Mike Penning) made a powerful speech on behalf of his constituents who are scheme members of the Dexion company and have suffered a great deal. His comments on the ombudsman's report were extremely just and valid. The hon. Member for Belfast, North (Mr. Dodds) also spoke about the ombudsman's report and about the failings of the financial assistance scheme.

The Chairman of the Select Committee on Work and Pensions, the hon. Member for Bradford, North (Mr. Rooney), had some valuable thoughts on the White Paper to share with us. As always, the right hon. Member for Birkenhead (Mr. Field) had something distinctive to say. Apparently, he is not signed up to the concept of consensus; in fact, he delivered a substantial broadside against the whole idea. He talked about his concerns over what he called the Chancellor's IOU and whether it would ever be redeemed for pensioners.

My hon. Friend the Member for Weston-super-Mare (John Penrose) made a fluent speech about the need for durability in the system and the reforms, the problems of complexity and the need for stability. Although the hon. Member for Yeovil (Mr. Laws), the Liberal Democrat spokesman, made some sensible points, I was not quite sure at the end of his speech where his party stands on the consensus-building adventure on which we are all now embarked.

I had the dubious pleasure, as shadow Pensions Minister, of being involved in every Commons stage of what became the Pensions Act 2004. If ever a measure cried out for pre-legislative scrutiny, that was it. But no, the Government drafted the Bill with the minimum of

[Mr. Nigel Waterson]

consultation, drove it through with a timetable motion and ignored our regular predictions about the law of unintended consequences. We therefore welcome the fact that the White Paper talks about revisiting the provisions of that Act. I warned at the time that any good that the Government sought to do through the Bill would be overshadowed by the plight of those who had lost pension rights through no fault of their own. My prediction turned out to be true. Nothing has done more to undermine public confidence in the pensions system than the losses felt by those honest, decent people.

In May 2004, facing defeat in the House, the Government cobbled together their financial assistance scheme. We said from the outset that it would be inadequate. None the less, the Government forged ahead, setting up a wholly separate structure in York to administer it. I even recall proposing amendments in Committee that would have set up a parallel mini-pension protection fund, funded by unclaimed assets but administered by the same people as the main PPF. The Government would not have it, however, and one can now see why.

The FAS was to be kept quite separate, as it was always going to pay out much smaller benefits than the PPF. The differences are stark. That is true even with the latest review of eligibility. In a recent Westminster Hall debate, the Minister for Pensions Reform made it clear that only about a third of the 125,000 people affected will benefit from the scheme, even with the extended coverage. At that stage—although the figures may have improved in the intervening few days—a grand total of 93 payments had been made, which, according to my arithmetic, leaves only 39,907 to go. He made the position clear:

"Given the limited amount of money that we had available, it was correct to target it at those closest to retirement".—[*Official Report, Westminster Hall*, 20 June 2006; Vol. 447, c. 415WH.]

Several hon. Members on both sides of the House have explained the unfairnesses that result from those decisions.

It was obvious at the time, and has become ever more obvious since, that the FAS was designed primarily to get the Government over a temporary problem and to assist some Labour Members in marginal seats, with greater or lesser success, of which my hon. Friend the Member for Hemel Hempstead is living proof. Throughout its short life, the emphasis of the FAS seems to have been on limiting eligibility and excluding claims. The novel concept has been introduced of a core pension, with which the hon. Member for Belfast, North dealt in detail. We have heard that FAS payments are not inflation-linked, that they only start at 65 and when wind-up has been concluded, that they are capped at £12,000, and that the entire payment is subject to tax, despite the expected pensions including a tax-free lump sum.

That leads us on to the ombudsman's report. She made three findings of maladministration against the Government. It is clear that the Government took steps on two separate occasions to weaken the minimum funding requirement. The report quotes the then Secretary of State saying in March 2000:

"As a matter of principle, we believe that when someone loses out because they were given the wrong information by a Department, they are entitled to redress."—[*Official Report*, 15 March 2000; Vol. 346, c. 308.]

Ministers have peddled a figure for the cost of compliance with the ombudsman's recommendations that is grotesquely misleading. No wonder Lord Turner appeared to back compensation when he gave evidence recently to the Public Administration Committee. We believe that the Government's position on the report is wholly indefensible.

We have heard much about consensus today. We in the official Opposition have said for a long time that we need political and social consensus if we are to have sustainable long-term pensions reform. Recently, Ministers have been saying the same; even more recently, they have been putting their money where their mouth is, and we welcome that. Why is consensus so important? Because Governments come and go. I do not mean to be gratuitously offensive to the Government Front Bench when I say that Ministers are here today and gone tomorrow. It is good to see the Minister's distinguished predecessor, the Chief Secretary to the Treasury, the hon. Member for East Ham (Mr. Timms), sitting beside him.

Nothing would be worse for confidence in the system and for long-term saving than an Opposition with the stated intention of unpicking any reforms when they took office. No doubt the Government have taken a hard-headed view and concluded that consensus is a vital underpinning for their reforms—or, as the Secretary of State put it to the Select Committee, something to make pensions reform "stick". All credit to him for that.

What, then, does consensus mean? It means that we can seek to reach agreement with the Government on the basis of full information about the various aspects of their proposals. It means supporting the Government when we think they are doing the right thing. How could we do other than that when they are implementing policies from our last manifesto? It means opposing them when they are doing the wrong thing, or doing the right thing in the wrong way.

However, it is also important to understand what consensus does not mean. It does not mean writing any blank cheques, or abdicating our duties as the Opposition to scrutinise the detail and hold the Government to account. That is not least because we expect and hope to be the Government one day, and that day may not be far off. We want to inherit a pensions system that works, or is on the way to being mended. That means that any reforms must pass our six tests.

Mr. Hutton: Six?

Mr. Waterson: It is test inflation.

These are the six tests. Do the reforms deliver pensioner dignity, rolling back means-testing? Are they fair as between different groups in society, between generations, between the sexes and between public and private sectors? A number of Members, including my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), dwelt on the issue of public sector pensions. Are the reforms affordable? Are they transparent? Do they encourage personal responsibility? Are they simple and easy to understand? If they pass those tests, they will have our support.

Let it be clear, however, that we do have concerns. The Government accept that a third of all pensioners will still be subject to means-testing, with all that that implies for the discouraging of saving. The Pensions Policy Institute puts the figure at 45 per cent. The Government are also working on the basis that between 20 and 50 per cent. of workers will opt out of the NPSS. A recent workplace attitude survey by AXA showed that nearly a fifth of employers would encourage staff to opt out, a point made by several Members today. According to the PPI, the pensions system will hardly be any less complex after the reforms than it is now. As we have heard, the proposals create a cliff edge that will generate unfairness for some women.

Raising the state pension age is all very well, but where will the jobs come from for the notional increase in the work force? What retraining opportunities will be available? What about the millions of people who are below even the current state pension age and who want to work but cannot get a job? That point was made by the hon. Member for Bradford, North.

Organisations such as the Association of British Insurers and the National Association of Pension Funds have expressed concern about employers' levelling down their pension provision in line with the contribution levels of the NPSS. As the NAPF put it:

"The danger is that, while reducing the number of people not saving at all, the White Paper could turn some adequate savers into under-savers."

Given the Government's inauspicious record when it comes to large IT projects, we have concerns about the architecture of the NPSS. What advice should be available to employees and what regulatory framework should apply?

We do not want to run the risk that, when the dust has settled and the smoke has cleared, we are no better off and still have a high level of opting-out, low persistency, a levelling down by employers and existing savings simply moved from one part of the system to another. However, we intend at all times to be constructive, pragmatic and sensible. If we disagree with Ministers, we will try not to be disagreeable. Those are the ground rules under which we intend to operate as the official Opposition. On that basis, we look forward to working closely with Ministers, officials, other political parties and all other interested organisations. We owe no less to future generations of pensioners.

9.35 pm

The Minister for Pensions Reform (James Purnell): This has indeed been a good and important debate. Here we are, six hours after the start, with another hour of life expectancy, as my right hon. Friend the Secretary of State informed us. I read the other day that the best way to improve one's life expectancy is to semi-starve oneself and be exposed to small but regular doses of radiation. I am not sure whether that does increase life expectancy, but it would probably make life seem a lot longer.

We are serious about creating a consensus on the future of pension policy and this debate has genuinely helped to set that in train. We do not want to create consensus for its own sake or to agree with the Opposition just for the sake of it. Indeed, where there are differences, we will continue to explore them. However, pension policy is different. Workers put away their money for 20, 30, 40 or 50 years and it is therefore right that they should expect politicians to try to create a stable framework within which they can make their decisions.

Over the past 30 or 40 years, the political class has not achieved that stability. The system has changed frequently and has left savers with what the Pensions Commission found to be the most complex pension system in the world. Our task now is to address that issue and to seek to take the political instability out of the system. Just as Bank of England independence has made it easier for companies to invest, so a consensus on the future of pension policy will make it easier for workers to save. That is why the Government called today's debate and tabled a substantive motion. It gives the House a chance to signal to the public that we will work together where appropriate to seek to create that consensus.

I welcome the spirit in which Opposition Front Benchers have responded to the motion. Both main Opposition parties have tabled constructive amendments that start from the basis that the White Paper can be the building block for a consensus on the future of pensions. Indeed, the Conservatives' amendment identifies some key concerns and we want to work with them to explore those. We have no objection to their amendment to our motion.

As the hon. Member for Weston-super-Mare (John Penrose) said in an impressive speech—I do not say that just because I will appear before his Select Committee tomorrow morning—it is important not only to think that we have a consensus, but genuinely to explore whether we do have a consensus. Occasions such as this mean that we can have proper scrutiny of the policies in advance, which is surely far better than finding out later that we did not have the consensus that we thought we did.

To start with today's pensioners, as several hon. Members did—in particular, my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne)—we believe that we have done a significant amount for them. I shall not repeat everything that my right hon. Friend the Secretary of State said, but we are spending 1 per cent. more of GDP than if we had just continued with the policies of 1997. The White Paper promises to increase pension credit in line with earnings—a major change.

The second point concerns raising the state pension age. The hon. Member for Angus (Mr. Weir) made it clear that his party would oppose that, and the issue was also addressed by my hon. Friends the Members for Aberdeen, South (Miss Begg), for Dumfries and Galloway (Mr. Brown) and for West Bromwich, West (Mr. Bailey). However, they made the point in a slightly different way. They knew that there were concerns about the state pension age, and wanted them to be addressed. That is the right way to think about the matter.

The Government accept that questions remain about how the state pension age should rise, and that we must keep open the option of paying pension credit at 65. We also accept that we must continue to look at the extending working ages agenda, and at health inequalities. We recognise that we have to deal with all of that, but those who oppose raising the state pension age must be clear about whether they believe that any such change should play no part in the proposals.

[James Purnell]

The Pensions Commission has created a consensus around the fact that people are living longer and that raising the state pension age has to be part of the solution if we really want to tackle the challenges that that raises. Those hon. Members who oppose a rise in the state pension age must explain how they will cope with the fact that in the future people could work less and less yet still expect to have the money to pay for an ever longer retirement. The difficulty is either that far more will have to be levied in taxes, or that people will have to save at a level far higher than has ever before been expected of them.

Mr. Weir: My point, which I raised with the Minister both in this debate and earlier in the day, has to do specifically with inequalities in different parts of the country and in different socio-economic groups. Does he agree that that problem must be addressed if the retirement age is to be raised?

James Purnell: That is what our health inequalities agenda is about. My constituency suffers from exactly those problems that the hon. Gentleman described, with people dying 10 years earlier than elsewhere, but it is impossible to deal with such problems without raising the state pension age. I assume that he is not proposing differential state pensions for people in different socio-economic classes, and I am sure that he will accept that life expectancy has risen in all socio-economic groups. Although it is right that we must look at how a rise in the state pension age might be implemented, it is clear that it will have to be introduced.

The second major issue in the debate had to do with personal accounts. My hon. Friend the Member for Bradford, North (Mr. Rooney) made some very good points about that, as did the hon. Member for Bournemouth, West (Sir John Butterfill). Questions were raised about employer contributions, governance, charges, generic advice and compliance, and we want to discuss those matters with all parties in the House. We have said already that we want to invite Opposition Front-Bench Members to our pensions summit, when the details of our policy will be explored.

My hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) spoke eloquently about a matter that worried a number of hon. Members—the interaction between means-testing and automatic enrolment. How can we automatically enrol people if we are not certain that they will be better off in retirement? Our response is that that is not the test that should be applied. No saving is certain, and people never know for sure what their careers will hold. They do not have 20-20 foresight about when they will work, how much they will earn or when they will be unemployed.

Instead, the real test of automatic enrolment is whether it will give people a reasonable expectation that they will be better off on retirement for having stayed in the scheme. We believe that we can provide some very good answers to that. In response to the specific request from the Conservative spokesman, the hon. Member for Runnymede and Weybridge (Mr. Hammond), we assure the House that we will be happy to publish the research that we used to make our decision, so that people will be able to look at it and make up their own minds.

There are two reasons why we believe that people will have a reasonable expectation of being better off under our proposals. First, those who leave their money in a personal account will immediately have it doubled by the employer contribution and the state contribution. Secondly, the charges on personal accounts will be much better, so people will be able to keep much more of their pension pot in retirement—we think about 25 per cent. more—than is the case with other forms of saving. The return on personal accounts should compare favourably with other forms of saving, and we believe that that, interacting with our reforms to state pensions, will help us to convince the vast majority of people that they will be better off.

The key point is that although, under our proposals, as a base case, a third of people would be means-tested, only 6 per cent. of them would be on the guarantee credit alone and thus facing 100 per cent. withdrawal rates. Those people may not have known that they would end up in that situation, so they will be better off due to the existence of the guarantee credit. The alternative would be to tell them, "We know that you do not have a good state pension but we will not provide a safety net for you".

We shall be able to publish evidence to show that we can give people a reasonable expectation that they will be better off, but the scheme will not involve compulsion. People will be able to make their own decisions, so it is right on the one hand to enrol them automatically—to use inertia for the saver culture—but on the other to leave them with a choice about whether they continue to save.

Mr. Laws: Due to the impact of means-testing, the individuals whom it is most difficult to encourage to make additional provision will have the least incentive to save because their employer contribution will be wiped out. Does not that concern the Minister?

James Purnell: We want to work with the hon. Gentleman on developing those issues, but to respond to his point, if I understand it correctly, people at the guarantee credit level will often have made no contributions because they are low earners and, in any case, may not have known in advance that they would end up in that situation. As I said, people do not have 20-20 foresight.

I shall address the remaining issues as quickly as I can—[*Interruption.*] I accept the injunction of the hon. Member for Runnymede and Weybridge and shall take a few more minutes to answer the points that he made. We want to look at the issue raised about levelling down in relation to personal accounts and to work with the Opposition on that. We recognise that there are concerns, but we talked to a large number of employers before we produced the White Paper and they made it clear that where they contribute more than the minimum 3 per cent. to which we have been referring, they do so as a way of retaining and attracting employees. Typically, they contribute far more than 3 per cent. The hon. Gentleman was right to say that the other side of the coin of compulsory contributions will be the cost of regulating the schemes. We want to look seriously at where we can deregulate the costs.

The hon. Gentleman asked whether anything had been ruled out of the regulatory review. I am happy to make it clear that nothing has been ruled out. We have made it clear that we want to balance employer costs against protection for employees, and I am sure that he will agree with that. There will be a stakeholder scheme, but we will look at all the issues and come back to him in due course.

A number of points were raised about the ombudsman. We have great sympathy for people who lost their pensions, which is why we extended the financial assistance scheme. Members asked whether people could receive an interim payment before the age of 65. They can indeed apply for that.

We have been clear about the core pension definition; it is in the leaflet and there is nothing underhand about it. People who do not qualify under the 15-year rule may qualify for deemed buy-back into their state second pension rights. I will be happy to write to Members whose constituents are in that situation.

To reiterate our argument: we do not accept that we caused the downfall of those pension schemes and we do not accept that we are liable for them. We think that the ombudsman made a leap of logic that is not justified by the evidence. There were never guarantees from the Government for those schemes, and although we have huge sympathy for people, which is why we set up the financial assistance scheme, it would be an unjustified step to make the further argument that we were liable for those losses.

My final point is about public sector pensions, which were raised by several Members. At the last election, the Conservatives said that they would not implement changes to public sector pensions. They said:

"We have no current plans to alter the terms of public sector schemes...We know there is some concern over extending the public sector retirement age and we will listen to any practical concerns people have."

That is a significant difference from the position they appeared to adopt today. However, in the spirit of consensus, I do not want to push that point too hard; nor the point made earlier that they have made spending commitments of £15 billion by 2050. Nor shall I add up all the spending commitments that the Liberal Democrat spokesman has made today. According to my calculations, on top of his £10 billion for the citizens pension, there was another £3.4 billion on the basic state pension, £400 million on uprating pensions for people overseas and another £3 billion to implement the ombudsman's report. He has made a fairly significant number of spending commitments.

Several hon. Members *rose—*

James Purnell: I must finish. We will be happy to continue to update the House on the costs that the hon. Member for Runnymede and Weybridge and the hon. Member for Yeovil (Mr. Laws) are generating.

Mr. Philip Hammond: The Minister must not go on repeating those things. He knows very well, and he has heard me say clearly today, that our purpose in putting these issues into the public domain was to get them aired and to have a debate about them. I said clearly earlier that just because we were drawing attention to certain aspects of the package did not imply that we thought that they were wrong. It merely implied that we thought that they had not been given sufficient attention, they had not been discussed properly and they had not been understood by the public.

James Purnell: We welcome that clarification. We will certainly bear it in mind next time there is a *Daily Mail* piece on the latest stealth tax that has been uncovered in the detail of the White Paper. We recognise the spirit in which Opposition Front-Bench Members have approached the debate.

Kali Mountford: I know that it is late in the day, but some important points were raised about carers and women. Will the Government give an assurance that those points will be looked at closely before the end of this process?

James Purnell: I can give that assurance. I welcome the welcome that was given by Members on both sides of the House to the provisions for women and carers. The pensions proposals will address a long-standing injustice. We will work—

Mr. Laws: Will the Minister give way?

James Purnell: I must wind up.

We are serious about consensus. We welcome the spirit in which people have approached the debate. It is quite right to say that Opposition Front-Bench Members do not have to sign up to all the proposals. If they want to, they can decide to come forward with alternative proposals, and we recognise their right to scrutinise what we have put forward. However, Lord Turner's injunction on cherry-picking was about saying that people could not just sign up to the benefits without also saying how they would pay for them. We will apply that test. When people come forward with proposals, we will ask whether they will be costed, because that is the only way in which we will generate a genuine consensus around these policies that will last for the future.

Amendment agreed to.

Main Question, as amended, agreed to.

Resolved,

That this House welcomes the White Paper 'Security in retirement: towards a new pensions system' [Cm 6841] as the basis for a consensus on the future of pensions policy; recognises the importance of consensus in ensuring long-term, affordable and sustainable pension reform; and therefore welcomes the commitment of all major parties in the House to engage in the process of consensus building, while acknowledging that a number of concerns remain to be addressed in the course of that process, including the impact of the projected future level of means-testing on savings behaviour, the design of an auto-enrolled savings scheme, the need to strengthen existing occupational pension provision to reduce the risk of "levelling down" on the introduction of personal accounts and the need to restore public confidence in the fairness and security of the pensions system.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118 (6) (Standing Committees on Delegated Legislation),

Mobile Homes

That the draft Mobile Homes Act 1983 (Amendment of Schedule 1) (England) Order 2006, which was laid before this House on 24th May, be approved.—*[Mr. Alan Campbell.]*

Question agreed to.

ESTIMATES

Motion made, and Question put forthwith, pursuant to Standing Order No. 145 (Liaison Committee).

That this House agrees with the Report [22nd June] of the Liaison Committee.—*[Mr. Alan Campbell.]*

Question agreed to.

STANDING ORDERS ETC. (MACHINERY OF GOVERNMENT CHANGES)

Ordered,

That the following amendments be made to Standing Orders and to the Resolution of the House of 13th July 2005 relating to Liaison Committee (Membership):

A. EUROPEAN STANDING COMMITTEES

That Standing Order No. 119 (European Standing Committees) be amended, by leaving out in the Table in paragraph (6) the words 'Office of the Deputy Prime Minister' and inserting the words 'Communities and Local Government'.

B. SELECT COMMITTEES RELATED TO GOVERNMENT DEPARTMENTS

That Standing Order No. 152 (Select committees related to government departments) be amended in respect of the Table in paragraph (2), by

(i) leaving out item 11 and inserting, at the appropriate point, 'Communities

and Local Government/Department for Communities and Local Government/11'; and (ii) in items 12 and 14, in column 2, leaving out the words 'Office of Science and Technology' and inserting the words 'Office of Science and Innovation'; and that all proceedings of the House and of its select committees in this Session in respect of the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee shall be deemed to have been in respect of the Communities and Local Government Committee.

C. LIAISON COMMITTEE

That the Resolution of the House of 13th July 2005 relating to Liaison Committee (Membership) be amended by leaving out, in paragraph (2), the words 'Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions' and inserting the words 'Communities and Local Government'.—*[Mr. Alan Campbell.]*

PETITIONS

Chippenham Hospital

9.53 pm

Mr. James Gray (North Wiltshire) (Con): I have the honour to present a petition on behalf of the people of Chippenham and the surrounding district, who are deeply concerned about the prospect under current consultation proposals that up to seven hospitals in the area may be closed, including Chippenham hospital itself, and that there may be other deep and damaging cuts in our health provision in the local area.

The petition reads:

Wherefore your Petitioners pray that your Honourable House will urge the Secretary of State for Health, and under her, Kennett and North Wiltshire Primary Care Trust, to maintain, preserve and enhance the Chippenham Hospital.

And your Petitioners, as in duty bound, will ever pray etc.

To lie upon the Table.

Pensions Uprating

9.54 pm

Mr. David Laws (Yeovil) (LD): I am delighted to present a petition on behalf of 2,333 individuals who are concerned about the existing arrangements for uprating the basic state pension for people who live abroad. At present, something like half of the individuals who live abroad do not receive any uprating of the basic state pension at all. That injustice could get considerably worse if the Government link the basic state pension to earnings without dealing with the existing injustice for those pensioners who live abroad.

The petition states:

The Petitioners therefore call on the House of Commons to urge the Secretary of State for Work and Pensions to establish forthwith absolute parity in the payment of fully uprated pensions to all state pensioners.

To lie upon the Table.

Alcohol Services (Plymouth)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

9.55 pm

Alison Seabeck (Plymouth, Devonport) (Lab): I applied for the debate as a direct result of concerns that have been raised in my constituency in recent months about the extent of alcohol dependency, and the related services that are available in Plymouth. Monday's headline in the Plymouth *Evening Herald* encapsulated the issue. It asked "Is your Social Life Killing You?", and a consultant hepatologist at Derriford hospital, which is one of the largest hospitals in the south-west, clearly believes that it is. Dr. Jonathan Mitchell set out the extent of the problem in a meeting with Plymouth Members last month. The picture that he drew for us was shocking. He is seeing an increasing number of people presenting with alcohol-related end-stage liver disease; they account for the majority of his in-patient work and a significant proportion of his out-patient work.

The truly worrying factor is that the average age of patients is dropping. Children in their teens are now being admitted. Nationally, about 1,000 under-15s are admitted to hospital with alcohol poisoning each year. Liver disease is no longer associated with elderly and hardened drinkers. The people who are now being seen are not just the street drinkers of old and binge drinkers, but people who think that they are casual drinkers. They have perhaps a glass or two at lunch, a gin and tonic in the early evening and half a bottle of wine each night at home. If such people then drink heavily while out at the weekend, they are very likely to be candidates for liver disease. Young people are not aware of the health implications of such a level of drinking. As one 30-year-old former binge drinker said:

"I thought liver disease was something that happened to old men".

The social life that these people are apparently enjoying, until their liver gives out, is costing the taxpayer about £20 billion. That amount includes the cost of treatment, which is rising, as we know from the Plymouth consultant. Hospital accident and emergency departments throughout the country have to cope with people who are under the influence of alcohol. The Department of Health's figures show that 35 per cent. of all A and E attendance and ambulance costs may be alcohol-related. In some A and E departments at peak times, the percentage of people who test positive for alcohol reaches almost 50 per cent., and the figure climbs to 70 per cent. between midnight and 5 am. Alcohol-related diseases account for one in eight NHS beds—about 2 million—and one in 80 NHS day cases. At least 150,000 hospital admissions each year are linked to excessive drinking.

Other costs associated with alcohol misuse are due to antisocial behaviour. Although we have an excellent antisocial behaviour team in Plymouth, it has finite resources and is stretched. Our police spend far too much time dealing with the after-effects of drink on the city's streets on a daily basis, and I am sure that my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) and the hon. Member for South-West Devon (Mr. Streeter) will bear witness to that from their experience in their constituencies.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): My hon. Friend mentions the police. We in Plymouth need not only more resources, but a preventive drive. Will she join me in asking the Minister what discussions she is having with her colleagues in the Department for Communities and Local Government and the Department for Culture, Media and Sport on pushing prevention, as well as addressing questions of cure?

Alison Seabeck: I would wholly support that drive. I am sure that the Minister will answer my hon. Friend's excellent question when she responds to the debate. Our local council in Plymouth is already working closely with the police and local publicans to try to cut down the number of alcohol-fuelled incidents.

If we also consider the cost incurred by business because of lost work days and poor productivity, and the often hidden costs that alcohol dependency can have on family life—a high prevalence of domestic violence is linked to the consumption of alcohol—we begin to understand why support services in this field are so vital. However, there is hope. Although the mortality rate from acute alcohol-related liver disease is very high—up to 60 per cent. in severe cases—patients do survive. If they remain abstinent, their clinical prognosis is surprisingly good. The liver will regenerate, and many patients do well in the long term. The key is for them to reduce their alcohol intake to zero, or near-zero.

Numerous studies have shown that when patients are properly followed up and receive counselling, up to 50 per cent. of those who are admitted with alcoholic liver disease remain abstinent. Significantly, patients maintain those levels of success 12 months later and report improvements in their mental health and general well-being.

There is evidence from other parts of the UK of the benefits of proper follow-up care. A service that was set up in Southampton resulted in extremely high follow-up rates and rates of sustained abstinence. The Southampton group—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

Alison Seabeck: The Southampton group estimated a drop of 80 per cent. in in-patient bed days following intervention, which represents a saving of approximately £100,000 in the one-year period studied. However, that estimated saving takes into account only patients with established liver disease; in reality, if those with all alcohol-related conditions were included, the savings would be much higher.

The United Kingdom alcohol treatment trial study estimated that £5 could be saved from the public purse for every £1 spent on treatment, yet the finance being offered for alcohol services falls well below that for those who are drug dependent. That is despite the fact that there is generally a more positive self-referral level among people who are alcohol dependent and, therefore, a much greater likelihood of their moving towards abstinence and better health. Action on Addiction tells me that £1.5 billion is spent assisting 160,000 drug users in the UK—the target is to reach

[Alison Seabeck]

250,000 of them—while the amount spent on helping the equivalent 160,000 people known to be alcohol dependent is a mere £217 million. There are probably more than 1 million alcohol-dependent people in the UK. It has been estimated that if alcohol treatment were provided for another 10 per cent. of that dependent drinking population, the public sector could save between £109 million and £145 million each year.

The balance appears to be skewed, and the net result is that centres such as the Harbour centre in Plymouth—it was set up in 1984 and put in place an alcohol services team approximately two years ago, heralding a new era in alcohol services in the city—are now struggling. The Harbour centre attracted no ring-fenced funding, cost pressures are threatening its closure, and all staff are on notice. Is that perhaps because alcohol rehabilitation does not attract the Government targets that drug rehabilitation does? I would like the Minister to answer that question.

Although I accept that there is a need to invest in support for those who are drug dependent—indeed, in Plymouth significant funding is available in this area, for which I am grateful—there is also a clear and ongoing need to fund the expertise that deals specifically with alcohol addiction. I am also reliably informed that where drug addiction is to be found there is also alcohol addiction, but the latter is clearly the poor relation in terms of Government funding.

A review is being carried out locally on how we can best take forward these services to tackle addictions across the piece, and I welcome the fact that the commissioning process is being looked at; we probably all accept that it could be improved locally. The review will examine whether the Harbour centre as it stands offers the best way to take matters forward, or whether we need an alternative vehicle. I hope that that review will identify needs better and allow us to deliver the service that we in Plymouth need to provide for people who are struggling to defeat their demons.

At present, we are still only scratching the surface. All the evidence suggests that rehabilitation, particularly for alcohol-dependent people, works. It reduces hospital admissions and morbidity, and saves huge amounts of money throughout health and social services in the long term. I genuinely hope that the review will conclude that we in Plymouth need an expansion of community and hospital-based services and a targeted Government drive to address this increasing problem.

Part of the process has to include an expansion of education programmes. Government programmes flagging up the dangers to young people are vital, and I know that my hon. Friend the Minister and her Department already support such campaigns. We also need to reach parents, because it is often in the home where children first gain access to alcohol. Given the more stringent action being taken against retailers who sell drink to under-age drinkers, young people are likely to start their addiction by raiding their parents' drinks cabinet or fridge. Children in families where heavy drinking is the norm are likely to follow suit. Sending messages to parents via their children's school is perhaps a possible route.

My hon. Friend the Minister will be aware that alcohol abusers are far more likely to self-refer than drug users, as is evidenced in Plymouth. Self-referrers, according to the Department of Health, do not use the primary health care system as their first point of entry to access care, unlike those with medical disorders or diseases. It is therefore critical that alternative routes to treatment continue to be made available and are well financed. That is why the loss or cutting back of alcohol services in Plymouth would be a serious setback in the fight against alcohol-related illness.

The Harbour centre provides an outreach team offering prevention and risk management services, and it is that team that has had to be scaled back. Last year staff at the centre dealt with 356 referrals, of whom 176 have been successfully treated, but now the centre can no longer operate a waiting list, so people are not able to self-refer in the same way. Staff have to limit their advice and support to only 140 clients, and they will have to turn away people who genuinely want to break their habit. After the public consultation on the Government White Paper "Choosing Health" the Minister said that people wanted to take responsibility for their own health, but required and expected support services to enable them to make the right choices, and it is the Government's responsibility to provide the right environment for people who want to make those informed choices to live healthier lives.

Plymouth city council has been able to offer a short-term rescue package, but only until October, and it does not allow for self-referrals which, as I have said, are high among alcoholics. From an overall budget of £2 million for drug and alcohol services, the Harbour centre has been able to use £160,000 specifically for its alcohol services team. That funding is available only because of the link between drug and alcohol addiction. Only one of the posts on the team is a staff position funded by the local primary care trust to provide specific advice for those who self-refer with alcohol problems. I do not want to see the loss of the expertise that staff at the Harbour centre have. Services may need to be reconfigured, but we need to keep those people in our city. The people of the city who are affected by alcohol greatly value the support that they give.

It is right that both drug and alcohol services in the city should be reviewed, but I cannot for the life of me accept that they should be diminished further, given the size and nature of the problem that we have in Plymouth. We know that at Derriford hospital over a two-year period, alcohol withdrawal treatment admissions doubled. One day in January, across Plymouth hospital units there were 80 in-patients being treated for alcohol-related problems. We shall not be able to reduce those figures if we do not invest in the services necessary to support those who are alcohol dependent. That means funding services of the type currently provided by Harbour and retaining that expertise in the city.

I urge the Minister to consider carefully the funding gap between drug and alcohol services, both nationally and in Plymouth. To paraphrase a letter that I received from a recovering alcoholic living in my constituency, and still visiting the Harbour centre, we should do something about it. We need to understand better the outcomes that are achievable through funding alcohol

services and therapeutic counselling and, if necessary, to apply targets. I am sure that that would be welcomed by the hepatology team at my local hospital. I look forward to hearing the Minister's comments on an issue that I know she cares deeply about.

10.8 pm

Mr. Gary Streeter (South-West Devon) (Con): I attended the same meeting as the hon. Member for Plymouth, Devonport (Alison Seabeck); the three Plymouth MPs work closely together and we often attend the same briefings. We were shocked by the alarming increase in the number of people, particularly young people, who are now suffering from alcohol-related diseases.

It strikes me that one of the key things that must happen in this country is the development of greater awareness of the difficulties and dangers of excessive drinking. When those who still smoke reach for their packet of cigarettes, they see huge warnings telling them that smoking kills, and smoking can damage their health. I wonder whether we are many years away from putting similar labels on bottles of alcohol. I am not necessarily advocating a similar approach, but we need to have a debate on the advertising of alcohol and the suggestion that it is now part and parcel of life. So many young people today go out at the weekend just to get drunk, not, as we used to—I sound like my father—to have a good time. They go out with the express intention of getting drunk—becoming legless, getting blasted—without realising, and perhaps not knowing, the serious health risks involved in that sort of activity.

We have seen from our excellent local hospital, Derriford, that the evidence of alcohol-related diseases is spiralling, and that is alarming. I support the hon. Member for Plymouth, Devonport (Alison Seabeck) in her comprehensive outline of the arguments in that respect. I am concerned that when the incidence of alcohol-related diseases is increasing and more and more young people are drinking to greater and greater excess, the only specialist team in Plymouth that can counsel people who are caught up in heavy drinking or addiction to alcohol is, as we have heard, under threat.

We have the excellent Harbour alcohol and drug services team. Those who work on the alcohol side of it are on notice that unless new funding arrangements can be found, come September they will not be in a job. That means that the many people who have benefited from their services in Plymouth over recent years will no longer be able to benefit from them.

That would be bad enough on its own, even if it were not for the fact that, as the hon. Lady has demonstrated, rehabilitation for those who are addicted to alcohol works. Counselling and support services can get people off alcohol or encourage them to drink less.

I appreciate the fact that the Minister will not have tremendous knowledge of the local scene in Plymouth. She may rightly say that discretion is given to the local primary care trust and to the local hospital in deciding how they spend money to provide for the services that we are discussing. I am here to support the hon. Member for Plymouth, Devonport. We have a particular problem in Plymouth. Will the Minister do what she can to look into the situation and put in place adequate funding arrangements to provide the alcohol-related support services that the people of our region so desperately need?

10.11 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I congratulate my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) on the strong case that she has made for resourcing the services in Plymouth. We have always been proud of the Harbour centre. It has done a good job, but it has had to struggle against the rising tide of the problems that people bring to it. It has been somewhat better resourced on the drugs side but there has always been underfunding in dealing with alcohol. That is something that is reflected not only in our city but elsewhere.

In my earlier intervention, I asked my hon. Friend the Minister whether she would consider what she could do on the preventive side. That could pay huge dividends in the longer term as well as the urgent need for resourcing for which my hon. Friend has made such a strong case.

In Plymouth, we are already trying to help ourselves in that respect. The city council is working alongside the local strategic partnership. It is considering the possibility of having a plan for our evening and night-time economy, so that we can develop an approach to our wonderful city centre, which is often hijacked at weekends by young people who flow into the empty space that is left. Those young people come not only from Plymouth itself but from round and about. My hon. Friend the Member for Cleethorpes (Shona McIsaac), the Parliamentary Private Secretary who is supporting the Minister, knows Plymouth well. She knows the case that we are making, having spent some of her younger years in Plymouth.

I ask the Minister to talk with her colleagues about the possibility of bringing in some funding to employ managers of the evening and night-time economy in places such as Plymouth. We are struggling with these issues. My hon. Friend knows that we face many challenges across the piece in Plymouth in health, antisocial behaviour and education. Our local strategic partnership has four theme groups—healthy, wealthy, safe and wise—and the healthy group as well as the wealthy are keen to try to support the development of the evening and night-time economy and to emulate the successful business improvement districts that we have in the city centre.

We hope that we can encourage businesses to cluster around the idea of a managed evening and night-time economy. I have been championing the cause of alcohol disorder zones, as that is something that we face in Plymouth on occasions. I feel that we need the new measure recently introduced by the Government to act as a fall-back for us, so that we can bring some sense of order to some of the wilder parts of Plymouth.

10.14 pm

The Minister of State, Department of Health (Caroline Flint): I congratulate my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) both on securing this debate and on the support that she received from the hon. Member for South-West Devon (Mr. Streeter) and my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy).

[Caroline Flint]

The misuse of alcohol, not just in the past few years but over a steady period of time, should give us all cause for concern, and I wish to explain how we are trying to tackle that difficult problem, which presents a range of challenges, including the need to prevent the problem and improve people's understanding of the dangers of alcohol misuse. We have focused on the need to increase awareness of the strength of drinks on the market, compared with their strength some years ago. We must improve people's understanding of information on the units of alcohol in different drinks, but that task is made more complex by the fact that wine, beer and alcopops each have a different alcohol content.

When providing treatment, we must weigh the needs of chronic alcohol dependants against the needs of people who need a different service, because their excessive drinking may become hazardous over a long period. It is a challenge both nationally and locally to identify the way in which we can best deal with that group—more commonly known as binge drinkers. To take up the point made by the hon. Member for South-West Devon, people are not aware of the dangers 10 years down the line of their over-indulgence, even if it only takes place on a Friday and Saturday night every week, and we must attend to that.

I should like to talk about the problems in Plymouth before I make some general points about our national strategy. I am concerned about the problems that have affected the Harbour alcohol service in Plymouth, which I visited a couple of years ago. I was pleased that with the support of the drug and alcohol team, the project was trying to find constructive ways to provide both drug and alcohol services because, like services in many other parts of the country, it has become increasingly aware of the connection between the two substance addictions. Having met people with a substance addiction, I know that a number of individuals addicted to class A drugs are addicted to alcohol, too. The pooled treatment therefore allows for the treatment and support of people with those different addictions. Dual diagnosis can help to identify mental health problems and alcohol abuse, and we have published good practice guidance on services for individuals with co-existing mental health and substance misuse problems, aimed at people who commission and provide mental health and substance misuse services to help them understand how the problems are connected.

I share the commitment of my hon. Friend the Member for Plymouth, Devonport to improving the provision and quality of services in Plymouth and elsewhere, and we must try to understand the problems faced by the Harbour project if we are to do so. I am pleased that the Plymouth drug and alcohol action team, which oversees the planning and commissioning arrangements for both drug and alcohol services in the city, is leading the development of an alcohol harm reduction strategy for Plymouth. We conducted our own audit of alcohol treatment and, in some cases, there was good news on treatment services, particularly for chronic alcohol dependants. Around the country, the picture was patchy, but the audit allowed us to consider how we could contribute to strengthening commissioning in this area. I understand that the work in Plymouth will lead to an integrated alcohol commission strategy, linking investment in health, social care and criminal justice, to tackle some of the concerns that have been raised this evening.

Alcohol treatment in Plymouth is predominantly centred around Harbour, an active partnership between the NHS, social services and the non-statutory sector, and it has carried out some important and beneficial work for the people of Plymouth. I understand that the team at Harbour has reduced dramatically the previous waiting list for those with alcohol problems, working closely and meaningfully with different sectors to achieve this reduction, and they are to be congratulated on that.

As the PCT and others are exploring how a more strategic approach to the delivery of services for those with alcohol problems will be developed for the future, it is clearly rather early for me to suggest what form that should take. But I am sure that Harbour's contribution will be taken into account as will where that might fit in a future service providing stronger commissioning and stronger identification of the problems. That takes me back to my point about the issues that affect chronic alcohol dependence compared with those for whom drinking is becoming perhaps not even unsafe, but a ritual that can lead to some particular medical problems, such as liver damage and a host of others, as has been outlined. I understand that Harbour is also considering steps to improve its own financial arrangements, and that is to be welcomed.

The Government have sought to assist local areas in the commissioning of these vital services, which I hope will be seen as supportive of the review in Plymouth. In 2005 we published the alcohol needs assessment research project and, as I said, that provided the first ever comprehensive picture of alcohol-related needs and the availability of treatment, which before that mapping exercise had been anecdotal. We are now much clearer about the level of demand for alcohol treatment services and the task and challenge facing us. We know, for example, that £217 million is invested in alcohol treatment, with 63,000 people receiving treatment for alcohol-related disorders. However, we also know that the level of provision varies widely, with some areas being able to provide services for those that need them, but others having much lower levels of provision when compared with local needs.

Supporting local commissioners and partnerships in addressing those variations is a priority for the Department. At Alcohol Concern's conference in November last year, I was pleased to be able to announce the publication of guidance for developing a local programme of improvement for alcohol misuse. I hope that those working in this area in Plymouth will find that useful. It provides detail on the evidence of alcohol harm to individuals, families and communities, and our ideas and aspirations for identifying the problem and improving health.

The guidance also presents some very clear economic arguments for action. That is important when PCTs and local authorities, perhaps through the local strategic partnerships but also local area agreements, are thinking about how this fits in the context of the wider needs of the community in terms of regeneration and the economy, but also the social cost of doing nothing.

Every £1 spent on alcohol treatment would save £5 on wider public sector costs. My hon. Friend the Member for Plymouth, Devonport referred to the issues around time spent in hospitals and bed days due to admission for a wider range of chronic conditions, including diabetes, heart disease, cancer, hypertension, and, of course, cirrhosis of the liver, all of which can be linked to alcohol. I am sure that each of us here this evening could add many more examples of where alcohol is part of a bigger problem in our communities.

We have also set out in the guidance some practical steps for local health organisations, local authorities and others seeking to work with the NHS to tackle alcohol misuse. We are providing practical guidance to improve screening and brief interventions for those who are drinking at hazardous and harmful levels, but do not necessarily see it as a problem that requires treatment in the traditional sense of that word. In doing that, we can assess local need, identify the local service gaps and examine the partnerships between primary care trusts, local authorities, accident and emergency departments and others in delivering some of the screening and brief interventions in a way that is, I believe, good value for money.

A database, developed with the North West Public Health Observatory, was made available in December 2005. It will help regions determine local levels of misuse and identify gaps in treatment. Later this week, I will launch "Models of Care for Alcohol Misusers", which the Department commissioned from the National Treatment Agency for Substance Misuse. It sets out a framework for commissioning and providing intervention and treatment for adults who are affected by alcohol misuse. It sets out how we can strengthen the arguments for commissioning and the success of commissioning in what is purchased and tendered for by organisations that believe that they can play a part in providing services.

My hon. Friend the Member for Plymouth, Sutton made a point about prevention. We are working closely with the Home Office on a joint campaign to promote responsible drinking among young people through clearer and better targeted information. That is planned for later this year. We are also working with the alcoholic drinks industry and non-industry stakeholders such as the British Liver Trust on promoting more responsible drinking and preventing alcohol misuse.

In answer to a point made by the hon. Member for South-West Devon, I have asked a group of industry representatives to work with Department officials to consider sensible drinking messages. The position is not the same as that on cigarettes but it might be helpful to explore sensible drinking messages and clearer unit information on the products and at the point of sale. Of course, alcohol should be included when schools deal with substance misuse, alongside illegal drugs, cigarettes, prescription drugs and glue. Part of dealing with the problem is understanding the way in which alcohol misuse has changed, and promoting a better understanding among young people of the dangers that they present to themselves.

The balance of funding between drugs and alcohol is difficult to achieve. Separate funding in the NHS is given only to drug expenditure because it was believed to be a poor relation in NHS priorities. That expenditure is supported by Home Office investment. That is not to say that we have not been able, more recently, to take stock of what is happening with alcohol and ascertain where we can achieve better connectivity between the different forms of substance misuse and the different levels and perceptions of misuse. We need to pay attention to that.

Linda Gilroy: My hon. Friend mentioned schools. We have an active students union in Plymouth. It had a good campaign to help with the problem of spiked drinks. Will she also try to engage student unions in her work?

Caroline Flint: That is a good idea. We have engaged student unions on several matters, including sexual health. Involving student unions as one of the partners is well worth exploring in areas where there is a large student population.

A message that we want to try to convey to young people is that one of the consequences of consuming too much alcohol is the danger in which one puts oneself, whether one is a man or a woman. Sometimes the more traditional health messages do not cut any ice with a young person who cannot imagine what it is like to be 30. Talking about personal risk of, for example, getting involved in fights or being sexually assaulted, has a resonance with young people. We do not want to scare people, but we should talk about such things and how to protect oneself in the best way possible.

I hope that I have identified some of the ways in which we are exploring how we can strengthen services and identify the gaps for which funding could be sourced for better use. We are considering piloting some of the brief interventions, for example, in identifying appropriate treatment, especially for binge drinkers. Perhaps treatment is the wrong word and engagement is preferable initially, so that people feel that they can talk about the matter and how it affects them.

My hon. Friend the Member for Plymouth, Sutton also mentioned town centres.

The motion having been made at Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Ten o'clock.

House of Commons

Wednesday 28 June 2006

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Post-Primary Education

1. **Mr. David Anderson** (Blaydon) (Lab): If he will make a statement on the review of post-primary education in Northern Ireland. [7973]

The Secretary of State for Northern Ireland (Mr. Peter Hain): The Government believe that significant reforms are needed to ensure that every young person is equipped with the knowledge and skills needed to make a positive contribution to society and the economy in the 21st century. The vital changes required are included in the draft Education (Northern Ireland) Order 2006, which will be debated in Committee later today.

Mr. Anderson: What impact will the full reinstatement of the Northern Ireland Assembly, or not as the case may be, have on the review and its subsequent implementation?

Mr. Hain: As my hon. Friend knows, the order will put an end to the transfer test—the 11-plus—and introduce new admission arrangements that will preserve academic excellence, but also give an opportunity that is currently denied to others to raise their skills and improve their opportunities. The article on academic selection in the order will come into effect after midnight on 24 November if restoration of the Assembly and devolved Government has not occurred. If it has occurred, it will be for the Assembly to decide what policy will follow the end of the transfer test that the order will otherwise bring into effect.

Sammy Wilson (East Antrim) (DUP): I note that the Minister says that the changes that will be debated today are significant. They will change forever the face of education in Northern Ireland, and for the worse. They are opposed by the majority of people in Northern Ireland, they have been voted against in this House by the whole Northern Ireland Office ministerial team, and they are now being used as a crude form of political blackmail. Does not he feel in any way embarrassed about that inconsistency, and the crude way in which these provisions are being used to try to blackmail people politically into entering into government with Sinn Fein? Will he—

Mr. Speaker: Order. I think that the Secretary of State knows that the hon. Gentleman is displeased about this matter.

Mr. Hain: You are absolutely correct, Mr. Speaker; the hon. Gentleman has often expressed his vehement displeasure to me, as have his colleagues. Let me remind the hon. Gentleman, who has properly taken a close and expert interest in education policy, that this reform comes after a long period of consultation, after independent advice, and after huge support within the education profession and among many communities right across Northern Ireland. Let me also remind him of a survey in the *Belfast Telegraph* this morning, which shows that many grammar schools in Northern Ireland

"have accepted pupils with C2 and D grades"

for the next academic year. It says that the statistics

"raise serious questions about the need for a long-running campaign to preserve academic selection in Northern Ireland."

The hon. Gentleman himself is quoted as saying:

"The grammar school lobby needs to sort this out if we want to have a strong case for keeping academic selection."

In other words, falling school rolls are forcing this change anyway. We want to ensure that everybody gets new skills.

On the hon. Gentleman's point about blackmail, he asked me to put this decision into the Assembly, and that is precisely what I have done. If he wants to restore devolved self-government by 24 November, he and his colleagues can help to shape the new admissions policy.

Mr. Eddie McGrady (South Down) (SDLP): The Secretary of State will be aware that under the education order to be debated today, academic ability and aptitude testing must not be taken into account for admission to secondary provision. Is he aware of the fear in the rural community that lack of proximity to secondary provision will create a postcode selection process, to the detriment of our excellent rural schools—leading to their decline, and that of the rural community? What action does he intend to take to ensure that that is not a primary criterion for admission to secondary provision, and to safeguard the rural schools and community in that respect?

Mr. Hain: I welcome the hon. Gentleman's support for the overall policy. He makes an important point about rural schools and the argument that there might be a postcode lottery. That is why consultation is now under way. If restoration occurs, it will be for the Assembly and the devolved Executive to carry out the admissions arrangements and the pupil profile configuration after abolition of the 11-plus. That will give schools the protection that he desires. However, I tell him, as I told the hon. Member for East Antrim (Sammy Wilson), that falling rolls, with 50,000 empty desks in schools, rising to 80,000, mean that there must be radical reform in education and school provision right across Northern Ireland; otherwise, standards will not be where they should be, and will fall.

Mr. David Lidington (Aylesbury) (Con): The Secretary of State is intent on ramming through the House a policy of prohibiting by law academic

selection in Northern Ireland, although just over a month ago, he personally went into the Lobby here to defeat a measure that would have had a comparable effect in terms of selection in England. How can the right hon. Gentleman possibly justify a Government policy that rests on such flagrant double standards?

Mr. Hain: Because, quite simply, it does not. On double standards, I shall quote what the Leader of the Opposition, the right hon. Member for Witney (Mr. Cameron), told sixth-formers in Basildon on 9 January 2006:

"I want to say absolutely clearly, the Conservative party that I am leading does not want to go back to the 11-plus, does not want to go back to the grammar school system."

If the hon. Gentleman is consistent with his leader's policies, and if those policies are being developed and spread consistently across the UK, he should support the order. By the way, grammar school excellence will be preserved under the new policy; grammar schools are becoming increasingly more open in their selection, for the reasons described by the *Belfast Telegraph* this morning.

Mr. Lidington: I am happy to stand by my leader's and my party's policy of defending our grammar schools where they have public support, whether that is in Northern Ireland or in my constituency in Buckinghamshire. The Secretary of State is committed to a Government policy that, in respect of England, gives parents in a particular area the power to determine whether academic selection continues. If the Secretary of State has confidence that his policy is in the interests of children in Northern Ireland, why does he not have the confidence to rely on the judgment and votes of parents, as he does in England?

Mr. Hain: I have made it clear to the hon. Gentleman, and I repeat, that if the Assembly is restored by 24 November, locally elected politicians can take the decision. I would have thought that he welcomed that. As he knows, and as the *Belfast Telegraph* survey confirms this morning, the truth is that grammar schools will be retained, along with the excellence for which they are known. The real problem that the hon. Gentleman fails to address is that Northern Ireland's education system has been failing those of average and below-average achievement. We need to address that; this policy will do so.

Illegal Arms

2. **Mr. Gregory Campbell** (East Londonderry) (DUP): What recent discussions he has had with the Department of Foreign Affairs in Dublin on the whereabouts of illegal arms belonging to the Provisional IRA in the Republic. [79736]

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): Decommissioning is a matter for the Independent International Commission on Decommissioning, which was established by the British and Irish Governments to provide independent oversight.

Mr. Campbell: Is the Minister aware that a few weeks ago, 10,000 rounds of ammunition were discovered in the Irish Republic? That is despite General de Chastelain telling us last September that the totality of the IRA's arsenal had been decommissioned, and the Prime Minister himself saying that there had been final and complete decommissioning. Will the Minister join the rest of us in keeping the pressure on Sinn Fein and the IRA to get rid of all the guns and weapons so that we can have a democratic Executive in Northern Ireland?

Paul Goggins: I agree that we need to get rid of all the guns and all the weapons. I am aware of the find on 1 June in County Sligo, to which the hon. Gentleman referred. The Irish Government have indicated to us that their initial assessment is that those munitions have been there for many years. However, the munitions have been sent for forensic examination and there will be a report in due course. I should add that the IICD has made it clear that it could not guarantee that a small number of weapons might not have gone astray or been lost over the years, but that that should not detract from the significant commitment to peace that the Provisional IRA has made.

Rev. Ian Paisley (North Antrim) (DUP): Does the Minister recall discussions on the recent report by the commission, in which we heard that the southern authorities had said that they knew nothing about any arms in the south, and that the arms were all taken away at the time of so-called decommissioning? That has been proved to be totally and absolutely false: whether they are old guns or new guns does not come in to it; they are guns. We heard that those had all been done away with. Until the IRA does away with its guns, there can be no real democracy in Northern Ireland.

Paul Goggins: I simply say again to the right hon. Gentleman that initial indications from the Irish Government show that those materials may have been there for many years, but quite correctly, they will make a forensic examination to establish whether that is the case. I say again that the Independent International Commission on Decommissioning reiterates what it has plainly stated—that a find of that kind, which may occur from time to time, should not detract from the commitment that the Provisional IRA has made.

Security Situation

3. **Mr. Henry Bellingham** (North-West Norfolk) (Con): If he will make a statement on the security situation in Northern Ireland. [79737]

The Secretary of State for Northern Ireland (Mr. Peter Hain): The latest report of the Independent Monitoring Commission confirmed that the security situation in Northern Ireland has been steadily improving since the Belfast agreement, with the Provisional IRA delivering on its promise to end not only its paramilitary activities but criminality as well. Regrettably, though, this is not yet the case for dissident IRA groups or for loyalists.

Mr. Bellingham: Will the Secretary of State join me in congratulating the personnel from MI5, the French intelligence service and the Garda Siochana on their successful operation that foiled the smuggling of a large arms cache to Northern Ireland? Does he share my dismay that many of the weapons involved were lethal systems, such as surface-to-air missiles and rocket-propelled grenades—exactly the sort of weaponry and armoury being used day-in, day-out to kill and maim our troops in Iraq and Afghanistan. Should we not be very careful before further lowering our guard in Northern Ireland?

Mr. Hain: I agree with the hon. Gentleman in respect of dissident IRA groups. The activity that he mentioned was a major achievement by the Police Service of Northern Ireland and the security services, co-operating, as he said, with the Irish authorities. It probably involved Real IRA dissident members. It was a major threat, involving a serious quantity of weapons. That is why we will continue to bear down on and attack the root of the organisation of the Real IRA, the Continuity IRA and any other paramilitary groups.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Secretary of State accept that this is not just a case of dissident republican groups and so-called loyalist groups, both of which we would condemn? The Independent Monitoring Commission has also made it plain that elements from the IRA are still involved in criminality and that Sinn Fein is still a long way from signing up to the Policing Board. Until there is an absolute denunciation of criminality and a signing up to the Policing Board, we will not have the true security that the Secretary of State and I both wish for. Does he agree?

Mr. Hain: I agree that it is important for Sinn Fein to co-operate in policing, and to do so soon. I think that it will join the Policing Board in due course. It is also important to acknowledge, as the hon. Gentleman has, that there has been a sea change since the IRA made its statement last July to end paramilitary activity and any criminality. The leadership has taken repeated steps to drive out criminality, but the hon. Gentleman is right to say that there are still some localised examples, which must end. None the less, I am satisfied—as are the security services and the Police Service of Northern Ireland—that the leadership of both Sinn Fein and the Provisional IRA are trying to root out and stop criminality.

Lady Hermon (North Down) (UUP): Given the present security situation in Northern Ireland, will the Secretary of State kindly agree to meet Mr. Raymond McCord, whose son was brutally murdered by the Ulster Volunteer Force eight years ago and who is still awaiting truth, justice and closure in respect of his son's murder? Is the right hon. Gentleman prepared to meet him?

Mr. Hain: If the hon. Lady arranges a meeting through my diary secretary, I will of course be pleased to meet him.

Lembit Öpik (Montgomeryshire) (LD): Does the Secretary of State agree that the Northern Ireland parties are now faced with a choice? Is the security situation so bad that they hold out against restarting the Assembly, or is it sufficiently good to justify their participation in a functioning Assembly on a cross-party basis? Does he accept that the difficult but necessary choice is whether to hold out on principle against restarting the Assembly, thereby losing out on everything from the changes in education policy that we have just debated right through to the redrawing of local government boundaries and billing for utilities? Does he further accept that that choice is entirely in the hands of Northern Ireland politicians?

Mr. Hain: I could not have said it better myself. In my view, the conditions are clear. There is no reason for the parties collectively not to negotiate on the restoration of devolved Government and to achieve it before the deadline of 24 November, which is set in concrete and in statute. If that is not achieved, the salaries and allowances will end, as well as the financial assistance to political parties, which totals some £600,000. I do not want to do that. I want self-government to be restored in Northern Ireland, with elected local politicians making decisions, as the hon. Gentleman said.

David Simpson (Upper Bann) (DUP): Following the 2003 security breach at the Northern Ireland Police Fund, charges against Mr. Thomas Hale were later dropped. The reason given was that a member of staff had withdrawn a statement. Will the Secretary of State confirm that the member of staff did not withdraw the statement, and will he call immediately for a public inquiry?

Mr. Hain: I certainly will not. I am sorry to disappoint the hon. Gentleman, but I will provide for inquiries to be made and those responsible for the matter will doubtless report to me. If I have anything to report to him, I shall happily do that.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): Does the Secretary of State agree that in the light of the improved security situation in Northern Ireland, the vast sums of money spent on close protection units for individuals should perhaps be reconsidered and reviewed for scaling back?

Mr. Hain: I do agree. That is precisely why we are considering the close protection scheme, which is expensive but necessary for many individuals who may be vulnerable. We are examining whether, in the changed security climate, it is necessary to pursue it to the same extent as it operates now.

Mr. Laurence Robertson (Tewkesbury) (Con): The Secretary of State will recall that, at previous Northern Ireland questions, I condemned from the Dispatch Box loyalist paramilitaries for retaining weapons and for their activity. We are now hearing reports about dissident IRA members. In *The Sunday Times*, Liam Clarke wrote:

"The armoury demonstrates an apparent intention by the dissidents to begin a widespread campaign on the scale of that carried out by the Provisional IRA."

Given that, and the fact that Sinn Fein-IRA have not signed up to policing in any way, shape or form—the last time I was in south Armagh, the police told me that the Member of Parliament for that area will not even talk to them—is it not time to put pressure on those people rather than on constitutional politicians to get the Assembly up and running?

Mr. Hain: We are indeed putting pressure on Sinn Fein to co-operate with policing, locally and in every other respect. Once the Northern Ireland (Miscellaneous Provisions) Bill, which deals with the devolution of policing and justice, is given Royal Assent at the end of next month—as I hope it will be—it will be incumbent on Sinn Fein to deliver progress on policing, to which they have committed themselves. The hon. Gentleman is right: dissident IRA groups still pose a threat. A 250 lb bomb in Lurgan was stopped from being exploded by expert intelligence activity. We must keep at it and bear down on dissident activity, but the dissidents are operating on nothing like the scale that the IRA did. I hope that the hon. Gentleman and the hon. Member for Aylesbury (Mr. Lidington) will support the Government's policy on devolved Government, as we supported the efforts of John Major and Margaret Thatcher to get the peace process on the road.

Sesame Street Ltd

4. **Mr. Graham Allen** (Nottingham, North) (Lab): What discussions he has had with Sesame Street Ltd on programmes to improve understanding between young people of different traditions in Northern Ireland. [79738]

The Parliamentary Under-Secretary of State for Northern Ireland (David Cairns): My right hon. Friend the Secretary of State has met representatives of Sesame Street Ltd to hear of their plans to develop a series of programmes in Northern Ireland to challenge sectarianism and racism, and he will shortly be raising the issue with the director-general of the BBC.

Mr. Allen: Does the Under-Secretary appreciate the work of the international parts of the charity Sesame Street with youngsters in Israel and Palestine? It has got youngsters from both sides of a strong religious divide to work together and understand each other. Will my hon. Friend continue his efforts to ensure that people from both sides of the divide in Northern Ireland get together? The strongest weapon of those who promote religious bigotry is ignorance. If we can get more knowledge and understanding between the communities through using the charity, it will reduce violence across the community divide.

David Cairns: My hon. Friend is right. Sesame Street is a highly respected international broadcaster with a global brand and a global outreach. It has done tremendously good work in the middle east, South Africa and elsewhere, and everyone would welcome its engagement in Northern Ireland as part of building the shared future that we all want.

Mrs. Iris Robinson (Strangford) (DUP): I welcome the fact that Sesame Street Ltd will operate in Northern Ireland, but will the Minister also address the issue of other scourges of our young people apart from sectarianism, such as drug and alcohol abuse, diet and sexually transmitted illnesses?

David Cairns: I very much agree with everything the hon. Lady has said—and that is very much part of what Sesame Street has done. Another issue that could be added to the list is the upsurge in hate crime and racist violence in Northern Ireland recently. I know that she shares with me an absolute abhorrence of such crimes, and if Sesame Street can play a part in tackling any resurgence of racism and hate crime, it will also be welcome.

Ministerial Office

5. **Mr. Peter Bone** (Wellingborough) (Con): If he will make it a requirement of holding ministerial office in the Northern Ireland Executive that a person must take an oath to uphold the rule of law. [79739]

7. **Sir Nicholas Winterton** (Macclesfield) (Con): What his policy is on the appointment to ministerial office of people who do not support the police. [79741]

The Secretary of State for Northern Ireland (Mr. Peter Hain): All the parties should support the rule of law and policing arrangements in Northern Ireland, especially those holding ministerial office in a restored Northern Ireland Executive, who should also abide by the terms of the pledge of office, which commits them to non-violence and exclusively peaceful and democratic means.

Mr. Bone: Many people believe that former terrorists should not be Ministers. However, if they are to serve in the Northern Ireland Executive, the very least they could do is to take an oath to uphold the rule of law so that their despicable pasts can be just that—their past. Would the Secretary of State agree?

Mr. Hain: I agree absolutely, but the hon. Gentleman will be aware that the pledge of office, which commits all serving members to commit themselves to non-violence and exclusively peaceful and democratic means, is effectively a commitment to the rule of law. It was agreed by all the parties and is in the Northern Ireland Act 1998 as a result of the Good Friday agreement. I am at one with him in insisting that all elected politicians, especially Ministers, comply with the rule of law and support the police.

Sir Nicholas Winterton: Could we have an unequivocal answer from the Secretary of State for Northern Ireland? Does he believe that all people who hold public appointments in Northern Ireland not only should support the policing arrangements but must support them, because the police uphold the rule of law? Will he say that they must support policing arrangements, and go rather further than he has to date?

Mr. Hain: Of course I think that the police must be, and should be, supported by all holding ministerial office. I want to be clear, however, that there has been a sea change on the part of republicans, Sinn Fein and the IRA in the past year or so, as a result of all the painstaking work done by our Governments and our predecessor Governments, and we should welcome that. I do not want to see another obstacle erected late in the day to stop the restoration of devolved government. If we disagree about that, that will have to be that.

Mark Durkan (Foyle) (SDLP): The Secretary of State is correct to warn us of the dangers of turning objectives, no matter how good, into preconditions, but does he recognise that we are caught in a vicious circle of vetoes on policing? Sinn Fein says that it will not sign on for policing until the Democratic Unionist party agrees a date for the devolution of justice and policing, and the DUP says that it will not agree a date until Sinn Fein commits to supporting policing. Does the Secretary of State share my suspicion that those two parties are trading vetoes so that they can blame each other for failure?

Mr. Hain: The hon. Gentleman makes a good point in his own way. It is essential that all the parties, including the two that he mentioned, work together to get the restoration of devolved government and to make progress on policing. Both of those objectives are crucial to the future stability and success of Northern Ireland.

Mr. Peter Robinson (Belfast, East) (DUP): Will the Secretary of State try to understand the concern of my right hon. and hon. Friends that the message coming from the Northern Ireland Office is that— *[Interruption.]*

Mr. Speaker: Order. Please allow the hon. Gentleman to speak.

Mr. Robinson: The message is that Sinn Fein is already a partner fit for Government, but there are still issues outstanding in terms of criminality and the acceptance of the rule of law. Instead of sending out his officials to leak to the BBC about the finances and position of DUP Members should the Assembly close, will he go out and tell Sinn Fein that there is work for it to do? May I also assure him that whatever issues my party considers in the run-up to 24 November, party finances will not be one of them?

Mr. Hain: The hon. Gentleman will know that I have made what I expect to happen clear to Sinn Fein. He and his party have been considerably responsible for putting pressure on Sinn Fein and the IRA to make sure that they continue to change in the way that they have done in the past year. He and the right hon. Member for North Antrim (Rev. Ian Paisley) deserve credit for that.

On the question of finance, we have made it clear that party funding for Assembly groups will have to stop if politicians do not do their jobs in the Assembly. Moreover, advice centres will have to close down and salaries will stop being paid. That is what the people of Northern Ireland have demanded, and that is what will happen at midnight on 24 November if there is no agreement.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [80667] **Lembit Öpik** (Montgomeryshire) (LD): If he will list his official engagements for Wednesday 28 June.

The Prime Minister (Mr. Tony Blair): Before I list my engagements, I know that the whole House will join me in sending our condolences and sympathy to the families of the two British soldiers killed in Afghanistan yesterday. They were fighting the Taliban, and they were brave and committed soldiers. This country can be very proud of the work that they were doing.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Lembit Öpik: I am sure that the whole House will associate itself with those sentiments.

I thank the Prime Minister for endorsing efforts to find a cure for motor neurone disease, which kills one UK resident every eight hours. His support is welcome and hugely valued, but is he aware that, in the past five years, for every £337,000 that the Government spent in research per diagnosed case of Creutzfeldt-Jakob disease, they invested a mere £108 in research per diagnosed case of MND? Will he therefore ask Health Ministers to meet the Motor Neurone Disease Association and give equal priority to curing that disease? Will he also back our efforts to raise £15 million for a research fund to rid the world of this terrible disease?

The Prime Minister: First, I pay tribute to the work that the hon. Gentleman has done on behalf of the MNDA, and I thank him for arranging my recent meeting with him and the association. We fully support the efforts to raise the money required, and I shall pass his remarks on to the relevant Ministers. Much of the funding comes through the Medical Research Council, but he is right that there is a clear gap between the amount of money spent on research into CJD and what is spent on MND. We shall therefore look to see what more we can do.

Janet Anderson (Rossendale and Darwen) (Lab): Is my right hon. Friend aware that, 30 years on from the introduction of the Equal Pay Act by a Labour Government, the winner of the Wimbledon women's singles competition will receive £30,000 less in prize money than the winner of the men's singles? Wimbledon is the only grand slam competition in which that happens. Will he support my right hon. Friend the Secretary of State for Culture, Media and Sport in her efforts to persuade the Lawn Tennis Association to put that inequality right?

The Prime Minister: I was somewhat coy about that yesterday, as I did not realise that my right hon. Friend the Secretary of State for Culture, Media and Sport had pronounced on the matter already. Therefore, I am happy to be bolder today, to welcome what she said, and to endorse it fully.

Mr. David Cameron (Witney) (Con): May I echo what the Prime Minister said about the two young soldiers who have been killed in Afghanistan? Our thoughts and prayers are with their families.

When asked about the need to replace Britain's independent nuclear deterrent, the Prime Minister said at that Dispatch Box last week that he wanted the fullest possible debate, and that a decision would be taken later in this Parliament. That afternoon, the Chancellor of the Exchequer went around saying that he had made a decision and that it would be announced later this year. Will the Prime Minister tell us what the Chancellor was up to?

The Prime Minister: It was made clear in the Labour manifesto that we are committed to maintaining the independent nuclear deterrent, and I have also said that we think that it is right to do so. A decision will be taken in this Parliament, and that will happen later this year. It is important that Britain makes sure that it can defend itself properly. I believe that an independent nuclear deterrent is an essential part of that.

Mr. Cameron: In his speech, the Chancellor repeated what was in Labour's manifesto, but he went around briefing something completely different. The BBC's political editor said that he wished the Chancellor

"would use code and spin less and speak in plain English a little more. Then we could focus on the real debate."

One of the things that the Chancellor said was that there should be a vote. So will the Prime Minister tell us, in plain English, will the House of Commons have a vote on whether Trident is replaced?

The Prime Minister: My right hon. Friend the Leader of the House dealt with that during business questions last week. He said, rightly, that we will of course consult the House fully. The method of doing so will be announced at the time when we publish the White Paper. I can assure the right hon. Member for Witney (Mr. Cameron) that there will of course be the fullest possible debate, as there would have to be.

I am rather surprised that the right hon. Gentleman does not want to debate today the policy he announced yesterday on the Bill of Rights. Since we are having a debate, at long last, on policy, I thought he might want to debate one of his.

Mr. Cameron: It is a simple enough question: the Chancellor wants a vote and the Education Secretary has said there ought to be vote; can we have a vote in the House?

The Prime Minister: I have already explained that my right hon. Friend the Leader of the House made the position clear last Thursday. That is the position, and we will announce the means of consultation when we publish the White Paper. Of course, we believe it is extremely important to have the fullest possible debate on the subject.

Mr. Cameron: The Prime Minister is saying one thing and the Chancellor briefing another. Is not this part of a wider problem? Is not there a danger that the Prime Minister is becoming the David Brent of Downing street—utterly redundant, he is just hanging round the office?

The Prime Minister: What we are doing is setting out policies for the long-term future of the country, on, for example, a stable economy, on the new deal to help cut unemployment further, on child care and on pensions. The energy review will be published shortly, and there is the NHS reform programme. All those are substantial policies for the future of the country.

What happens to the right hon. Gentleman when he makes a policy decision? He has one on foreign policy—to withdraw from the European People's party. He finally announced a domestic policy—his own Bill of Rights—which was denounced by the chairman of his own democracy commission as xenophobic legal nonsense. I am surprised, when he has just announced a major change to the British constitution, that he does not want to get up and debate it. Come on.

Direction is about policy. *[Interruption.]* I am happy to debate our policies, I am happy to debate the right hon. Gentleman's policies, and I am happy to have a policy debate. He has two questions left; let us debate policy.

Hon. Members: More!

Mr. Speaker: Order.

Gwyn Prosser (Dover) (Lab): Everyone accepts the need to deal with surplus school places in a rational manner. What has the Prime Minister to say, however, about Conservative-controlled Kent county council and its crude action to close or merge nine schools in Dover, nearly a quarter of the primary schools in my constituency? Does he think that represents lack of planning, lack of imagination or just lack of care?

The Prime Minister: My hon. Friend is absolutely right to say that it does not involve lack of money, because we have put vast sums into education in Kent and elsewhere in the country, all of which, of course, the Conservative party voted against. He is also absolutely right to say that primary schools have made enormous progress in the past few years, and I should deeply regret anything that put that at risk.

Sir Menzies Campbell (North-East Fife) (LD): I associate my right hon. and hon. Friends with the expressions of condolence and sympathy that we have just heard from the Prime Minister.

Given the urgency of the hostage crisis and the significance of the role of the United States in the middle east, has the Prime Minister discussed the present situation with the President of the United States?

The Prime Minister: We discuss issues to do with the middle east, Israel and Palestine every time I speak to the President. I have not spoken to him in the past 24 hours or so, but those things are a major part of any conversation we have. We both believe it extremely important to make sure that we restart a peace process that is the only way to stop events such as the terrible events of the past 24 hours. In the end, what is necessary, obviously, will be to make sure that peace and calm are restored so that there is some possibility of getting negotiation going.

Sir Menzies Campbell: I think the Prime Minister will agree that this is a particularly crucial moment, so what joint actions will he and the President take to capitalise on the apparent willingness of Hamas to accept a negotiated settlement and a two-state solution? It would be a tragedy if that possibility of progress were derailed by the hostage crisis.

The Prime Minister: I think I understand what the right hon. and learned Gentleman is saying. If Hamas is prepared to commit itself to a two-state solution and to negotiate a settlement, that necessarily must mean that it is committed to the existence of Israel, to the renunciation of violence, and to negotiation as a way of achieving that settlement. If Hamas were clear on those issues and if it was prepared to return to the road map, which the right hon. and learned Gentleman and his hon. Friends used to ask me to endorse and carry forward—as I still want to do—I can assure him, not just on my own behalf but on behalf of the President as well, that America—the Quartet—would be willing to take the process forward as swiftly as possible. But if we are negotiating a two-state solution, we need to know that both sides to the negotiation are committed to the existence of the other state.

Ann Keen (Brentford and Isleworth) (Lab): Will my right hon. Friend join me in condemning the decision of the Conservative councillors in Hounslow to share power with a group led by Phil Andrews, a former parliamentary candidate for the National Front? Does my right hon. Friend agree that that decision is not consistent with statements from leaders of all parties condemning all racist organisations?

The Prime Minister: I am sure that all party leaders most sincerely condemn racism of any sort. I do not know about the situation in my hon. Friend's constituency, but it would of course be deeply regrettable if anyone was in alliance with people who do not conform to the principles to which I hope we all conform.

Q2. [80668] **Annette Brooke** (Mid-Dorset and North Poole) (LD): In light of the Prime Minister's avowed priority for victims of crime, will he ensure that therapeutic services are available for all children who experience sexual abuse and indeed for children who exhibit sexually harmful behaviour who may have been abused themselves? That would be in line with the recommendations of the National Society for the Prevention of Cruelty to Children on the issue.

The Prime Minister: I would like an update, to send to the hon. Lady, about exactly what we are doing in the area of therapeutic treatment for the victims of sexual abuse. I can tell her that we have significantly increased funding for Victim Support and for the whole range of NHS therapeutic services, but I would like to acquaint myself with the actual details of what we are doing in that area and send them to her.

Jeremy Corbyn (Islington, North) (Lab): I am sure that the Prime Minister would accept that the 1970 nuclear non-proliferation treaty commits this country and all other declared nuclear powers to long-term disarmament. In light of that, will he explain why the Government are even considering an extension to, or a replacement for, Trident? Should not we seize this historic opportunity to start a process of nuclear disarmament around the world?

The Prime Minister: We do an immense amount in that area, and there is nothing inconsistent in renewing our independent nuclear deterrent and in being in favour of non-proliferation. My hon. Friend's remarks are an indication that the debate will be lively.

Mr. David Cameron (Witney) (Con): Ministers are meeting tomorrow in Geneva to try to resolve the vital world trade talks. When I last asked the Prime Minister about the talks, he said that failure in the Doha development round would be a disaster, and I agree. Given that Oxfam says that there are still 760 areas of disagreement, how confident is the Prime Minister that we will make progress this weekend?

The Prime Minister: It is obviously immensely difficult. However, we are working very closely, in particular with the German Government of Chancellor Merkel and with the Brazilians, to try to find a way forward. In addition, I spoke recently to Pascal Lamy, the head of the World Trade Organisation, and we talked through the various outstanding issues, but, yes, a lot of movement will be needed from all areas—from Europe on agriculture, from America on subsidies, from Brazil and the G20 countries on non-agricultural market access—and we will do everything we can to make sure that progress is maintained.

Mr. Cameron: Clearly, a reduction in agricultural protection is absolutely key to those talks. Although our headline offer appears to be a 39 per cent. cut in tariffs, there are concerns that when it is applied in practice it will mean a lot less; in fact, one estimate, based on figures from economists at the World Bank, is that it would, in effect, mean an average cut of only 1 per cent. Does the Prime Minister agree that that would be completely inadequate?

The Prime Minister: Yes, I do, which is why I think that it is important that we all go further. But I should say to the right hon. Gentleman that exactly the same calculations could be made in relation to some of the other offers that are made by the G20 on non-agricultural market access and in relation to the American offer in terms of agricultural subsidy. I am afraid that, in every single part of this, there are still outstanding issues that have to be resolved. That is why—certainly prior to the G8 and possibly at the G8—I will be arguing very strongly that the leaders need to put pressure on all the different systems to go far further.

In my view, it would be a disaster not just for world trade and for the development package that we want to see, but for the whole multilateral system, if the WTO went down. That is precisely why, as I say, that has been a constant part of my dialogue not just with America, but most particularly with the German Government, who share our view that failure in this area would be deeply regrettable for the whole of the international system.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): What assessment has my right hon. Friend made of the impact on community relations of the alliance between the former British National party organiser Steve Edwards and the Conservative candidate in Tipton in the last local elections—

Mr. Speaker: Order. That is not the Prime Minister's responsibility. I am sure that he is pleased to hear that.

Health Service IT

Q3. [80669] **Mr. Richard Bacon** (South Norfolk) (Con): How much has been spent on the national programme for IT in the health service.

The Prime Minister: The national programme for IT will help us to deliver an NHS fit for the 21st century. In 10 years, it will connect more than 30,000 GPs in England to more than 300 hospitals, giving patients access to their personal health and care information. By the end of March 2006, expenditure on the contracts let at the outset of the programme was £654 million. As the National Audit Office report said:

"The notable progress and tight control of the central aspects of the programme are to be commended".

Mr. Bacon: Does the Prime Minister agree with Sir John Bourn that value for money on this programme is safeguarded because suppliers will not receive public money for IT projects and services until they are delivered and shown to be working effectively? Can he give the House his personal assurance that that has not happened—for example in relation to iSOFT, whose directors trousered £76 million in share sales prior to their recent share crash?

The Prime Minister: I do not know about the particular example that the hon. Gentleman gave, but let me explain to him why it is important that we have that information technology programme. In the end, one of the huge benefits of having a national health service is that we can have electronic patient records that are transferable right round the system. If that happens, it means not just an end to vast amounts of paperwork in the NHS, but that things such as patient choice, for example, can become a reality. Contrary to the pre-reports of the National Audit Office report, on the whole the NAO was complimentary about the IT programme. It is a huge programme, but it will deliver real benefits. Of course, we have to make sure that people offer value for money, but by and large the NAO said that we did.

Repatriation

Q4. [80670] **Dr. Julian Lewis** (New Forest, East) (Con): What his policy is on returning terrorist sympathisers to their countries of origin.

The Prime Minister: Foreign nationals living in the UK who pose a threat to this country should indeed be removed.

Dr. Lewis: I entirely agree with the Prime Minister, but does he accept that no society can be safe if its laws fail to recognise that people forfeit some of their own rights when they pose a threat to, or infringe, the rights of others? Is not that failure precisely why he had to abandon the pledge that he gave the House on 3 May that foreign prisoners—criminals—would be deported automatically on release, and is it not why he is helpless to deport foreign terrorist sympathisers?

The Prime Minister: No, although there is a particular problem, which I will come to in a moment. We have many people—I think almost 40—who are foreign nationals who are accused of terrorist offences or of plotting or inciting terrorism and their cases are going through the court. The hon. Gentleman is absolutely right to say that we have got to make sure that those court cases are successful. But under the Human Rights Act 1998, we have the power expressly to override legislation if we wish to do so. What I said last year, and repeat now, is that we are prepared to do so if necessary.

If I may say so, our view is somewhat better than the one expressed by the Leader of the Opposition. He said that we should replace the Human Rights Act with a Bill of Rights. He also went on to say that that should not be subject to the Parliament Act, and therefore would be entrenched, which, in fact, would make it even harder to do what the hon. Member for New Forest, East (Dr. Lewis) wants. The Leader of the Opposition also said that the reason why we needed that was something called the Singh case. I can point out that the case was decided in August 2000. The right hon. Gentleman said that it had been decided under the guidance of the Human Rights Act, but that Act came into force in October 2000. So we have—

Mr. Speaker: Order. I think that the Prime Minister has made the point.

Engagements

Q5. [80671] **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): Is the Prime Minister aware that domestic burglary has gone down by 21 per cent. in my constituency? Car theft had gone down by 23 per cent. between 2003 and 2004-05. However, in spite of extra police officers in Lancashire, extra police support staff, the new police community support officers, community wardens and special constables, many people still think that crime is going up. Will the Prime Minister reassure my constituents that they are less likely to be a victim of crime now than they would have been at any time in the past 25 years?

The Prime Minister: What my hon. Friend says is absolutely true. Incidentally, I would like to pay tribute to the Lancashire police force, which is a groundbreaking force that does a superb job. She is absolutely right that there have been big falls in both car crime and burglary, and the antisocial behaviour legislation is also of enormous help here. I know that she will realise that we need to do more, which is why my right hon. Friend the Secretary of State is examining various issues to do with the Home Office. The Violent Crime Reduction Bill will play a part in this as well. My hon. Friend is right that we need to keep on ensuring not only that the laws are

fit for what we need, but that we get the community policing out on the street that her constituents and others want.

Mr. John Hayes (South Holland and The Deepings) (Con): In 1997, when the Prime Minister was still the future, he pledged to cut early-years class sizes to below 30. In the same year, and in every year since, he has promised to tackle school truancy. However, parliamentary answers that I have received show that those early-years class sizes have doubled since 2002 and that truancy has risen by 200,000 over the same period. Has the Prime Minister changed his mind about those priorities, or just broken his promises?

The Prime Minister: As far as I am aware, the infant class pledge has been met. If the hon. Gentleman goes into virtually any primary school in the country, he will see the effect not merely of the investment in bricks and mortar, but of something like 80,000 extra classroom assistants. In so far as we have been able to cut infant class sizes, we have done so, of course, because of the extra investment in our public services that he voted against in the past.

Q6. [80672] **Lynne Jones** (Birmingham, Selly Oak) (Lab): Since my right hon. Friend became Prime Minister, hospital waiting lists and waiting times have dropped dramatically. Unfortunately, the reverse is the case for housing waiting lists. Before my right hon. Friend leaves office, will he ensure that the necessary investment is committed so that his legacy will also be one of falling housing waiting lists?

The Prime Minister: I thank my hon. Friend very much indeed for the first part of her question, which I regard as progress of a sort. However, she is absolutely right that we need to do more on housing, particularly social housing. That is why we are investing literally hundreds of millions of pounds over the coming years to ensure that we have better social housing and to increase the provision of houses as well—

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Not social housing: council housing.

The Prime Minister: Whether it is provided by councils or others, it is important that we get the maximum investment in housing. Of course we only manage to achieve investment when we have a strong economy with the money therefore to invest.

Mr. Alex Salmond (Banff and Buchan) (SNP): Will the Prime Minister set out a clear timetable for the removal from the statute book of the Act of Settlement, which introduces clear discrimination against millions of our fellow citizens? Would a Government set on a course of repeal not be demonstrating leadership, authority and direction?

The Prime Minister: No, I am afraid that I cannot give the hon. Gentleman that assurance, but as we are on the subject of legislation I can tell him what I would not agree to do, and that is to introduce the Bill that he wants—an independence Bill for Scotland. That would be an absolute and total disaster for the people of Scotland.

Q7. [80673] **Margaret Moran** (Luton, South) (Lab): Is my right hon. Friend aware that one of my official engagements yesterday was the opening of the 11th children's centre in my constituency, at a school, Dallow junior, which has received over £2 million of additional investment for new facilities? Will he join me in congratulating the staff involved in that achievement, and does he agree that it is another example of this Government tackling child poverty, which doubled under the Conservative party?

The Prime Minister: I can assure my hon. Friend that it is our intention to keep up the investment in children's centres. Sure Start, too, is an immensely important programme that has not only allowed hundreds of thousands of people to get access to facilities that help their children, but benefited many parents enormously. In addition, we are trying to support people through the work-life balance, the children's tax credit, and increases in maternity leave and maternity pay. All that adds up to a package that results not in simply talking about helping families but in supporting them in realistic and practical ways throughout the country.

James Duddridge (Rochford and Southend, East) (Con): What part of the question "Will there be a vote on Trident?" does the Prime Minister not understand?

The Prime Minister: I understand it, and I refer the hon. Gentleman to what my right hon. Friend the Leader of the House said last Thursday—that remains the position.

Q8. [80674] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): I report with great sadness to the Prime Minister that, following the local elections and a bit of bed-hopping by the Liberal Democrats, Newcastle-under-Lyme is being temporarily led by the Conservatives. In the past 20-plus years Newcastle has been well served by Labour leaders—Mike Brereton, Eddie Boden and David Leech—and I wonder whether, in this novel situation, the Prime Minister can help me out. By which yardsticks would he judge this new, Tory/Liberal Democrat alliance in my area, however temporary it may be?

The Prime Minister: The most important thing is that the programmes of renewal and inner-city regeneration that were funded by the Government are maintained by the council, and I know that my hon. Friend will be holding it strictly to account.

Martin Horwood (Cheltenham) (LD): I am sure that the Prime Minister will join me in congratulating Cheltenham and Tewkesbury primary care trust on never having had a financial deficit and on living within its means. Can he therefore explain to the professionals, patients and people of Cheltenham why we are being rewarded with the closure of our 10-year-old purpose-built maternity ward, the closure of our rehabilitation hospital, cuts in health promotion, cuts in community nursing, cuts in health visiting, cuts in access to acute care and the non-implementation of new NICE-prescribed drugs such as Herceptin?

The Prime Minister: I do not know the particular circumstances of the hon. Gentleman's constituency and what has happened with the primary care trust there, although I am sure that if we were to go into it we would also find that waiting times and waiting lists for patients had fallen substantially and that there were additional numbers of people being treated far faster for cancer and cardiac care. I am afraid that it is a necessary part of the financial management in the health service that no matter how much money is put in, there will have to be proper accountability to make sure that that money is spent well. I am very happy to look into the points that the hon. Gentleman raises.

Q10. [80676] **Mr. Mark Harper** (Forest of Dean) (Con): I gave notice to the Prime Minister's office that I was going to raise the case of the late Lieutenant William Norbury MC and his widow Gillian, and the battle to win her the war disability pension to which she is entitled. Yesterday, at a veterans reception in Downing street, the Prime Minister was challenged to resolve the issue by Mrs. Norbury's splendid champion, John Nunneley. In Mr. Nunneley's own words, he appealed to the Prime Minister to act as Mrs. Norbury's "court of last resort". Is the Prime Minister now able to deliver his judgment in this case?

The Prime Minister: No, I am not able to do that right now. I met Mr. Nunneley yesterday and he gave me a letter explaining the situation. I thank the hon. Gentleman for notice of the question. It is a complex case because Lieutenant Norbury was a member of the King's African Rifles, which is a colonial force raised in Kenya, and responsibility for his war pension was taken over by the Kenyan Government when that country gained its independence in the early 1960s. Ministers and officials have met Mrs. Norbury's representatives on a number of occasions, and the Ministry of Defence is now examining a number of possible schemes to consider whether Mrs. Norbury will be eligible under any of them. So the MOD is looking into it, and I hope that I will be able to get back to Mr. Nunneley or Mrs. Norbury in due course.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Will the Prime Minister congratulate Plymouth city council on returning to Labour control last Thursday after a successful by-election? Will he take an interest, too, in the challenge that we face of providing enough affordable housing to rent and buy, as we need some flexibility to play our part as one of the country's key growth areas?

The Prime Minister: I certainly congratulate the council and its Labour leadership on the superb work that they are doing, not least in relation to schools, antisocial behaviour and regeneration. The by-election last week set a very good example.

Jubilee Line Case Review

12.30 pm

The Solicitor-General (Mr. Mike O'Brien): With permission, Mr. Speaker, I wish to make a statement on the report by Her Majesty's Chief Inspector of the Crown Prosecution Service on the Jubilee Line case.

My right hon. and learned Friend the Attorney-General made a statement in another place yesterday. *[Interruption.]*

Mr. Speaker: Order. Will hon. Members leave the Chamber quietly, as a statement is being made?

The Solicitor-General: Thank you, Mr. Speaker.

My right hon. and learned Friend the Attorney-General made a statement in another place yesterday. I did seek to provide opposition spokesmen with a copy of the report in good time yesterday, and to indicate that we did not intend to make an oral statement in the House, consistent with practice on some legal issues in the past. When I had an opportunity to speak to the hon. Member for Beaconsfield (Mr. Grieve), he said that he wanted an oral statement, and I am grateful to you, Mr. Speaker, for agreeing to allow me to make one today.

In retrospect, I think that hon. Gentleman was right that the Attorney-General's statement on the issue should have been repeated in this House at the same time, and I apologise to him and to the House for the fact that that was not done. In future, however legalistic they are, statements made in another place ought to be made in the House unless there is prior agreement otherwise. With minor amendments to allow for the fact that a day has elapsed, the Attorney-General's statement reads as follows:

"On 22 March 2005 the case of Regina v Rayment and Others was terminated at the Central Criminal Court after it had been running since June 2003. The prosecution announced its decision not to oppose a defence application to discharge the jury and subsequently offered no evidence. The defendants were then acquitted.

Immediately afterwards I announced that I was referring the matter to the Chief Inspector of the Crown Prosecution Service under Section (2)(1)(b) of the Crown Prosecution Service Inspectorate Act 2000. I asked the chief inspector: to review the circumstances surrounding the prosecution commonly known as the Jubilee Line case; to ascertain the factors leading to the decision to terminate; to consider what steps the prosecution could have taken to avoid that outcome; and to make recommendations aimed at preventing this happening again. The chief inspector's final report was published yesterday. Copies have been placed in the Libraries of both Houses.

The report contains a detailed, but not comprehensive, analysis of the case. The constraints imposed by the remit of Her Majesty's Crown Prosecution Service Inspectorate means the report inevitably focuses on the role of the prosecution, whilst aiming to give as balanced a view as possible of what occurred. The chief inspector also requested Her Majesty's Inspectorate of Constabulary to provide expert advice and analysis on the police work in this case, particularly the investigation. The work they did was used to inform the report which is published today."

That would have been yesterday. The Attorney-General continued:

"Her Majesty's Inspectorate of Constabulary will also be publishing separately its own stand-alone report. The review team was also able to conduct individual interviews with 11 jurors in the case, and a group interview with eight of those jurors. They were assisted in this task by Professor Sally Lloyd-Bostock and Dr. Cheryl Thomas of Birmingham University, who have conducted previous research into juries. This enabled the review team to obtain the benefit of the jurors' experience, whilst at the same time ensuring a proper distance between the jurors and the inspectorate.

The report concludes that the collapse of the trial was the cumulative effect of mistakes and shortcomings by a number of agencies and individuals responsible for the case, which tested the adversarial system, as well as the jury system, beyond breaking point. The review also concludes that the decision to end the case was inevitable and correct in the light of legal authorities, having regard to the circumstances prevailing at the time. The report highlights three specific issues which it sees as having had a major contribution towards the termination of the proceedings: the decision to include count two, conspiracy to defraud London Underground Limited; the slow and disjointed nature of the proceedings; and the illness of one of the defendants.

I very much welcome the valuable and detailed analysis by the chief inspector and his team. I pay tribute to the thoroughness of their work. I note the important conclusion that the decision to terminate the case was correct.

Views may differ as to what conclusions are drawn from the analysis on, for example, whether we should always have a jury in a case of serious and complex fraud. I will return to that subject later.

My overriding purpose in establishing the review was to ensure that we have done, and continue to do, all we can to ensure that there is no repetition of the events which led to the collapse of this case, particularly so far as the prosecuting authorities are concerned.

Investigation and subsequent prosecution of this case was spread over a long period, from 1997 to 2005. Some key decisions made at an early stage had a significant impact on the future handling of the case and, with the benefit of hindsight, can be seen to have created difficulties. I accept that there is justified criticism of some aspects of the prosecution.

Because, as I have said, the review report inevitably focuses on the CPS, and I am the Minister accountable for the CPS, it is right for me to draw the House's attention to the steps which have been taken to improve the handling of these cases within the CPS, as well as changes in the external environment. I accept the report's conclusion that fraud work within the CPS has not always been recognised as requiring a degree of dedicated resource and expertise. That is now being rectified, with the establishment of a separate and specialist fraud prosecution division within CPS London, a move welcomed by the report.

A wider issue is that of the case management and review arrangements which were in place during the duration of the Jubilee Line case. When I was appointed Attorney-General, it became apparent to me that the arrangements for supervising lawyers who had day-to-day control of serious and complex cases, and of reviewing the quality of their decisions, were not adequate. In particular, the culture had evolved where it was believed that only a lawyer who had read all—and I mean all—the papers could take a decision on the case. The disadvantages of this approach had already been the subject of discussion between my predecessor as Attorney-General and the then DPP, now Mr Justice Calvert-Smith. I signalled a new approach in a Written Parliamentary Answer on 27 February 2003. This enabled more senior lawyers within the CPS, including the DPP, to be involved in the decision-making process, or to take decisions on the basis of detailed briefing and consideration of the key material but without having to read all the often very voluminous papers. The effect of this change would be, as I said in the Answer, to enable greater input by senior lawyers into the most critical decisions that the service faces.

In addition, and after discussion with me, the current DPP has established a system of greater review by senior management of prosecuting decisions. In particular, he has established a system of case management panels. These are held on a monthly basis and enable a panel of senior lawyers to act as a "critical friend" to the lawyers handling a case. The panels, which have been in operation since September 2005, have already proved their worth

[The Solicitor-General]

in strengthening the presentation of cases, identifying any potential weaknesses and, in some cases, shortening the predicted trial lengths. This is especially important given the report's criticism that the Jubilee Line case was allowed to run without such senior management control. The CPS is also developing a new case management and case quality assurance system, particularly for serious and complex cases.

More widely within the criminal justice system, Ministers and the judiciary have agreed the criminal case management framework which clearly sets out the responsibilities of all those involved in trials; and the then Lord Chief Justice issued a protocol on the management of heavy and complex cases in March 2005. These developments, combined with revised disclosure protocols and my own revised guidelines to prosecutors on disclosure, combine to make a very different system from that which was in operation during the Jubilee Line trial.

The report makes 11 recommendations. They are set out in detail in the report and I will not take time repeating them. They have been considered by Government and the agencies involved. The substance of all the recommendations are accepted, save for recommendation 10, which will require further discussions between Ministers and the senior judiciary.

Earlier in my Statement I said that I would come back to the issue of jury trials for serious and complex fraud cases. We have had extensive debates in this House and in the other place about the Government's established policy that there should be the opportunity in some serious and complex fraud cases for those trials to be heard without a jury. The Jubilee Line report concludes that the circumstances of this case were so unusual that it cannot be relied on directly to support the case either for dispensing with, or retaining, juries. It also concludes that the case was not intrinsically of such seriousness or complexity that it would necessarily have been accepted by the Serious Fraud Office as falling within its criteria for taking on cases, nor that it would necessarily have met the conditions set out in Section 43 of the Criminal Justice Act 2003.

I should say that I take a different view. I am very clear that no blame for the termination of the case should fall on the shoulders of the individual jurors; rather, they are to be commended for their commitment and attention. Nevertheless, I believe the case illustrates a good deal about the challenges of presenting long and complex cases in front of a jury."—[*Official Report, House of Lords*, 27 June 2006; Vol. 683, c. 1096-99.]

That concludes the statement.

Mr. Dominic Grieve (Beaconsfield) (Con): I thank the Solicitor-General for the statement. I fully accept his apology. He sought to keep me completely informed about the nature of the statement to be made in the other place and supplied me with a copy of the document in good time. I am glad that he acknowledges that it would have been better if statements had been made in both places simultaneously, especially as the subject matter, although it may be legalistic, touches on several contentious topics that are relevant to issues before the House at present.

The report is to be commended. I am sure that the House would wish to thank Mr. Stephen Wooler and his team. Although its remit is restricted to the Crown Prosecution Service, with an added angle of the police role, it is detailed, illuminating and helpful. The fact that no verdict was returned in the case enabled Mr. Wooler's team, most unusually, to be able to interview jurors about their views in relation to the process, which he described as a "hugely valuable insight" into the case.

The collapse of this case was at huge public expense—some £25 million, with no verdict returned. It has been used extensively by those who have supported the argument that juries should be got rid of in long and complex fraud cases. Does not a detailed reading of this report show that that assertion is entirely unjustified? Is not one of the most interesting conclusions of Mr. Wooler's report that his analysis does not support that at all, and that the argument is wholly erroneous? At paragraph 9 of the executive summary, Mr. Wooler said that

"although the collapse of the Jubilee Line case was regarded in many quarters as relevant to the debate about the suitability of juries to try charges of fraud, and in particular the proposal to implement Section 43 of the Criminal Justice Act 2003"—

which has been a highly contentious issue before this House—

"its circumstances were in reality so unusual that it cannot be relied on to support either position in that debate."

Will the Solicitor-General please confirm that that is the position of the Law Officers, because I noted both yesterday and in the Solicitor-General's remarks, but especially in remarks made by the Attorney-General on a news programme yesterday evening, that he appears to disagree with his own inspector's report in respect of that matter?

Furthermore, the main body of the report contains ample evidence that goes further in supporting the role of juries in trials of this kind. At paragraph 1.40, in relation to the jury, Mr. Wooler says:

"No responsibility for the inconclusive outcome of the case can properly be attributed to the capabilities or conduct of the jury. Overall, they discharged their duties in a thorough and conscientious manner. Collectively, they appeared even at the time of our interview with them to have a good grip of the evidence and the issues, particularly allowing for the fact that many months had passed since they had last heard any evidence."

What is perhaps most telling—I should be grateful for the Solicitor-General's comments on this—is that the inquiry had before it a letter from one of the jurors, written on the day on which the trial had collapsed and the acquittals had been recorded, in which he expressed his deep displeasure. The letter, which can be found in paragraph 11.6 of the report, says:

"I, along with the majority of the jurors, had a good understanding of what was going on in the courtroom and I have taken exception to comments made by yourself"

—the judge—

"and Mr Upward"

—the prosecutor—

"in tonight's news coverage. It is being stated that you and other members of the court thought that we were unable to remember evidence from the early stages of the trial and thus a fair trial would prove impossible. Nobody asked for our comments and what we felt. Why would the majority of us be making notes? So that when we came to deliberate we could refer back to them and make informed decisions. I personally referred to my notes regularly during the trial and was thus able to compare evidence and make informed judgements as the case proceeded. To now be labelled an incompetent is not acceptable".

These are important issues. I have to tell the Solicitor-General that I am troubled that on repeated occasions when we have come to consider the issues of juries in long fraud trials, we have appeared to be faced with a blank wall when we have confronted the Government. In a debate in the House on 21 June 2005, when a statement was made that there would be an end to juries in certain fraud trials, the Solicitor-General said:

"Stephen Wooler is indeed looking into the background of the Jubilee line trial and will no doubt make his report in due course, but the House needs to know when the Government have made a clear decision."—[*Official Report*, 21 June 2005; Vol. 435, c. 658.]

May I ask the Solicitor-General and the Attorney-General, in the light of this extremely compelling and interesting report, to reconsider their position and to take on board the comments that have been made? Will the Solicitor-General also confirm the other point that was made so tellingly in the report—that even if the Government's proposals in section 43 of the Criminal Justice Act had been implemented, the trial would almost certainly have taken place with a jury in any event? To use this case because of the waste of public money that has resulted is particularly pernicious, and I very much hope that the Attorney-General will stop doing it.

The causes of the collapse have been correctly identified by the Solicitor-General, but one of them deserves special focus. The decision to charge conspiracy to defraud at common law was regarded by Mr. Wooler as muddling matters by introducing a charge that was vague and insufficiently particularised, and which, most remarkably, added 10 months to the trial when the issues surrounding it had to be fully explored.

The Solicitor-General will know that as the Fraud Bill has made its way through the House, the Government have resolutely maintained that the law of conspiracy to defraud at common law must be retained. May we please have an assurance from the Solicitor-General that as the Report stage of the Bill has not yet been reached, he will give careful consideration to the comments made by Mr. Wooler as an example of the particular application of the charge of common law conspiracy? Is it not the case that the decision to charge conspiracy to defraud at common law was one of the most disastrous elements that led to the eventual collapse of the trial? There must be lessons from that. Even if we do not get rid of conspiracy to defraud at common law, I very much hope that the Solicitor-General can assure the House that the issue will be examined in the context of the guidelines that the Attorney-General has already published.

The Solicitor-General will be aware of substantial criticisms of the way in which fraud has been handled by the Crown Prosecution Service in recent years. In saying that, I am very conscious of the fact that it is clear from the Solicitor-General's statement that steps have been taken to rectify the situation. But the House is entitled to be concerned to discover that this was an unintended consequence of setting up the Serious Fraud Office. Will the Solicitor-General give an assurance to the House that the way in which changes are brought about will be kept under close review? For example, in respect of cases such as this one, should the SFO be encouraged to expand its remit in bringing prosecutions, thereby taking them away from the Crown Prosecution Service? Otherwise, there will have to be two parallel centres of expertise, because in the light of the report it is clear that the lack of a centre of expertise within the CPS was a contributory cause of the prosecution's failure.

The Solicitor-General mentioned that he was able to accept 10 of the 11 recommendations, and, obviously, I welcome that very much. In respect of the recommendation that he was unable to accept, I entirely understand why that cannot simply be done by the Government, because it concerned the involvement of the judiciary in the development of procedures to have a comprehensive view of cases, and particularly the role of judges in case management.

I appreciate that that is a difficult issue. Judicial independence must be maintained. The judge in this case was—very properly—unable to co-operate with the inquiry, and to have done so would have been a misconduct on her part. But it would be desirable if a mechanism could be found to help judges in an area that all experience suggests is very challenging, and where even the ablest of them often have difficulty. I very much hope that the Solicitor-General is able to indicate to the House that this matter is being properly progressed.

The Solicitor-General: I am grateful to the hon. Gentleman for the way in which he has raised his points and for his general welcome for the report of Stephen Wooler and his team, and I join him in thanking them for what they have done. They produced a very thorough report that dealt with all the issues that they were asked to cover, and we in this House are very grateful to them for that.

The hon. Gentleman raised a number of issues. In relation to non-jury trials and section 43 of the Criminal Justice Act 2003, there is nothing in the report, as he indicated because he read the relevant part of it, that suggests that there is proof either way of whether non-jury trials are desirable. However, what my right hon. and learned Friend the Attorney-General said was not that the report somehow proved the case one way or the other, but that it was illustrative to a considerable degree of the challenges of presenting long and complex cases in front of a jury—such as the way in which such cases had to be presented, the sheer length of them, and the enormous pressures on the jury.

The hon. Gentleman will be aware that we have agreed that the issues in relation to section 43 will be dealt with by way of a free-standing Bill, which will give us all the opportunity to look at the detailed arguments about non-jury trials. However, let me just say this: we are dealing with a suggestion in relation to not the 29,000 cases that are currently dealt with by juries, but perhaps half a dozen a year—up to a maximum of 20—of the most serious cases, which represents a fraction of 1 per cent. We need to find ways in which not only blue collar crime, but the most complex fraud and white collar crime, can be tackled effectively. I support using juries in the vast majority of cases. However, for some cases I argue not that the jury cannot understand the evidence—I hear what the juror said about making notes, and I am sure that he was assiduous in ensuring that he followed the evidence with great care—but that very long trials impose an unacceptable burden on jurors.

To make trials manageable, prosecutors often have to resort to tactics such as splitting complex cases into separate trials and reducing the number of counts on an indictment, and therefore the full culpability of criminals is frequently not exposed to a jury. We need to find a better way. We have repeatedly offered to discuss the matter with the Opposition to see if we can reach an agreement. That has not yet been possible, but I hope that between now and when we consider the Bill, we will have the opportunity to reach agreement.

[The Solicitor-General]

The benefits of section 43 are clear. The full criminality of an issue can be exposed. We should have shorter trials. The judges can read the papers, rather than them having to be presented orally before a jury. In that way, we should be able to expose the full criminality of such issues and ensure that criminals get their just desserts.

The hon. Gentleman referred in particular to count two, which deals with conspiracy to defraud, but that was not the only cause of the collapse of the trial. There were other causes, such as the illness of a defendant and the slow and disjointed nature of the proceedings. But the fact that from an early stage the investigation did not focus on collecting all the evidence necessary to prove count two was a matter of some concern. The prosecution's failure to show in particular why London Underground Ltd was defrauded by the conspiracy referred to in count two caused a problem, but the judge did find on two occasions that it was a proper charge.

Let me also add that we have had general discussions about conspiracy to defraud in debates on the Fraud Bill. The report does not recommend the repeal of conspiracy to defraud. As the hon. Gentleman knows, in our consultation on the Fraud Bill the majority of respondents asked us to keep conspiracy to defraud. The Rose Committee of senior judges said that it would be a big mistake to revoke it. In respect of the Fraud Bill, there will be forms of behaviour that will not be considered fraud under statute—for example, where a defendant plays his part in committing a crime but is ignorant of the wider details of the fraud, and where the final crime was committed by someone outside the immediate conspiracy.

That said, let me make it clear to the hon. Gentleman that we hope to be able in due course to repeal conspiracy to defraud. The Government propose to have a review on that in about three years. In the meantime, the Attorney-General has produced guidelines which we hope will reduce the use of conspiracy to defraud, so that it is employed only where necessary.

The hon. Gentleman asked about changes in respect of Crown prosecutions, and I assure him that we will continue to monitor the way in which they occur. The case management panels will have monthly reviews, and we hope that that will lead to an improvement in the standard of prosecutions. Recommendation six said that there should be a multidisciplinary approach, with investigators, prosecutors and accountants—and other experts where appropriate—working together as a team from the early stages of investigations. We want to see that that happens, too. However, I give the hon. Gentleman the assurance that he seeks: we will continue to monitor such changes.

The hon. Gentleman commented on the recommendation on judges. I entirely agree that it is important that we maintain judicial independence—we must ensure that the independence of the judge in question, who quite properly decided not to engage in the inquiry, is maintained. However, we will also have appropriate discussions with the judiciary to see what steps it wishes to take in the light of these recommendations.

Simon Hughes (North Southwark and Bermondsey) (LD): I thank the Solicitor-General for his statement and his courtesies yesterday. I impute no criticism to him for the way that events have turned out. There was a robust set of questions and exchanges involving the Attorney-General yesterday in the House Lords, and I want to refer to some of them.

I have a particular interest in this case as I am the MP for the constituency that was most affected by the Jubilee line extension. I join the hon. Member for Beaconsfield (Mr. Grieve) in congratulating Mr. Wooler and his team; they clearly did a good job, and it was right of the Attorney-General to commission that inspection by the new body set up just for that purpose.

The 11 recommendations raise many issues, but I hope that the Solicitor-General will agree that there abide three central issues, and I should add that much of what I say will reflect concerns expressed by the hon. Member for Beaconsfield. There is the conspiracy to defraud issue; the issue that the failures were of the prosecution, not of the defence; and the issue that the principle of jury trial was not at fault. To paraphrase a much more famous selection from three, the greatest of these principles is that the principle of jury trial was not at fault.

The first and third issues relate to the fact that the Attorney-General and the Solicitor-General have, as it were, set themselves in opposition to the logic of the recommendations. I therefore join in encouraging Law Officers to retain their intention to get rid of the conspiracy to defraud charge at the earliest opportunity. More generally, when the Law Commission makes such recommendations, it should give both Houses the chance to debate them on the basis of a considered proposal put before us. Had it done so, we could have anticipated such issues and possibly prevented this serious and very expensive mistake.

On the second issue, I wonder whether the Solicitor-General can give an answer that the Attorney-General was unable to give yesterday. The latter has accepted the proposed setting up of a fraud prosecution division, which, in effect, would reinstate under another name the arrangement that applied until a few years ago. How far has that proposal got? Has it been set up, and is it in place? If so, how many cases are now being looked after by these specialists within the London Crown Prosecution Service? It is clear that the Attorney-General has accepted that we need a structure that not only contains specialists, but has senior management control over all such cases.

Thirdly, the Solicitor-General quoted the phrase used by the Attorney-General, who said that

"the case illustrates a good deal about the challenges of presenting long and complex cases in front of a jury."—[*Official Report, House of Lords*, 27 June 2006; Vol. 683, c. 1099.]

Indeed it does, and the conclusion was that juries can cope. In the light of that, can the Solicitor-General confirm expressly that not until the Fraud Bill—this issue has been debated during consideration of that Bill—has been enacted and tested for some years, and not until the fraud review has had some years in which to be digested, will we have any suggestion from the Government that we need to look again at changes to the principle that juries deal with fraud cases? Having passed a significant Act through Parliament that deals with these issues, it would be nonsense then suddenly to say, "We need to change the law."

Finally, recommendation 5 sets out some very practical suggestions on how jurors should be dealt

with—more respectfully and carefully, and simply more considerately—particularly in longer cases. May I have an assurance that those lessons will be learned, and that judges and courts will in future make it clear that jurors—who clearly can do the job—are respected for the job that they are willing to do, want to do and can do competently? They must be treated as a very important part of our democratic and constitutional system—a system that we Liberal Democrats believe should be the principle for dealing with all serious cases in this country.

The Solicitor-General: I am grateful to the hon. Gentleman for his courteous reply, and particularly for what he said about the statement—or lack of it—yesterday. Let me deal first with his final point, about which he is quite right: we should improve the quality of our treatment of jurors. I have spoken to some people who have served on juries who were particularly concerned about the way in which they were dealt with. If we can find ways of making that experience a little easier for jurors, that would be very desirable. When a juror is dealing with an extremely long case, it is all the more important that any family and work-related issues that might arise are taken account of. That will always prove very difficult in long cases, and there will always be trials that last a long time, even if we bring into play section 43 of the Criminal Justice Act 2003. It is right that, in those circumstances, we should make sure that we do the best by those citizens who have given up their time to deal with such cases.

Let me deal with what the hon. Gentleman said about jury trials. Mr. Justice Auld, in his report of 2001, made his views on this issue very clear:

"If I had to pick two of the most compelling factors in favour of reform, I would settle on the burdensome length and increasing speciality and complexity of these cases, with which jurors, largely or wholly strangers to the subject…are expected to cope. Both put justice at risk."

He went on to say:

"I am firmly of the view that we should wait no longer before introducing a more just and efficient form of trial in serious and complex fraud cases."

Mr. Justice McKinnon, who had to deal with the Blue Arrow case, said:

"No jury should be asked to cope with what this jury… had to endure"

in terms of a very long trial. The Court of Appeal said that, in that case,

"there was a significant risk of a miscarriage of justice resulting from the volume and complexity of the evidence."

I have gone through the arguments about the way in which prosecutors ensure that cases can go on, and I shall not rehearse them. What we need to do now is to look seriously at how we can get a just outcome from these trials. I invite the hon. Gentleman—and, indeed, all the Opposition parties—to engage in serious discussions on how we can best deal with these cases.

The Government want, in due course, to find circumstances in which we can repeal the common law offence of conspiracy to defraud, to which the hon. Gentleman referred. We want to review that, probably in 2009—we said that we will do so three years after the passage of the Fraud Bill, which, I assume, will go through this year—so that is the time scale that we are looking at.

The hon. Gentleman also asked about the fraud prosecution service, which has indeed come into existence. It is a new fraud unit that will harness the skills and experience of specialist fraud prosecutors, and Mr. David Kirk, a top private sector lawyer, has been appointed as its head. I cannot tell the hon. Gentleman how many cases it has dealt with up to now. Given that its remit was established only recently, I suspect that it has yet to get many cases to trial; however, it will doubtless be investigating a number of such cases. I shall write to the hon. Gentleman, if he will allow me, with that information.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I notice that, in their statements, the Solicitor-General and the Attorney-General have somewhat quietly and carefully shifted the argument about jury trials: they are now talking about people being kept there too long, and the difficulty of sustaining such trials. May I take the Solicitor-General back to what happened at the collapse of the Jubilee line trial and the surrounding events? Previously, there had been a very strong implication that ordinary members of the public who make up juries in fraud cases could not be expected to understand the complexities involved. The issue was them and their abilities, and not so much the time that they spent in the pursuit of such trials.

This report is more than just a blocker in terms of the attacks on juries; it actually upholds the principle of jury trials. When the jurors were interviewed, I was astonished to discover the amount of information that they retained, and their understanding and grasp of these so-called complex issues. Why, when such difficulties arise, do we, in this country alone, blame those who are determined to seek the balance, rather than those who bring the case? In America, under the procedures that apply there, a case was brought against Enron in six months—with a jury.

The Solicitor-General: I invite the right hon. Gentleman to check the records, and if he does I think that he will find that the Government have never heavily relied on the Jubilee line case. Moreover, we have not argued the case that jurors are incapable of understanding such issues—the problem is the burden that a vast amount of complex information and exhibits, presented to a jury over a very long period, place on any juror. The process of oral presentation of evidence takes a very long time, but it could be dealt with by a judge very quickly; it could even be dealt with by a judge sitting with assessors, which is one suggestion that Lord Justice Auld looked at.

We must treat this issue with a great deal more seriousness. There is a tendency to fall back on the view that this is somehow an attack on juries, but it is not: it is an attempt to find a way to get justice, so that the full criminality of those who commit very complex fraud can be brought before a court and dealt with fully and properly.

The right hon. Gentleman made an interesting point about the United States of America. We have been examining the circumstances there with a great deal of care. The US deals with cases, particularly complex fraud cases, in a very different way. Perhaps the most significant difference is the frequent use of plea

[The Solicitor-General]

bargaining. My right hon. and learned Friend the Attorney-General will consider the range of lessons to be learned not only from the United States, but from Hong Kong and other countries and jurisdictions. That might form part of the wider fraud review that we hope will report by the summer and will be able to lead us towards better ways of dealing with complex fraud investigations, as well as prosecutions.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): Reference has been made to the 11 recommendations in the report, 10 of which have been substantially accepted. Can the Solicitor-General give the House an assurance that measures will be put in place to ensure that those proposals are not only properly implemented, but monitored to see whether any alterations need to be made?

The Solicitor-General: Yes, I can give that reassurance. We have already had discussions with the Director of Public Prosecutions. As the hon. Gentleman will be aware, the director of the Serious Fraud Office is also aware of the full implications of the report. Its recommendations are important. We want them to be fully implemented, and we will monitor the situation to ensure that they are.

Mr. Peter Bone (Wellingborough) (Con): I find it hard to believe that the Government's proposal to do without trials is due to the length of time that they take. The Solicitor-General let the cat of the bag a moment ago when he said that we are not getting enough convictions. Is not the truth of the matter that the CPS cannot present its cases well enough to get convictions, and that is why it wants to do away with juries?

The Solicitor-General: The hon. Gentleman does a disservice to the CPS. Certainly, the report made some criticisms of its handling of this case, but in many other trials it has handled fraud matters very well. There is a need for improvement. That is why certain reforms have been put in place, particularly since the statement made in 2003 by my right hon. and learned Friend the Attorney-General about changing the way in which cases are considered. We want the prosecution of fraud to be carried out properly and effectively. That is not only about getting more convictions, but about securing justice, and justice requires that those who have committed an offence have the full extent of their culpability exposed before a court so that they can be properly dealt with by the criminal justice system. I am concerned that the way in which prosecutions occur at the moment, with indictments being split and the number of counts being reduced, sometimes means that there is not a full exposure of that level of culpability. We need to consider that seriously, as putting our heads in the sand and being blind to it has taken us nowhere.

Points of Order

1.13 pm

Anne Main (St. Albans) (Con): I need your help and advice on this matter, Mr. Speaker. On 26 April, I asked the former Home Secretary whether foreign nationals due for deportation were placed on the sex offenders register if they had committed a serious sexual offence, and the answer was not quite as clear as I had hoped. With your indulgence, I raised a point of order on 2 May, but still did not get a clear answer. I tabled questions on 4 May seeking information, but I have not received a holding reply. I subsequently asked a named day question, to be answered on 19 June, about the delays in answering my questions. Again, I have not even received a holding response. Given this clearly unacceptable situation, can you give me any advice on how I can gain the information that I seek?

Mr. Speaker: I thank the hon. Lady for giving me notice of her point of order. As I have said on several occasions recently, it is important that Ministers give timely answers to parliamentary questions. I know that the Leader of the House shares that view, and I have no doubt that he will read what the hon. Lady has said on the record in tomorrow's *Hansard*. I hope that he will pursue this matter. I would also say to the hon. Lady that in my experience perseverance is a very important thing in this House, and she should persevere.

Mike Penning (Hemel Hempstead) (Con): On a point of order, Mr. Speaker. As I am sure that you are aware, on 11 December the largest explosion that Europe has seen since the second world war took place in my constituency. It not only had catastrophic effects on the environment, but put nearly 4,000 jobs at risk. On the following day, I praised the Deputy Prime Minister for coming to the House to make a statement, but since then, more than six months later, not one ministerial statement, oral or written, has been made to the House about the effects of Buncefield and the ongoing inquiry. May I seek your advice, Mr. Speaker, on how we can get a Minister of any Department to come here to tell us what is going on?

Mr. Speaker: I always say to hon. Members that if Ministers will not answer questions, the answer is to seek an Adjournment debate so that they are brought to the Floor of the House. I advise the hon. Gentleman to do that.

Ministerial and other Salaries (Amendment)

1.15 pm

Mr. Jeremy Browne (Taunton) (LD): I beg to move,

That leave be given to bring in a Bill to amend the Ministerial and other Salaries Act 1975 so as to reduce from 83 to 60 the total number of Ministerial salaries payable by virtue of paragraph 2(c) of Part V of Schedule 1.

I appreciate that some Members may think that the title of the Bill is not as clear as it might be, so let me briefly explain its intention. It would reduce the number of Members serving at Cabinet level, Minister of State level and Parliamentary Under-Secretary level from 83, the current limit, to 60. It would not reduce the number of Whips or Parliamentary Private Secretaries, although if separate legislation were brought forward to that effect I would certainly support it.

My central proposition is that there are too many Government Ministers. It may help the House if I provide some background. In 1900, at the start of the last century, when Britain ran large parts of the world, the total number of paid ministerial posts was 60. By the middle of the century, in 1950, when Britain was starting to extract itself from some, if not all, of those obligations, but large parts of the domestic economy had been brought within public ownership, the number of paid Government posts had risen from 60 to 81. By 1999, when Britain was neither running large parts of the world nor had large parts of the domestic economy within the public sector, the number of Ministers had, funnily enough, risen still further to 106.

The situation with the total payroll vote is even worse. At the time of the April 1992 general election—you may be surprised to learn, Mr. Speaker, that that was the first time I was eligible to vote—the total number of people on the payroll was 125. By December 2004, shortly before I was elected to this House, it had risen to 151, largely because during that period the number of PPSs had risen from 41 to 62—a 50 per cent. increase. It is particularly striking and extraordinary that, despite devolution to Scotland and, to a more limited extent, Wales, there still has not been a reduction in the total number of Ministers.

As an aside, I am in favour of reducing the overall number of Members of Parliament. I am aware that there are exceptional cases involving particularly large or remote communities such as Orkney and Shetland or the Isle of Wight. Nevertheless, if, at the last general election, every constituency had had the same number of voters as Taunton, my constituency, the House would have 518 MPs instead of 646—128 fewer, or a reduction of approximately 20 per cent. Happily, other Members have made the case for reducing the number of MPs, including the hon. Member for Chichester (Mr. Tyrie) in his publication, "Pruning the Politicians—the case for a smaller House of Commons", which was published in December 2004 and which I recommend to the House.

However, my Bill is concerned with reducing the number of Ministers. I want to give three reasons for doing so, in ascending order of importance. The first is to save money. It is difficult to predict the exact cost of reducing the number of Ministers, but each Cabinet

[Mr. Jeremy Browne]

Minister costs £74,902 extra in salary alone and, of course, there are many associated costs of supporting a Minister in office.

The second reason is to make Parliament more effective, something that has been raised in this House on a number of occasions. In 2000, my right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy) said that

"far too many people are on the payroll in the House...There are too many parliamentary private secretaries and too many people are beholden to the Executive interests of the day. Not enough Members feel free to express independent interests from a Back-Bench point of view." —[*Official Report*, 13 July 2000; Vol. 353, c. 1106.]

That view is not advanced only by members of my party. In its report "Strengthening Parliament", the Norton commission—established by the right hon. Member for Richmond, Yorks (Mr. Hague) when he was Conservative leader— recommended a reduction in the size of the Government and had three specific proposals: that the size of the Cabinet be capped at 20; that the number of junior Ministers be capped at 50; and that there should be only one PPS per Department, responsible to the Cabinet Minister. That is broadly in line with what I am proposing this afternoon.

Another Conservative leader, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), has also proposed a smaller Government Bill, which in addition to reducing the number of MPs would cut the number of Ministers by 20 per cent; again, approximately what I am proposing this afternoon.

The distinguished political commentator Peter Riddell, in his book "Parliament under Blair", called for

"the magnet of attraction of front bench needs to be reduced"

and went on to argue that this could be done in two ways:

"first by reducing the number of ministers in the Commons; and, secondly, by increasing the attractions of service on select committees."

A distinguished body of opinion supports my assertion this afternoon that Parliament would be more effective if there were fewer Ministers.

My final and most important point is that I think that reducing the number of Ministers would make the Government more efficient. I will look at a number of Departments and see if I can convince the House. At the moment, the Home Office—a Home Office Minister is here, fortuitously, for the debate—has seven Ministers, a large number. If ministerial numbers were the determining factor for judging the success of the Home Office, it would be widely admired for its competence and efficiency; sadly that is not the case. Were the number of Ministers to increase, I do not believe that the Home Office would become any more effective or efficient. The problem with the Home Office is the decision-making mechanisms, the inadequate structures and the lines of accountability. If anything, more Ministers would make the situation even worse.

The second Department to which I shall draw attention is the Department of Trade and Industry. The House may recall that at the last general election my party argued for the abolition of the DTI . I do not believe that there is a need for an interventionist Department that is directed at political interference in commercial matters and at propping up failing industries against market and consumer demand. The DTI is a throwback to the days of large-scale intervention in the economy. It is no longer appropriate to a modern, liberal market economy based on competition and consumer choice.

If we go back to the 1970s, when steel, coal, water and the national airline were in public ownership, we can see that there was a case for a Department of Trade and Industry. The case is far less compelling now. I would argue that the Department should be abolished and some of its functions transferred. However, we still have six DTI Ministers.

In conclusion, I refer to two other Departments. The first is the Cabinet Office. It is hard to know where the Deputy Prime Minister resides in the current Government structure, but there are three Cabinet Ministers in the Cabinet Office: the Deputy Prime Minister, the Chancellor of the Duchy of Lancaster—a new post created as a consolation prize for the right hon. Member for North-West Durham (Hilary Armstrong)—*[Interruption.]* The specific title of the Chancellor of the Duchy's responsibilities is new. The third is the Minister without Portfolio, the right hon. Member for Salford (Hazel Blears). It escapes me why the chairman of the Labour party's salary ought to be paid out of public finances. However, all three of them are entitled to attend Cabinet meetings.

Traditionally, the interests of the Foreign and Commonwealth Office have been represented in Cabinet by the Foreign Secretary. Now, three of the four Ministers in that Department are entitled to attend the Cabinet—the Foreign Secretary, the Minister for Europe, the right hon. Member for Ashfield (Mr. Hoon), and the Minister for Trade, the right hon. Member for Makerfield (Mr. McCartney).

In conclusion, my point may be best illustrated by drawing the House's attention to the fact that, for 183 days, nobody occupied the position of Chancellor of the Duchy of Lancaster. I have to tell you, Mr. Speaker, that not a single constituent of mine complained about the Government discharging their duties less effectively during that 183-day period. That illustrates more than anything the need for fewer Ministers.

This is the nub—what is needed is better, more accountable, less remote and value-for-money government. What is not needed is a hugely inflated Executive that acts as a job-creation scheme, costs public money, diminishes the role of Parliament and militates against effective government. I urge the House to support my Bill.

Question put and agreed to.

Bill ordered to be brought in by Mr. Jeremy Browne.

MINISTERIAL AND OTHER SALARIES (AMENDMENT)

Mr. Jeremy Browne accordingly presented a Bill to amend the Ministerial and other Salaries Act 1975 so as to reduce from 83 to 60 the total number of Ministerial salaries payable by virtue of paragraph 2(c) of Part V of Schedule 1: And the same was read the First time; and ordered to be read a Second time on Friday 20 October, and to be printed [Bill 203].

Police

2.1 pm

The Minister for Policing, Security and Community Safety (Mr. Tony McNulty): I beg to move,

That the draft Police and Criminal Evidence Act 1984 (Code of Practice C and Code of Practice H) Order 2006, which was laid before this House on 14th June, be approved.

I am sure that hon. Members will recall the debates that we had during the passage of what became the Terrorism Act 2006—in particular, the lengthy debates on section 23, which amends schedule 8 to the Terrorism Act 2000 to extend the maximum period of detention of terrorist suspects from 14 to 28 days. Members will know that the purpose of the order is not to revisit that debate or its substance, but is specific to the code of practice under PACE—the Police and Criminal Evidence Act 1984—and I want to concentrate on that.

Colleagues will remember that the issue in relation to pre-charge detention was that the changing nature of terrorist activity meant that the existing maximum period of detention, 14 days, was no longer considered adequate. The strong advice that we received from the police was that terrorist investigations are now more complex. They may involve, for example, the need to de-encrypt computer equipment or to obtain evidence from overseas; they may require the translation of large numbers of documents. This led the police to conclude that they might need to hold terrorist suspects for up to 90 days. I say that purely by way of context, rather than to reopen the debate on that matter. Following a debate in Parliament—a debate that I am sure we all remember with acute fondness—it was agreed to extend the maximum period of detention available to the police to 28 days.

The subject today is limited to the new code of practice on the detention of terrorist suspects. The Government agreed during the debates on the Terrorism Act 2006 that a new PACE code of practice would be issued before the extended period of detention was brought into force. It was agreed that there should be a new code of practice rather than an amendment to the existing PACE code of practice on the detention, treatment and questioning of persons by police officers—code C—because it was felt that the procedures around holding terrorist suspects were different enough to justify a separate code.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Minister has been clear about his wish not to revisit the time periods; I understand that. But will he confirm that if this House did not approve the codes, it would not be possible for him to move from the existing period of detention to the extended one?

Mr. McNulty: I am grateful to the right hon. and learned Gentleman for staying within the strictures of the debate, although it is tempting to do otherwise. I can confirm, as I believe we have already clearly stated, that the new code of practice should be laid before the commencement of the new order to increase the period from 14 to 28 days.

Mr. Hogg: I am sorry to interrupt, but I believe that it goes further than that. My understanding of the statute and of the Government's commitment is that the period of detention will not and cannot be extended unless the House approves the code.

Mr. McNulty: I am sorry, but that is exactly what I have already said. That is entirely the position. As it says on the tail end of the code rather than the order, the extension from 14 to 28 days will come into effect only the day after the code of practice has been laid for the requisite time—to 24 July, I believe. The link between the two is exactly what the Government promised, and that is what has prevailed. The right hon. and learned Gentleman is right in that regard.

Within that context, it was felt right and proper that, rather than amend the existing code C, we should bring in an entirely new code of practice—code H—not least because we were exhorted to do so by the hon. Member for Beaconsfield (Mr. Grieve). The proposal for a new code was supported by Opposition Members, and rightly reflected the fact that in this area detailed guidance to the police was required—a point with which we concur.

The order before us today brings into force a new PACE code of practice on the detention, treatment and questioning of terrorist suspects arrested under section 41 of the Terrorism Act 2000. The new PACE code is to be known as code H. I hope that hon. Members will not press me on why H, rather than a letter between C and H, was chosen; I can find out but I do not know off the top of my head. The order also brings into force a revised version of PACE code C. At the moment, as I said, code C deals with the detention, treatment and questioning of both terrorist suspects arrested under section 41 and non-terrorist suspects. The order simply removes all reference to terrorist suspects from code C, which still prevails for all non-terrorist suspects.

The new PACE code that deals with terrorist suspects arrested under section 41 recognises the special arrangements needed for the effective investigation and welfare of those detainees, which was the import of our deliberations on the issue. It reflects the results of a consultation held between 2 May and 23 May—a necessarily truncated consultation that took place with the indulgence of Opposition parties. We received a total of 26 responses to the consultation from a number of organisations and individuals, including the Association of Chief Police Officers, Liberty, the Law Society, the Criminal Bar Association and Lord Carlile. The overall response to the draft code was positive. The main points raised related to the security of investigations, the provision of medical attention and the transfer of detainees to prison.

The security of operations is, of course, paramount and we have included an extra note for guidance to clarify an important difference between the Police and Criminal Evidence Act 1984 and the provisions of the Terrorism Act 2000. That recognises that a reason for arrest must always be given, but that there may be circumstances in which it is not appropriate to disclose sensitive details.

We believe that the provisions for medical attention are robust. Detainees are subject to initial and ongoing assessment by custody officers, who must ensure that they receive appropriate clinical attention where necessary. The draft code expands on existing provisions by ensuring

[Mr. McNulty]

that detainees receive a routine daily health care visit after the first 96 hours in police custody.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Will the Minister say more about the human rights implications of code H, and its compatibility with the Human Rights Act 1998?

Mr. McNulty: I would like to say that I am shocked to hear the hon. Gentleman raise the Human Rights Act, but I am not. I am not surprised, and it is a fair question. Of course, no Government Minister, as far as I am aware, stands at the Dispatch Box to promote any legislation of any description without it being duly compatible with all the assorted human rights provisions in statute, including the European convention on human rights and the Human Rights Act 1998. That is entirely the case, and I am grateful to the hon. Gentleman for teasing such an admission out of me. I have no doubt that he will refer to it again subsequently when he gets his chance, as I hope he will, to contribute to our very narrow debate on the codes of practice before us.

As I said, the draft code expands on existing provisions, and a number of respondents, quite fairly, mentioned the potential effect of prolonged detention on the reliability of a detainee's answers during interview. Annexe (g) of the new code H contains general guidance to help police officers and health care professionals assess whether a detainee might be at risk in an interview, which emphasises the importance of ascertaining a detainee's fitness to be interviewed.

The parts about transfer to prison produced a number of responses, some in favour and some against. Transfer to prison will ensure that detainees are held in establishments that have the experience and facilities to deal with prolonged detention. The proposal is strongly recommended by Lord Carlile, owing to concerns that police stations are not intended or suitable for detention beyond the current maximum of 14 days. As a result of the consultation, we have included an additional requirement for police to inform a detainee's legal adviser before transfer to prison takes place and for efforts to be made to inform any other persons who may have been informed previously of the person's detention.

With those changes, we believe that the new code ensures that detainees are treated properly, while at the same time enabling investigations to be carried out effectively. Terrorism remains a huge international challenge, particularly for democracies, which must strive to protect individual liberties while at the same time ensuring collective security. I hope that the House agrees that the codes that we are planning to introduce get that balance right within the narrow confines of the narrow debate on the code of practice that applies when we move from 14 to 28 days—*[Interruption.]* However narrowly or otherwise, I commend the order to the House.

1.36 pm

Nick Herbert (Arundel and South Downs) (Con): I am grateful to the Minister for his explanation of the purpose of the codes. This order concerns the most serious matters that the House could discuss: the prevention of terrorism and the extent to which the deprivation of liberty, sanctioned by the state, is justified to ensure that aim. We all agree about the need to counter the very serious threat of terrorism facing this country, and we all agree that ensuring the safety of the public must be the first duty of any Government.

I agree with the Minister that there is no need to rehearse the debate about whether detaining terrorist suspects without charge for 90 days was justified. The Government lost the argument and lost the vote, but in the furore caused by that proposal, it is often overlooked that Parliament agreed to a significant extension of the period of time for which terrorist suspects can be detained without charge. In fact, we agreed to double the period from 14 to 28 days.

Let me remind the House of why these new codes of practice are being discussed. It was the official Opposition who called for them. In Committee, my hon. Friend the Member for Beaconsfield (Mr. Grieve) called for

"a completely separate set of PACE codes to cover terrorist cases in which detention is to last more than seven days",

pointing out that the current codes were

"not designed to deal with people under long-term detention."—[*Official Report*, 2 November 2005; Vol. 438, c. 901.]

The then Home Secretary, the right hon. Member for Norwich, South (Mr. Clarke) replied that he understood the points being made and was

"ready to come back to the House with a solution that will deal with this in an effective way. We recognise that the concerns raised by Opposition Front Benchers are genuine...I am prepared to give an assurance that we will consider the issues that have been raised."—[*Official Report*, 2 November 2006; Vol. 438, c. 919.]

A week later, on Report, the Home Secretary said:

"We welcome that suggestion... we can see grounds for having a separate code",

and agreed with what my hon. Friend the Member for Beaconsfield had argued, saying:

"Such a code would be laid before Parliament and be subject to the affirmative resolution procedure...I can give a firm guarantee that the appropriate codes and their equivalents will be brought forward."—[*Official Report*, 9 November 2005; Vol. 439, c. 329.]

The then Home Secretary gave a "firm guarantee" back in November. The Government had almost five months between then and the Terrorism Bill receiving Royal Assent on 30 March to prepare a consultation paper on the draft code. Why was that consultation paper not published immediately after the Bill received Royal Assent? It took until May before the Home Office got round to consulting on the code at all. The code is certainly important, which is why we suggested its revision, but it has not been controversial. The need for it was agreed on all sides. As the Minister said, the Home Office received 26 responses to its consultation paper and they were described as generally "positive". So why the delay?

After my right hon. Friend the Member for Maidenhead (Mrs. May) raised the matter on 8 June, the Prime Minister claimed:

"The reason that we are unable to introduce it"—

the 28-day provision—

"quickly is that the Conservatives insisted on a longer consultation period, which prevented us from doing that."—[*Official Report*, 14 June 2006; Vol. 447, c. 763.]

How could he possibly claim that? We did not insist on a longer consultation period. We said that a new code of practice would be needed. Are the Government now saying that they would have preferred to introduce 28-day detention without the safeguard of a code?

The delay has been unnecessary and is the result of the now all too familiar Home Office incompetence. Consequently, one year after the atrocities on 7 July and almost eight months after the Home Secretary's "guarantee", the provisions on the extension of detention without trial will still not be in force. The Prime Minister claimed that powers to detain terrorist suspects for longer were

"responsible, right and necessary to protect this country's security."—[*Official Report*, 9 November 2005; Vol. 439, c. 299.]

In that case, was not it responsible, right and necessary to introduce the code without delay so that the new powers could be implemented?

The Prime Minister first revealed that the Government were considering a longer period to detain suspects without charge at his infamous press conference on 5 August last year. From that point, it should have been obvious to the Government that safeguards would be necessary to ensure the proper treatment of people detained for unprecedented periods of time. Why did not work on those safeguards begin then? Why were they not included when the draft Terrorism Bill was published in September?

The Government cannot claim that somehow we caused the delay by opposing the provision to detain suspects for 90 days. First, we supported 28 days. Secondly, whatever the extended length of detention beyond the current 14 days, it should have been clear that a new code was needed to ensure proper safeguards.

Mr. Hogg: My hon. Friend says that we supported 28 days. That is true in a limited sense. We opposed 90 days and 60 days. Many of us would have preferred the existing 14 days. My hon. Friends who supported 28 days did so only to avoid the longer period.

Nick Herbert: I respect my right hon. and learned Friend's point of view on the matter. He has clearly and consistently made known his objections to any extension beyond 14 days. Nevertheless, it was the official Opposition's position that we would support 28 days, and we did that.

Let us consider the practical consequences of delay. The suspects who were detained after the police raids in Forrest Gate earlier this month have now been released. There appears to be no evidence linking them to terrorist acts that would justify their detention. However, what if that had not been the case? What if police intelligence, which, in the words of the Assistant Commissioner of Police of the Metropolis,

"raised serious concerns for public safety",

had been correct? What if the police had needed to hold the suspects for longer than 14 days to gather evidence and perhaps prevent another atrocity? They would not have been able to do so. *[Interruption.]* If the Home Secretary disagrees, he should intervene. Surely the police could not have detained the suspects for longer than 14 days. It is self-evident, because the order has not commenced.

The House agreed the necessity for a longer period of detention in November. Eight months later, the measure remains unavailable to the police. The delay, according to the Prime Minister's argument, has put national security at risk. That is consistent with the Government's record on law and order—long on grandstanding gestures to capture headlines, short on the practical measures of ordinary competence that are necessary to ensure public safety.

The Home Secretary has conceded that

"from time to time"

the Home Office

"is dysfunctional in the sense that it does not work".

Rather than blaming officials, when will the Government accept that Ministers have responsibility for their Departments, and are responsible for the delay?

I have two specific questions about the operation of the new code H. It provides for the transfer to a designated prison

"as soon as is practicable"

of suspects for whom a warrant has been issued authorising detention for more than 14 days, unless the detainee requests to remain in a police station, or it would otherwise hinder or delay the investigation. The Minister explained that Lord Carlile, the Government's adviser, strongly recommended the provision. Why 14 days, which appears to be an arbitrary limit? Half the respondents to the consultation were in favour of the ability to transfer prisoners to a prison, but half were against.

Justice stated:

"Although we recognise that police detention facilities are not suited for prolonged detention, imprisoning persons who have not been charged with a criminal offence seems to us to blur a fundamental distinction between pre-charge detention and detention on remand. In practical terms, we are also concerned that it could lead to interference with a suspect's right to access legal advice".

Will the Minister confirm whether that is the case? How will the proper legal requirements for the conduct of interviews and so on be ensured in prison? Will prisoners have to be transferred back to properly equipped police cells for interviews?

Secondly, the code provides that detainees may receive visits from friends, family or others, at the custody officer's discretion. To what extent will that provision be subject to supervision or review? Should such visits be left to the discretion of a single custody officer? What appeal procedure will be available if the custody officer decides not to allow the visits?

The Minister will appreciate that the detention of suspects for such periods will inevitably be controversial. We need only look back a few weeks to the detention of the suspects in Forest Gate to realise that that is the case. Granting visits to suspects will therefore be important, and there should be proper accountability and supervision.

I hope that the Minister can answer our constructive questions and that the House will support the code so that the powers, which the House has agreed are needed to counter terrorism, can be brought into force without further delay.

1.46 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): Liberal Democrats strongly opposed the extension of detention without charge from 14 days to 90 days. We voted against the measure on Second Reading principally because we regarded the proposal as a breach of the ancient and fundamental right of habeas corpus, and the right to know the basis on which one is held and to challenge it in the courts.

The terrorism that threatens the safety of our citizens at this time in history has meant an uneasy rebalancing of the scales. The Government's desire for 90-day detention was not supported by any case that was made sufficiently satisfactorily to gain the votes of a majority of hon. Members, and the provision fell. The 28-day detention period is the limit to which Liberal Democrats felt able to go without abdicating our commitment to civil liberties, which we in the United Kingdom value so deeply. It represents a doubling of existing police powers—it is quite an extension.

Although I shall restrict myself narrowly, in the way in which the Minister desires us to do, I must stress that we voiced concerns about the original proposal. The longer that a person is held in custody, the greater the likelihood that a court will eventually realise that any evidence was obtained under duress. Code H is therefore important because whatever evidence is obtained must be valuable and valid in order to be presented in a court.

I agree with the hon. Member for Arundel and South Downs (Nick Herbert) that, for something that was so urgent and pressing, the extraordinary delay in its implementation beggars belief. The Government explain it by citing work and consultation on the code of practice, but I understand that the work did not even commence until a month after Royal Assent.

We have previously agreed that a separate code of practice should be produced for those detained after arrest under section 41 of the Terrorism Act 2000. Given that that has been done, we are minded to support the Government. However, I should like the Minister to expand on some aspects of the code.

Will there be extra training for those who supervise the detention or will they simply receive normal prison training? What supervision will there be of what happens to detainees during their sojourn before charge? To whom will relatives complain or present their problems? How will we know about such matters? Will those detained under the 28-day rule come under the inspection regime of the prison or will there be a special inspection for them?

It is crucial that individuals held for 28 days be treated in such a way that their detention does not inflame the sensitivities of the communities from which they are likely—at least at present—to come. While it may be necessary—and we have now agreed to it—to remove liberty before charge for 28 days to gather evidence, it is crucial that the conduct of that detention should not exacerbate the present tinderbox situation. We have all seen the events in Forest Gate. I support the police going in to investigate, but it is crucial that their behaviour does not further damage community relations.

On the issue of the detention of those younger than usual, I refer to the recent arrest and detention of two 16-year-olds. The Minister indicates that it was only one, but the principle is the same, whether it is one, two or 10. Will he say how younger people will be supported during the period of detention? Will they be flanked by adults to support them while providing evidence?

If the Minister can give satisfactory answers to those questions, the Liberal Democrats will support the motion, and if and when detention for 28 days without charge comes into practice, I hope that it is used appropriately and professionally.

1.52 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Much of the ground has been covered in the substantive debates on the Terrorism Act 2006, so I shall be brief. My hon. Friend the Member for Arundel and South Downs (Nick Herbert) said that he hoped that the code would be passed by the House, but I take a different view, not because of the contents of the code, but because the passage of the code is a condition present to the extension of the time period for detention from 14 days to 28 days. If one takes the view, as I do, that we should not extend the period of detention, one inevitably has to oppose the code, even if it is an improvement on the current position.

My hon. Friend the Member for Beaconsfield (Mr. Grieve) was right to secure an undertaking from the Government that a code would be published and brought to the Floor of the House. He should be commended for that, but the essential point is whether we want to extend the period of detention. If the answer is no, the House should not pass the code. It is not necessary, desirable, just or proportionate to increase the period of detention from 14 days to 28 days. It also increases the risk of injustice. Anyone who practises in the criminal courts, as I do regularly, knows very well that the period of detention is a time of great stress for the detained person. If the period is an extended one, those detained are capable of wrongly incriminating themselves. We are embarking on a course of action that is likely to have that effect, and it is primarily for that reason that I opposed the extension of the detention period when we debated it last year.

I have also expressed, on many occasions, my dissatisfaction with the process. Statutory instruments and codes are not amendable, but they can have a heavy impact on the rights of citizens. This code is an important document. It has been the subject of consultation, and one is grateful for that, but the House cannot amend it. We must either approve it as a whole or reject it. Matters of this kind should be amendable, which could be achieved by putting them into the schedule of the Bill. I regard this as a very unsatisfactory process. Matters of this kind should be dealt with under primary legislation, and when they are detailed and complex they should be included in schedules, so that they are amendable.

I am aware—we have just heard so from the hon. Member for Hornsey and Wood Green (Lynne Featherstone)—that there will be no support for voting to oppose the order. I therefore do not propose to divide the House, but I do protest against what we are doing and against the extension of the detention period. To anybody who says that the Conservative

party signed up to 28 days, I admit that that is true, as my hon. Friend the Member for Arundel and South Downs said in terms. But we did so because a 28-day period was a darn sight better than 90 or 60 days. It was the best deal that we could make. That is not an assertion of principle, but of pragmatic fact, and—speaking for myself—I am thoroughly against an extension of the detention period to 28 days.

1.56 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): My heart sank when my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) said that he did not propose to divide the House on this matter. I support the arguments that he advanced, especially on the relationship of statutory instruments to primary legislation and the fact that they are not available at the time of consideration of the original legislation. In fact, the Modernisation Committee is considering the process of legislation and may make recommendations on that point.

I shall concentrate on the issue of civil liberties, paragraphs 7.2 and 7.3 in the guidance notes, and on the statement made by the Minister of State that

> "In my view the provisions of the Police and Criminal Evidence Act 1984 (Code of Practice C and Code of Practice H) Order 2006 are compatible with the Convention rights."

I asked him about that and, like most Ministers nowadays, he gaily asserted that it is a matter of routine. My objections, like those of my right hon. and learned Friend, revolve around the most basic concepts of what Britain stands for and our civil liberties. It is unconscionable that a person should be held without charge for 28 days. Fourteen days is an awfully long time, but we are talking about six weeks in the life of an individual. If the provisions are misused, careers will be wrecked, families may be broken up and great financial burdens will be imposed.

It is cynically suggested that we should accept such provisions because they will eventually be shipwrecked in the House of Lords by a judgment declaring their incompatibility. However, the statutory instrument gives us an opportunity to reflect on the provision's incompatibility with the European convention on human rights and the possibility that the Law Lords will rule in that way. That is the judgment of many well-regarded lawyers. I suggest that it is cynical to fail to address head-on the relationship between the case law and the status of the European Court of Justice, because that is what the Government are doing. They are playing with the themes. They have brought us to the point where British citizens may be held for up to 28 days without knowing what they are charged with. That is contrary to the traditions of our common law and our history of liberty, and it is very difficult for people in those circumstances to mount a defence.

I am opposed to the code of practice—both emotionally and because of who I am and whom I represent—because I believe that the Government's declaration of compatibility is fraudulent.

Mr. Greg Knight (East Yorkshire) (Con): My hon. Friend is making a powerful case. What period of detention would he regard as acceptable?

Madam Deputy Speaker (Sylvia Heal): Order. I must intervene, as we are not discussing the period of detention but rather the code of practice that applies to legislation already agreed in the House.

Mr. Shepherd: I understand, Madam Deputy Speaker. That is why I have tried to focus on the fact that the code is a crucial part of the 2006 Act, and a requirement of it. A successful vote against the motion would shipwreck the concept of 28 days. However, I know that that concept will inevitably be shipwrecked in any case, under the existing arrangements that the Government have put in place to protect Britain, by the European Court of Human Rights.

2.1 pm

Mr. McNulty: With the leave of the House, I shall try and deal with some of the points raised in this appropriately narrow debate. I do not want to attack or challenge the hon. Member for Aldridge-Brownhills (Mr. Shepherd) or the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg). They have merely been consistent in wanting to kick against a trend that they think they have detected. They believe that important matters are increasingly dealt with through statutory instruments, codes of practice and so on rather than in primary legislation. I do not agree with that, but I accept the broad parliamentary point.

I also accept the consequence of consistency—that those who oppose the original proposition in a Bill are being entirely consistent when they oppose it when it crops up in a statutory instrument or code of practice that flows from the Bill. I do not underestimate the integrity of the hon. Member for Aldridge-Brownhills or of the right hon. and learned Member for Sleaford and North Hykeham. What they say is entirely fair and reasonable. I do not agree with them, about either the parliamentary or the substantive point, but I admire them for their consistency.

In passing, even in my short time in the House I heard those views expressed extremely eloquently many times by the late right hon. Member for Bromley and Chislehurst. The position is perfectly acceptable, it is just that I do not agree with it. However, I appreciate that it is right and proper to express those views in the narrow confines of this debate—which was spoiled only when the right hon. Member for East Yorkshire (Mr. Knight) came clodhopping in with his attempt to make it far broader than had been intended.

I turn now to some of the specific questions that were raised. It is of course envisaged that, if the police need to interview detainees after they have been transferred to prison, arrangements will be made for them to be moved back to the appropriate police station. That is entirely in keeping with the needs of an investigation, and there is no restriction of access to legal advice when a detainee is in prison. The hon. Member for Arundel and South Downs (Nick Herbert) asked about that and I hope that my response has reassured him.

The hon. Member for Hornsey and Wood Green (Lynne Featherstone) asked about terrorist detainees in prison. As with all prisoners, they will come under the regime of Her Majesty's inspector of prisons. Importantly, Lord Carlile, the independent reviewer of

[Mr. McNulty]

terrorism legislation, has said that he will take a close interest in all aspects of the proposed extended detention. I welcome that, given that his original brief was to oversee all aspects of the legislation.

Mr. Dominic Grieve (Beaconsfield) (Con): Usually, a very detailed record is kept of what happens when a prisoner is detained in a police station. It is very useful, as any allegation of duress, or that a confession was obtained under pressure, can be refuted by allowing the prosecution to look at the record. However, I am concerned that that record will not be kept in the same way when a person is detained in prison. As a result, the prosecution might be at a considerable disadvantage if it is alleged that pressure has been applied through some mechanism while that person was in prison.

Mr. McNulty: That is an entirely reasonable point, although it may not be germane to the integrity of the code of practice. However, it may be worth pursuing, and I accept that custodial records and the evidentiary base available when a person is detained in a police station will be markedly different from what happens in a prison. I shall therefore explore the implications and get back to the hon. Gentleman on that.

I come now to the question of the 14-day period before transfer to prison. The initial period of detention is often the time when the police need immediate and direct access to the person detained, and the present period of 14 days in police detention has been shown to work adequately. Even Lord Carlile was more concerned about what happens after the 14-day period, during the extended period up to the 28-day limit, as it is clear that police cells are not built to cope with a doubling of the detention period.

Our experience is that the problems are not as marked with detention periods of up to 14 days as may be the case with the longer period. Although I recognise Lord Carlile's point, I do not think that the 14-day cut-off point is arbitrary, as it is based on experience. We recognise that the exceptional nature of the extension introduced by the 2006 Act requires an extra safeguard, and that is why we regard the 14-day cut-off as an appropriate time for transfer.

I mean no disrespect to the hon. Member for Arundel and South Downs, but it is not really appropriate to go on about how long it has taken to bring the code before the House. Royal Assent was secured for the 2006 Act only on 30 March this year. By any standard, given the necessity of detailed assessment of the points raised in the consultation process and the urgency of the matter at hand, the Government have been rather speedy in getting the code before the House. It is very easy to ask why it could not have been written and subject to consultation before the Bill was secured, but that would have been rather presumptuous—after all, the Bill could have been changed markedly as a result of the deliberations in this House and the other place.

I have heard people reminisce wistfully about the debates that we had on the Bill, which could never have been called non-contentious. It could never have been claimed that the Government would be able to secure their business come what may—and that indeed turned out not to be the case—so it was never going to be possible to have written the code of practice and subjected it to consultation long before the Bill even came before the House.

The Government lost the odd vote on the Bill, which was highly contentious. It was therefore right and proper for us to wait until it secured full assent. I do not recall exactly how the votes went, but we could have been left with a pre-charge detention period lasting 14 days, 28 days—or no days at all. Any result different from what was obtained would have made a difference to the code of practice, or put in doubt whether we needed one at all.

I want to say, in the nicest possible way, that the remarks made by the hon. Member for Arundel and South Downs were unbecoming. I shall not go anywhere near describing the most unbecoming rant of the right hon. Member for Maidenhead (Mrs. May), who purports to be the shadow Leader of the House. Given the investigations that were going on at the time, I am sure that she will agree, on reflection, that it would have been better if she had not said what she did say.

In passing, it might also have been nice if the hon. Member for Arundel and South Downs had, when talking about the incident at Forest Gate, said clearly and on the record that he fully supported the police in their actions in carrying out the raid. We cannot second-guess what the police seek to do before or after an event, particularly afterwards when we have the benefit of hindsight. I accept that it is perfectly in order to comment on Forest Gate, but it might have been useful if the hon. Gentleman had prefaced what he said with remarks endorsing what the police did.

None the less, for all the cheapish comments—

Nick Herbert: Cheapish?

Mr. McNulty: They were not completely cheap, but cheapish, in line with the hon. Gentleman's usual—

Mr. Oliver Heald (North-East Hertfordshire) (Con): Very good value.

Mr. McNulty: It is far from that. "Cheapish" is right this time. There was some value, so his remarks were not just cheap, but they were unnecessarily partisan and—

Madam Deputy Speaker: Order. As the Minister said, this is a very narrow debate—*[Laughter.]* Perhaps we might return to the code of practice.

Mr. McNulty: Thank you very much indeed, Madam Deputy Speaker, for intervening to get me off that track. I suppose I should draw the lesson that when I mean to insult someone I should just do it rather than trying to insult them politely.

I resent the charge from the hon. Member for Beaconsfield (Mr. Grieve) that national security and

public safety were somehow put at risk because of the consultation period on the code of practice. That is simply not the case.

In my next breath, however, let me say that the Bill is in a far, far better place than it was because of the hon. Gentleman's suggestion that there should be a code of practice and that it should be separate from the regular PACE code. In both regards, he was entirely right and I am pleased that my right hon. Friend the Member for Norwich, South (Mr. Clarke) endorsed what he said so that we could come back today. That shows how we can move forward on a consensual basis to improve the lot of people who will be affected. It is important that matters should be dealt with in this way.

I make no charge against the right hon. and learned Member for Sleaford and North Hykeham and the hon. Member for Aldridge-Brownhills because I fully accept their integrity and the legitimacy of their reasons.

Mr. David Heath (Somerton and Frome) (LD): I sense that the Minister is coming to a conclusion—

Mr. McNulty: No.

Mr. Heath: I beg the hon Gentlemen's pardon.

The Minister has not responded to the issue raised by my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) about training. Does he expect custody officers in each police force to be trained in the new code, or will someone held under the code be transferred to a police force with appropriate facilities and custody officers?

Mr. McNulty: I suspect and hope it will be the latter. If, not because of the Bill but because of other activity, we need the equivalent of Paddington Green-type stations everywhere, that would imply a huge increase in activity among those likely to be charged under the code. Separate expert facilities, such as those at Paddington Green, will, at least at first, be the way to go. In the broader context of police restructuring—I am not seeking to provoke anyone by mentioning level 2, closing the gap and counter-terrorism provision—all that is being looked at, away and aside from the whole restructuring debate. That may result in there being equivalents of Paddington Green elsewhere. If, as I suspect, every force eventually needs the equivalent of a Paddington Green, I am sure that training will be forthcoming.

Mr. Hogg: Building on the point made by the hon. Member for Somerton and Frome (Mr. Heath) and adopting the point made by my hon. Friend the Member for Beaconsfield (Mr. Grieve), where the detained person is held in a prison rather than in a police station, questions of appointing and training prison officers to serve as custody officers might arise. Clearly, if a detained person is to be held for an extended period, many of the considerations that could arise in a police station will arise in the prison. I hope that the Minister will consider that and the implications for the Prison Service and training.

Mr. McNulty: I have already said to the hon. Member for Beaconsfield that that is a fair point and that I will look at it. In the main, however, in terms of individuals detained, the norm would be, as with the 14-day period, that they be returned to the safe and secure police facility for interviewing. I take the point about evidentiary trails and the role of custody officers in police stations being rather different from their equivalents in prisons. That is worthy of exploration, and I will get back to the House through a response to the hon. Member for Beaconsfield.

Without wishing unnecessarily to prolong matters or to go off on another insulting and inarticulate—

Nick Herbert: Will the Minister give way?

Mr. McNulty: Of course, once I have breathed and finished my sentence.

Nick Herbert: Oh, go on, then.

Mr. McNulty: I had reached my peroration, but I shall, of course, give way.

Nick Herbert: I am very grateful. I hope that the Minister will forgive my interruption; I had thought him on the cusp of winding up. I shall not be provoked by his comments on police amalgamation, but given his generous recognition that my hon. Friend the Member for Beaconsfield (Mr. Grieve) suggested that the revised codes should be put in place, does he also concede that the Prime Minister's contention that the reason why the Government were unable to introduce the 28-day provision quickly was that we, the official Opposition, insisted on a longer consultation period for the code is simply not the case?

Mr. McNulty: I, too, will not be provoked. Let me get back to my failed attempt at a peroration which, as I attempted not to insult anyone else and to exhort everyone else to be narrow, slipped into my broadening the base of the debate myself.

There are, as I have said, points of wider political debate around the order, and those may well be points for another time and another place. On the substance of the code of practice and the changed code for non-terrorist suspects, there is broad consensus in the House. Having smelled that consensus, I shall sit down before I provoke its breakdown.

Question put and agreed to.

Resolved,

That the draft Police and Criminal Evidence Act 1984 (Code of Practice C and Code of Practice H) Order 2006, which was laid before this House on 14th June, be approved.

Orders of the Day

Electoral Administration Bill

[Relevant documents: The First Joint Report from the Constitutional Affairs and ODPM: Housing, Planning, Local Government and the Regions Committees, Session 2004-05, HC 243, on Electoral Registration, the Government's response thereto, Cm 6647, and Oral and Written Evidence taken by the Constitutional Affairs Committee, Session 2005-06, on Electoral Administration, HC 640-i and 640-ii, and on Party Funding, HC 1060-i.]

Lords amendment considered.

Before Clause 13

Lords amendment: No. 8B

2.17 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): I beg to move, That this House disagrees with the Lords in the said amendment.

The Government's approach throughout the passage of this Bill has been to seek consensus wherever possible. Indeed, in several areas we have achieved it. For example, in response to issues raised in this House and in another place, we have made amendments to the co-ordinated online record of electors, to the new duties on electoral registration officers, to the position of service voters with the support of my colleagues at the Ministry of Defence, and to anonymous registration and other things.

We have even achieved consensus on measures to address postal voting security. The Bill was introduced with provisions for the piloting of personal identifiers. Those clauses have been replaced by a national system of postal voting identifiers.

Provided that the Bill receives Royal Assent soon, to which I will return later, these tough new security measures will be in place by the elections in 2007. The only remaining area on which we disagree is that of individual registration.

We have set out our reasons for opposing individual registration, at this point, on a number of occasions, and I believe that right hon. and hon. Members are by now fully aware of them. Today, therefore, I shall focus instead on addressing Members' concerns about the measures we are taking outside individual registration. In previous debates, the hon. Member for North-East Hertfordshire (Mr. Heald), who speaks for the official Opposition on this matter, has expressed his view that individual registration will address two issues: the security of electoral registers and potential fraud in polling stations.

On the first point, we should not ignore the significant changes that the Bill already puts in place to make electoral registers more secure. Under the Bill, electoral registration officers will be able to remove ineligible people from the register right up to five days before polling day and, for the first time, people will be able to make public objections to entries on the register that they believe to be inaccurate or fraudulent. An ERO will consider every objection, and can call for evidence and remove people who prove to be wrongly registered. That opportunity, too, will be available up to five days before the close of poll.

Simon Hughes (North Southwark and Bermondsey) (LD): This is an important issue. Will the Minister tell the House whether an objection could be seen through to its conclusion, in time for the election? Thus if somebody objected five days before an election and if the objection were sustained, after checking by the relevant authorities, would that name come off the register five days later, on polling day?

Bridget Prentice: I see no reason why that should not be the case. If the ERO receives the information in time, reviews the evidence and believes the person to be falsely on the register, they will have the power to remove the person at that stage. If the process could be delayed, I will let the hon. Gentleman know, but that is my understanding of the purpose of that part of the Bill.

Mr. Robert Syms (Poole) (Con): We all know that sometimes contests are tight and that there can occasionally be grudge contests, such as the recent one in the east end of London. Must the ERO always investigate an allegation? One could envisage hundreds of challenges being made at the last minute because people realised that it might make a material difference to the outcome on polling day.

Bridget Prentice: I understand the point that the hon. Gentleman makes and the mischief that could be created if that were to happen. But there is the five-day period, so people would not be able to try to disrupt things in that way on polling day. The ERO can take complaints up to five days before polling day. If there were a large number of complaints, he or she would take advice about how to respond—for example, if there was a particular issue in an individual ward.

We are also strengthening the law on the provision of false registration information. Clause 14 will make it an offence to provide false information to a registration officer at any time. In addition, we are making it an offence to provide false information in connection with an application for a postal or proxy vote. At present, the maximum penalty for the existing offence of providing false information is £1,000. The maximum penalty for the new offences under clause 14 will be £5,000, together with up to 51 weeks imprisonment. I am sure the House will agree that that should act as a significant deterrent.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Will the Government take responsibility for a comprehensive canvass, given Dr. Michael Pinto-Duschinsky's evidence to the Committee on Standards in Public Life that there were 7 million errors on the register for England and Wales alone? He stated that there were 3.5 million names that should not have been on the register and that 3.5 million people might not have registered at all. Will the Government ensure that that is corrected?

Bridget Prentice: I am aware of that academic's evidence to the Committee. The EROs with whom I have held discussions do not accept the detail of his evidence, although we are aware from a variety of sources that there are people who should be on the

register but are not. Of course, if people are on the register who should not be there, they should be removed. We want a clean and secure register and the provisions in the Bill give the EROs more powers to ensure that that happens. I will look into the evidence in detail when it is publicly available.

Mr. Oliver Heald (North-East Hertfordshire) (Con): The Minister knows that I asked to see the responses to the Government's consultation paper, "Electoral Administration. A Policy Paper for Discussion", last October. They were placed in the Library on Monday, eight months later. Why did it take so long?

Bridget Prentice: I am not entirely sure of the relevance of that question to this part of my remarks. It takes some time to analyse properly the responses to consultation and to give them due weight. I would have hoped that the hon. Gentleman might make a more positive response by accepting that we have made the information available for everyone to see.

Mr. Heald: The Minister published a summary of the responses in October, but I wanted to see the actual responses. I cannot understand why it took eight months, from October to June, to produce the real documents.

Bridget Prentice: As I said, the documents are now available. It can take time to give due weight and to analyse in detail the meaning of such responses and what people are trying to get across to Government. I accept that eight months is a long time and we would have preferred the period not to be that long. There is, however, another aspect over which we have no control: we have to get permission from people to publish their documentation, which can take a long time. I am reminded of discussions with administrators about canvass returns; when we are canvassing people we sometimes need two or three attempts before we get a response. That is probably the biggest reason why it took longer than we wanted to publish those details.

I turn to the issue of fraud in polling stations. I accept that there have been allegations in Coventry recently, and they are being investigated and dealt with in the proper way. However, we must ensure that our response is proportionate. As the Electoral Commission said in previous briefings on the Bill:

> "There is currently little evidence of personation in polling stations, and equally, little perception of risk attaching to voting in polling stations among voters."

In addition, the Bill includes a measure to tighten the rules about polling stations, by providing that in future people must sign for their ballot paper. That provision will mean that there is a better audit trail and it should also provide additional confidence in the system.

Signing in polling stations was piloted in three local authorities at the recent elections, including in my authority. Initial indications are that voters broadly welcomed the new measure, and we are aware of no allegations of fraud. The Electoral Commission will evaluate the pilots and we look forward to receiving its report.

The Bill includes a number of important changes to the way registration and elections will be run and we are confident that it will meet our objectives. However, as I have said before, the Department will keep the impact of the legislation under review and we will share the results of our evaluation with the House.

I want to say a little about implementation, and about the timing pressures being created by this parliamentary ping-pong.

Mr. Greg Knight (East Yorkshire) (Con): Will the Minister give the House a little more information about the review? Does she envisage it taking place a year hence, or perhaps two or three years hence? What time scale needs to elapse before a worthwhile review could be undertaken?

Bridget Prentice: The right hon. Gentleman makes a valid point. I think that we should allow for a variety of elections to take place so that we can have a fairly comprehensive view of the reaction to all the measures. I would not like to put a specific time on that, but I would like examples from a number of elections so that we can make a proper evaluation of the effect of the Bill.

I shall return to my remarks on timing. We hope to implement the postal vote identifier at the next elections in 2007. That includes elections in England and Wales, and indeed in Scotland. About 12 to 15 per cent. of people now vote by post, so we are talking about a major administrative challenge and it will take some time and a great deal of effort to get it right. We want to give the administrators and the electoral returning officers the best possible opportunity to get it right and therefore we are working to a strict deadline.

If Parliament is serious about addressing postal voting issues by the next elections, the Bill needs to be passed soon, without any further delays. Neither the personal identifier scheme, nor the Bill's other important measures—such as the increased powers to secure a complete register and all the amendments on loans to political parties, which achieve transparency in party funding and which the whole House wants to see in order to regain the confidence of the electorate—will be in place until, at the very earliest, the elections in 2008 if the Bill is not passed by this House and in the other place in the very near future.

2.30 pm

Simon Hughes: If the Bill were to be passed in the near future—I share the Minister's wish that it is—but with the Lords amendment included, can the Minister confirm that that would not delay the implementation and that we could still use it for next year's elections?

Bridget Prentice: I am not sure that I can give that confirmation. As I mentioned in reference to the postal vote identifier, which will cover 12 to 15 per cent. of the electorate, the work that has to be done by the EROs and the administrators in order to get things up and going is quite enormous as it is. I am not confident that they feel that they would be able to do that in time for the 2007 elections if there was a blanket personal identifier measure. That is why I ask the House to oppose the Lords amendment. We have an excellent Bill and everyone has added to it in some way. It would be a great tragedy for those important measures to be lost on the basis of a single point.

Mr. Heald: I congratulate Baroness Hanham on her success in prevailing again in the other place. The background to our first debate in October was the widespread electoral fraud in Birmingham, which had led a judge to say that the systematic fraud there

"would disgrace a banana republic".

Bridget Prentice: I am usually reluctant to intervene on the hon. Gentleman in his opening remarks, but that is the second time in this debate that he has used the banana republic example. That was the 2004 election and, after that, we put in place a number of measures to secure the system. Birmingham responded to that excellently. He ought to stop using old evidence relating to a system that no longer exists.

Mr. Heald: The hon. Lady is right to say that there have been some improvements and there are some improvements in the Bill, but the overwhelming voice of opinion—from people other than her and a few of her colleagues—is against what she is saying and in favour of individual voter registration and personal identifiers. It is extremely worrying and sad that the Government will not accept that. Even she has to admit that it is alleged that people who were in Pakistan voted in the local elections in Coventry. That is an obvious allegation of impersonation. It really is not good enough for her to say complacently, "Oh well, we've solved the problem" when the fact of the matter is that the allegations continue. As I said last time we debated the issue, there are eight election petitions currently ongoing. The Electoral Commission argued in its document "Voting for Change" that it was necessary to have individual voter registration and individual identifiers such as signatures and dates of birth. Its advice—it is an independent body, set up by the Government for that purpose—was pretty clear.

In November, I asked the Minister whether she would let me see the actual responses the Government's consultation, "Electoral Administration: A Policy Paper For Discussion". The responses were placed in the Library this Monday and they make interesting reading. The hon. Member for Linlithgow and East Falkirk (Michael Connarty) said that he felt

"particularly strongly that registration should be verified by personal signature."

The London borough of Merton—at that time Labour—said that the introduction of individual identifiers

"has to be supported by anyone wishing to ensure that the security and confidence in the electoral system is maintained and enhanced."

The metropolitan borough of Bury—Labour—said:

"The introduction of individual registration, with the provision for electors to supply a signature and a date of birth would be fundamental in reducing electoral fraud."

The borough of Telford and Wrekin—Labour—said:

"We support the use of signatures and dates of birth as individual identifiers".

Adam Gray, a former Labour councillor and the Labour party's election agent in the London borough of Wandsworth said:

"In respect of identifiers I strongly favour one rule for all electors so if postal voters are required to have an identifier, there is no reason why polling station voters should not be required to have one as well. While you"—

that is, the Government—

"say that there is no evidence to suggest that personation at polling stations is a significant problem, it is of course the case that the overwhelming majority of electoral fraud instances have pertained to personation at polling stations, NOT postal vote personation".

Mr. MacNeil: What about the possible situation of merchant seamen in my constituency, who might be away for voyages of five months and then find themselves coming home just before an election? How would the proposal for signatures affect those kinds of people?

Mr. Heald: The people whom the hon. Gentleman represents would register to vote in October, I imagine, as others do. At the moment, they do not have to provide a signature at that point; in future, they would. When they voted, they would also have to provide a signature, because that is what the Bill says in the schedule. I do not think that there is any problem. Most people can sign their name.

Bob Spink (Castle Point) (Con): Does my hon. Friend accept that, in any case, in such circumstances an electoral registration officer could take a view on that and dispense with the requirement? That is part of the amendment.

Mr. Heald: Yes. I was not sure whether the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) was suggesting that some of his constituents cannot sign their names, because clearly there would need to be provision for that, which is what we have suggested.

I will continue with the long list. The hon. Member for Bristol, North-West (Dr. Naysmith)—Labour—supported individual voter registration with identifiers. The hon. Member for Harlow (Bill Rammell)—a Minister—said:

"I would support the use of individual identifiers such as signatures and dates of birth".

Redcar and Cleveland council gave its support, saying:

"individual registration would provide a more accurate canvass."

The Minister's colleague, the Under-Secretary of State for Constitutional Affairs, the hon. and learned Member for Redcar (Vera Baird), will have to explain herself to her council. The council where Labour was accused by the judge of systemic electoral fraud was Birmingham, which the Minister has already mentioned. The council's evidence supports collecting individual identifiers and calls that a "useful safeguard". The respected commentator Peter Riddell in *The Times* has described the Minister's arguments as "false". He says:

"There need not be a choice between fighting fraud and maximizing registration and turnout. They are parallel, not conflicting, issues."

He described our case as "overwhelming"—and rightly so.

I could continue, but instead perhaps I should say to the Minister that all the political parties support the case that I am making—yes, even the Labour party. I will quote from the official Labour party response to the Department for Constitutional Affairs policy paper. The head of the constitutional and legal unit said, on behalf of his party:

"We agree with the collection of individual identifiers when people register to vote as a welcome improvement in enhancing the security of the electoral process."

So, it is not just Organisation for Security and Co-operation in Europe observers, the Electoral Commission, the Electoral Reform Society, the Conservatives, the Liberal Democrats, the other parties, Cross Benchers and the other place who agree, but even the Labour party.

Mr. MacNeil: Just for the record, we are with the Government on the amendment.

Mr. Heald: Is not that marvellous? One Member from another party supports the Minister. She must be proud—she can stand tall.

The Labour party is serially incompetent. Its treasurer did not know about the main source of funds for the election, and the Minister is contradicting her party's stated policy. It is time that the Government stopped looking ridiculous and made the concession. Such measures have worked where they have been tried and are an obvious protection. The measures in the amendment are supported by every Opposition Member who has examined them—with one exception. It is time that the Minister learned the lesson from the other place and abandoned her foolish motion.

Simon Hughes: This debate comes round again. Some of us are serving on a Joint Committee of both Houses that is examining the conventions of the House of Lords. Whatever we discover they are, or are not, one thing that incidentally comes into our discussions is a consideration of rules that might be more sensible than those that we have at the moment. An idea that is clearly up for discussion and has a lot of support is the suggestion that once a Bill has moved up and down the corridor between the Commons and the Lords a few times, there might be wisdom in establishing a Joint Committee of both Houses so that the people who know what they are talking about can sit down and try to reach an agreement. However, we cannot yet do that, so we are involved in the annual, occasional—it is not terribly frequent—and important process of finding out whether we can reach a compromise after hearing what both Houses have said.

There has been no great delay so far. The Bill was introduced into Parliament in November 2005. It came out of the Lords only on 7 June. We considered it on 13 June, it went back to the Lords for consideration on 20 June, and it is back with us today. Only two weeks have passed since this House first had the chance to consider the great volume of work done by the Lords, to which we pay tribute. As the Minister indicated, nearly all of it was consensual. All of us are clear that we are considering a significantly good Bill that will allow us to make a lot of good progress, yet we are left with one remaining disputed issue.

When the time comes, which will be no more than an hour from when we started by virtue of the guillotine, my colleagues and I will vote to uphold the decision that the House of Lords took the other day. We will do so for several reasons. As you know from your constituency, Madam Deputy Speaker, and as we all do from ours, we have to get the balance right on maximising turnout and minimising fraud, both of which we want to do. I have checked the Library note to find out the turnout at the last general election. For reasons about which we could be mischievous, although I will not, the Northern Irish always have the best turnout. West Tyrone won, with over 80 per cent. of those who were registered voting—they must be congratulated. Indeed, the four constituencies in the UK with the highest turnout were all in Northern Ireland. The constituency on the mainland of the United Kingdom with the highest turnout was West Dorset, at 76 per cent.

However, sadly, there was a different situation in the constituencies at the bottom end of the league table. The turnout in Liverpool, Riverside was 41 per cent. The figure in Manchester, Central was 43 per cent. and it was 43.3 per cent. in Salford. The turnout in Glasgow, Central was 44 per cent., as it was in Liverpool, Walton. Two Hull seats—Kingston upon Hull, West and Hessle, and Kingston upon Hull, East—both had a turnout of 45 per cent. The figure in Glasgow, North-East was 45.9 per cent, as it was in Manchester, Gorton, and the turnout in Leeds, Central was 46.2 per cent. I cite those figures entirely objectively without commenting on the Members for those constituencies or their parties, but people can obviously check what sort of seats they are. Those figures are not good. According to the Library note, the turnout in the recent local elections in England was 37 per cent., but there were huge variations. In my borough, turnout ranged from 25 per cent. to over 50 per cent. Since our debates began, we have also had the Power report to examine the way in which we can deal with both maximising turnout and minimising fraud.

Two bits of objective advice have been given to us, the first of which was from the Electoral Commission, which is the statutory body that has been set up to advise us. The Electoral Commission is in favour of personal identifiers for not only postal votes, but votes cast in person. If a body that we set up is meant to have authority, it seems to me that we should take it seriously and presume that its proposal is the right one, unless there is a good argument against that.

2.45 pm

Secondly, we have advice from the relevant Select Committee. "Electoral Registration", the first joint report of Session 2004-05 of the Constitutional Affairs Committee, which is chaired by my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith), and the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee, said:

"We agree with the Electoral Commission that it would not be necessary to include provision of a National Insurance number as a requirement of registration in Great Britain."

It also said:

"We believe that the inclusion of a signature in the list of required identifiers is the correct approach."

The history of our debate shows that the Conservative party started by saying that national insurance numbers should be used, which we opposed. The joint Select Committee suggested that there should be a system that was halfway between what we have now and that more extreme proposal—having a signature.

Mr. Heald: I am sure that the hon. Gentleman acknowledges that I still think that national insurance numbers would be an extremely useful safeguard. It is only because I have not been able to garner sufficient support from other parties that that proposal is not still before us at this stage. That is why I am compromising.

Simon Hughes: Of course. I was not trying to misrepresent the position of the hon. Gentleman or his party. However, we are in a period of compromise. I observe in passing that that idea might have been slightly discredited by the revelation that emerged recently, although some of us knew about it a long time ago, that a person does not need a legal status in this country to get a national insurance number. That somewhat weakened the argument for a national insurance number being adopted as one of the things that a person must prove.

The Lords amendment says that there should be two personal identifiers: the signature and date of birth. The joint Select Committee talked about one—the signature. Although we can debate the matter today only on the basis of those two identifiers, my constructive suggestion to the Minister is that we could reach an acceptable compromise in this Bill for this year—before we break for the summer recess, thus providing the time for the Bill to become law and take effect before next year's important elections in Scotland, Wales and England—by agreeing to have the signature alone as the identifier this time. My colleagues in the Lords will talk with Conservatives and Cross Benchers, as well as Labour Members and Ministers, and I hope that we may be able to use that suggestion as the basis for an agreement. However, such a measure is not an option for us today because we have to have a final go to determine the position of this House.

We are not doing this for no purpose. I know of the sensitivities among Government Back Benchers—I have heard them. Some of the Minister's colleagues are troubled. I would be troubled if I thought that the measure would put off from voting people whom we particularly want to encourage. My hon. Friend the Member for Somerton and Frome (Mr. Heath) has been assiduous in trying to make the point, on our behalf, that it is a pretty unpleasant argument to suggest that the people who at the moment are not voting—the young, the elderly, those in areas of economic deprivation and those from our black and minority communities—are not doing so because they cannot write their signature or, if date of birth were included, because they cannot remember and fill in their date of birth. That is a patronising view. There are many reasons for young people not voting, but I have not yet heard anyone saying that it is because they cannot sign or will not sign. Indeed, I have seen research to the contrary. I have seen no evidence that an inability to sign is a reason for not voting in any of the other categories that are under-represented in the turnout.

Mr. Heald: I certainly agree with the hon. Gentleman about the patronising nature of those comments, but he would agree, I am sure, that the amendment that the other place has been sensible enough to send us makes provision for the electoral officer to dispense with requirements if somebody is disabled or has a problem.

Simon Hughes: Absolutely, and indeed there are a few people who cannot write, and who normally put a cross or make a mark. I am grateful to the hon. Gentleman for pointing that out.

We can have a more robust system, and we ought to do so. That would allow some cross-checking if there were suspicions about people registering. The Northern Ireland experience does not suggest that we will suddenly lose unjustifiable numbers of people from the register. What we will lose are the names of people who appear twice, those who stay on the register when they should not, those who remain on the register after they die and, as the hon. Gentleman reminded us, the occasional Mickey Mouse names, which people put down for a joke to see whether they will get into the system. There may be a temporary dip, but if the other good things in the Bill happen, hopefully the number still start to rise again and we will end up with increased registration. That is what we all want, and I and others have made specific suggestions to the Minister about how we can achieve it.

I end with a compliment to the hon. Member for North-East Hertfordshire (Mr. Heald). He has been assiduous in pressing for submissions to be placed in the Library, and they have now arrived. The coup in his research—"research" may be overstating the case; he made investigations—is that he was ahead of me in discovering that Labour Members have made submissions entirely contradictory to that of the Government. That is not unusual, but it is a helpful addition to the panoply of arguments. I hope that after we have debated the matter, and the Liberal Democrats have voted with others to sustain the Lords amendment and keep identification for voting in person, we can get a sensible outcome in the House of Lords so that we have to deal with the matter only once more, it can go on its way and we will have a better system in place ready for next year.

Mr. Syms: We have made a good deal of progress, and over the last few months there have been many things that those of us who care about these issues have been able to support. We are to have a much more secure system. The Government's support for individual registration for postal votes is a good move; some of our greatest concern about recent cases has been to do with postal votes. It is just a pity that the Government will not take one more step and support individual registration for those who vote in person.

There are concerns out there. There are many blocks of flats and houses in multiple occupation where piles of cards go through the door and sometimes disappear. We all have examples of people who have turned up to the polling station to find that they are not registered, and they get angry. But people get really angry when they are registered, but find when they go to vote that somehow somebody has voted for them. In my years of politics I have known that happen, not very often but on the odd occasion, and if we can do something about it, we ought to.

I disagree with my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) about national insurance numbers. About 2 million or 3 million have been issued on a multiple basis. This is one of the least secure means of personal identification. I understand that we do not have an ideal identification method at the moment, but a system using signature and date of

birth is sensible and will be easy to operate. Most electoral registration officers whom I run into are capable people, and I am sure that it is not beyond their wit to introduce that system for 2007.

If there were a problem and the Government were concerned, it would not be the end of the world if they agreed to the amendment and delayed the measure a little until they could introduce the system. They have already said that they are keeping the situation under review. We have heard from the evidence already given that there is widespread support throughout the political parties, and the question is when. Why not now? If the Government were to agree to the amendment, it would be a good thing because it would show them joining in the general consensus across the parties—except for the Scottish National party.

Mr. Greg Knight: My hon. Friend has touched on the view of the SNP. Is it not worth saying to the Member who represents the Western Isles that as the Lords amendment relates to England and Wales as well as Scotland, he should perhaps abstain?

Mr. Syms: I do not intend to go down that particular track, Madam Deputy Speaker.

Mr. MacNeil: As the hon. Member for Na h-Eileanan an Iar, I say to the House that if the amendment affected only England and Wales I would, of course, abstain, as that is the SNP's policy.

Mr. Syms: Excellent.

The Lords have considered the issue and given us an opportunity: they have given the Government an opportunity to think again. We should stick with the measure, because we all know that it is the right thing to do. Why not do it now rather than putting it off for a few more years, by which time there will be other examples of fraud which will annoy voters?

Bob Spink: I welcome the Bill; it contains some worthy measures. I congratulate the Minister on the way in which she has taken it through the House, and particularly on accepting a number of changes.

I fail to understand the Government's rationale in resisting the amendment on personal identifiers for individual registration. It is perfectly normal for official or civic forms to require a signature; that is part of the normal requirements of modern life. The Government's own electoral advice body, the Electoral Commission, gave clear advice that a signature and date of birth are essential, so I cannot understand the Government's position. It would be extraordinary not to require a signature or mark—it defies common sense.

It is extraordinary that the Government feel that requiring a simple signature and date of birth as personal identifiers will be in some way obstructive, even though they plan to roll out the first identity cards, with three forms of biometrics, in 2008 and to make that work using a massive IT infrastructure.

My key point is that the absence of a requirement for a signature or mark and date of birth would invite further public distrust of the electoral system, and that would be a very serious matter. I urge the Minister to continue with the good progress that she has made in accepting decent changes to the Bill by accepting this decent change.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I apologise to the House for the fact that I was unable to be here at the beginning of the debate; unfortunately, I was caught in a meeting, but that in no way diminishes my belief in the importance of this debate and the issue that we are deciding on this afternoon.

It is worth emphasising continually that everyone in the House accepts that, in principle and in a perfect world, it would be better to move to individual registration. I suspect that it would be better if we could have all sorts of other identifiers to ensure that everyone who voted in an election was the person who was meant to be voting. Unfortunately, we do not live in an ideal world, so we must balance contending pressures. On the one hand, we must ensure that electoral fraud does not take place, but on the other hand, we must facilitate the registration of the maximum number of people so that they can take part in elections. That is the essence of our debate.

3 pm

May I say at the outset that I am concerned about fraud and the cases that have been heard in court? However, at every election, whether for local, regional or national Government—I am sure that all hon. Members have had the same experience—many people come to my headquarters to say, "I've just discovered that I'm not on the register, and I can't take part in the election." We have made it easier in the past few years for people to register almost up to election day, but if I counted up all the people in that position, they would vastly outnumber the total cases of fraud brought to court. I do not wish to minimise legitimate concerns about fraud, but we must look at the overall context, because we would be concerned if people could not exercise their democratic right to vote in elections.

Mr. MacNeil: Does the hon. Gentleman agree that that is probably a strong argument for requiring the Government to undertake a canvass of the electorate to ensure that it is as comprehensive as possible on polling day?

Mr. Love: I accept what the hon. Gentleman says, and I shall come to the question of an annual canvass. I shall draw on my own experience in my local authority—it is probably reflected in other parts of the country—as I have concerns that I wish to share with the House.

An enormous number of potential electors simply cannot exercise their democratic right because they are not registered when elections take place. I shall not go into the figures in detail, but everyone who has participated in our debates will know that about 4 million people are missing from registers nationwide, and that on average 8 per cent. of voters are missing from each electoral register. Of course, there are some registers from which few people are missing, but that is not the case in my Greater London borough. Some 20 per cent. of people are missing from registers in many parts of London, and it appears that we cannot do anything to improve the position and increase the number of people who register. That is the backdrop to Labour Members' concern that any further hurdles facing people who wish to register will only make the situation much more difficult.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am not sure of the provenance of the figure of 4 million for unregistered voters, but does my hon. Friend not accept that the main reason for the lack of votes in ballot boxes is the fact that people who are on the register formally abstain from voting? Some 40 per cent. of the national electorate—16 million or 17 million potential voters—do not vote. Is it not even more important to address people's alienation from the political process, as it is a great cause for concern? I support individual registration and the annual canvass, but we must tackle alienation more effectively, because it is at the heart of the problem.

Mr. Love: That is a big topic, and you would call me to order, Madam Deputy Speaker, if I went off at a tangent to discuss that interesting and critical subject. I will resist the temptation to do so, although I acknowledge the importance of my hon. Friend's contribution.

Every time we debate this issue, the subject of electoral registration in Northern Ireland comes up. The figures show that there was a significant drop in registration following the introduction of additional identifiers in Northern Ireland, but it was partially reversed when a comprehensive canvass of electors was carried out. That suggests that the identifiers had a negative impact on registration in Northern Ireland, which, I emphasise, has a settled community. In a community with significant churn—for example, London—those difficulties are intensified. We can therefore say with some confidence that additional identifiers will dramatically reduce the number of people on the electoral register in cities such as London, as well as all major urban areas throughout the country.

Simon Hughes: The hon. Gentleman knows that I sympathise with the aim of ensuring that more people are put on the register, and I believe that there are different ways of achieving that. Does he accept that the evidence from Northern Ireland suggests that the names that were removed were largely those of people who should not have been on the register, or who had died? Consequently, was not the drop in registration a positive, not a negative?

Mr. Love: I accept that there were individuals in those categories who were taken off the register. However, I emphasise the point that after the numbers declined following the introduction of the identifiers, they began to grow once the comprehensive canvass took place, so, rather than the case described by the hon. Gentleman, a significant number of people must have been removed from the register because the identifiers presented a hurdle. It is that problem that concerns people more than anything else.

David Taylor: I am grateful to my hon. Friend for his generosity in giving way. Is he aware of any academic research that compares the names that disappeared when individual registration was introduced with the names that reappeared? If there is a considerable correlation, there is substance to the theory that individual registration deters some people from submitting their names. Has any such research been done? It would be fairly easy to conduct, as the register is computerised.

Mr. Love: Research may well have been carried out, but I am more interested in the practical realities of the situation in Northern Ireland. A graph showing the number of people who are registered—this is the reality, as opposed to limited academic research—demonstrates that the numbers grew significantly when a comprehensive canvass was carried out, which suggests that many people had been omitted from the register. That is the reality.

I wish to move on, as other Members wish to contribute to our debate. I am concerned about the registration process and, more importantly, about whether we can return to the halcyon days when electoral registration was a relatively foolproof method of putting people on the register. First, there is a funding problem. The Bill will provide significant additional funds, but many Members have asked for reassurance that the money will be spent on the electoral process. I accept the point made by the Minister, but it is 10 years since my local authority increased the amount of funding for electoral registration, thus causing a significant deterioration in the quality of registration. It has had a direct impact, too, on the pay of canvassers.

I have been told by several canvassers about the hostility they experience on the doorstep from people who do not want to be bothered by someone asking them to sign up to the electoral register, the importance of which they may or may not fully understand. The consequence is that many canvassers no longer carry out the job, because they are not paid enough to put up with the hostility. Indeed, there is a direct relationship between places where canvassers are put off and areas of low registration. Areas with 98 or 99 per cent. registration have canvassers, and it is in areas with 70 per cent. registration that canvassers cannot be found. When canvassers cannot be found, letters are sent out, but if a canvasser has failed in one or two visits—the number of visits is consequent on the level of funding—it is very unlikely that a letter will trigger registration. We must increase funding, ensure safety and provide support to enable the canvassing process to be carried out properly.

Mr. Heald: I am sorry that the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) has left, because we have been unfair to the Scottish National party, which said in its response to the Department for Constitutional Affairs that it supports the individual registration of voters in order to decrease the chance of fraud. Does the hon. Gentleman agree that that is not the impression that we have been given?

Mr. Love: That is certainly not the impression that I have been given. I support the thrust of the remarks by the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) about the need for a comprehensive registration process. Although part of my argument is that we need to bolster the electoral registration process, I would not want hon. Members to think that I believe that we can get back to some halcyon day, and that that process by itself will lead to mass registration. It certainly will not lead to mass registration in my area of London, and I doubt whether it will in other areas up and down the country.

We must look more closely at registration. Although I do not normally cite Australia as the perfect example—it has compulsory registration and compulsory voting, which would not be appropriate at this point in the United Kingdom—the fact that more than 98 per cent. of people there are registered to vote is instructive.

Mr. Michael Wills (North Swindon) (Lab): Will my hon. Friend state the circumstances in which compulsory registration would be appropriate?

Mr. Love: It is already a requirement that people should return an electoral registration form. Interestingly, the law does not state that they are required to fill it in, or to provide accurate information, although the registration form asks for accurate information. If we were to move towards compulsion in this country in relation to elections, it should involve registration in the first instance, and if that were to work, we could perhaps consider compulsory voting.

Madam Deputy Speaker (Sylvia Heal): Order. I remind the hon. Gentleman, so that he does not stray too far, that we are looking at the Lords amendment and personal identification.

Mr. Love: I take the point, Madam Deputy Speaker. I apologise for drifting off into that important subject, because I recognise that time is limited, and we need to stick to the issue.

Mr. Heald: Is not the problem in this country, as opposed to what happens in Australia, that most experts think that about 3.5 million people are not registered who should be, and a similar number of people are registered who should not be? It would be impossible to introduce a system like the Australian system without cleaning up the registers, but how does the hon. Gentleman propose to do that?

3.15 pm

Mr. Love: I am not sure whether I accept that so many people are on the register who should not be, although there is undoubtedly significant double counting. The issue involves not only putting people on the register, but ensuring that the register accurately reflects the people who have the right to vote in a particular election. Nevertheless, I take the point, which is important.

In a modern context, registration should involve more than someone knocking on the door. The registration process should involve tapping into all the available information, because we do not make use of the available information from utilities and the postal service. Local authorities have enormous amounts of information, such as council tax records, that could be useful in ensuring that the register is accurate.

We do not need to concentrate on registering everyone. Many people return the form annually, which gives no difficulty in the compilation of an accurate register. However, research shows that groups such as young people, people who live in council accommodation, the unemployed and people from black and ethnic minority groups are vastly underrepresented, and we should focus our resources on them. At the end of the day, the objective is to ensure that everyone can cast their democratic vote, which is surely what we are all about. If we can clean up the register in the process and make it more accurate, that would be welcome.

I welcome the Government's rejection of the Lords amendment and hope that this House will support them.

Bridget Prentice: I reiterate that I hope that the House will oppose the Lords in the said amendment.

It being one hour after the commencement of proceedings, MADAM DEPUTY SPEAKER *put the Question already proposed from the Chair, pursuant to Order [13 June].*

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 290, Noes 204.

Division No. 271] **[3.17 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry

George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Mr. Elfyn
Love, Mr. Andrew
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salmond, Mr. Alex
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Steve McCabe and Mr. Dave Watts

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic

Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lamb, Norman
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mr. Roger
Willott, Jenny
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Andrew Rosindell and Mr. Crispin Blunt

Question accordingly agreed to.

Lords amendment disagreed to.

Committee appointed to draw up a Reason to be assigned to the Lords for disagreeing to their amendment No. 8B to the Bill: Mr. Michael Foster, Mr. Oliver Heald, Simon Hughes, Martin Linton and Bridget Prentice; Bridget Prentice to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Mr. Michael Foster.]*

To withdraw immediately.

Reasons for disagreeing to the Lords amendment reported, and agreed to; to be communicated to the Lords.

National Lotteries Bill (Programme)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6)(programme motions).

That the following provisions shall apply to the National Lottery Bill for the purpose of supplementing the Orders of 14th June and 11th October 2005:

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement at this day's sitting.

2. The Lords Amendments shall be considered in the following order, namely: 1, 2, 6, 7 and 3 to 5.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any further question being put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement. *[Mr. Roy.]*

Question agreed to.

National Lotteries Bill

Lords amendments considered.

Clause 7

NATIONAL LOTTERY DISTRIBUTION FUND: APPORTIONMENT

Lords amendment: No. 1.

3.34 pm

The Minister for Sport (Mr. Richard Caborn): I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this we may discuss Lords amendment No. 2 and the Government motion to disagree thereto, Lords amendment No. 6, Lords amendment No. 7 and the Government motion to disagree thereto, and amendment (a) in lieu of Lords amendment No. 7.

Mr. Caborn: The Bill has taken a little time to reach this point, but as today's debate will show, it has come a long way. My Bill manager, Valerie Curtis—whom the hon. Member for Bath (Mr. Foster) has met on a number of occasions—has now gone off on her honeymoon, which was booked for after the Bill was expected to receive Royal Assent. She is now swanning around South America, and I am sure that the whole House—particularly the hon. Member for Bath—will send her best wishes.

The Lords amendments deal with the relationship between Government and the Big Lottery Fund, and the need for all lottery distributors to report annually on the way in which they have interpreted the principle of additionality. Lords amendments Nos. 1 and 2 seek to remove the Secretary of State's power to prescribe expenditure in relation to the new Big Lottery Fund good cause.

We have discussed this very fully on several occasions, both here and in another place. For reasons that we have already explained at length, we believe that the powers set out in clause 7 are necessary and serve an important purpose, given the exceptionally wide scope and large size of the good cause that the Big Lottery Fund covers. Without the power to prescribe expenditure, the Big Lottery Fund would be given 50 per cent. of all the lottery good cause money to spend on anything that is charitable or connected with health, education or the environment without any further recourse to Parliament. We do not believe that that makes sense.

The large new spending area of health, education and the environment that the Government created in 1998 has proved popular and successful. The new Big Lottery Fund good cause brings those areas together with the area of charitable expenditure distributed by the Community Fund, allowing an enormous range of projects to be encompassed. That is a good thing, and one of the main reasons why we wanted to bring the Community Fund and the New Opportunities Fund together. However, it does create a very different kind of good cause from the existing arts, sport and heritage good causes. Arts, sport and heritage are much narrower areas, and the existing legislation narrows things further by prescribing sums to be distributed by different distributors. That has the effect not only of limiting the definition of who can spend the money, but of restricting what it can be spent on. Parliament took the view in 1993 that such arrangements were necessary to ensure the effective distribution of Lottery money. The powers that we propose in the Bill will have a similar effect, and we believe that they are necessary now as they were in 1993.

Mr. John Redwood (Wokingham) (Con): Does the Minister recall the view of the then Labour Opposition during the passage of the National Lottery etc. Act 1993? They were adamant that lottery money should not be spent on such matters as health, because they thought that it would be a substitute for money that ought to be found from taxpayers' resources. Why have they performed such an abrupt volte face?

Mr. Caborn: As the right hon. Gentleman knows, time moves on. The Government do consult from time to time. We have had one of the widest consultations on the lottery and how it should be distributed, and I think that that is absolutely right. Since the lottery was introduced, we have put it on record many times that it is a great institution. Credit must go to Conservative Members: at least they set up the lottery. That is one of the few good things that they did. We have continued to consult, and it is very evident that the direction that we are now moving in is in concert with what the British people think. If the right hon. Gentleman's party did the same with its policies on the lottery as we have done, it might have a chance of winning the next election.

We need to be able to set out—at the very highest level—the types of expenditure that the Big Lottery Fund should focus on. We are talking about broad areas of expenditure, not projects or programmes, the split between the four parts of the good causes, or the split between the four countries of the UK, and certainly not specific grants. It is absolutely right that that should be done in a transparent and accountable way, and that there should be proper parliamentary scrutiny. That is why we are very clear that it should be

done through secondary legislation and be subject to the affirmative resolution procedure.

We have made available an illustrative order demonstrating how the power to prescribe expenditure will be used in practice. The ability to prescribe devolved expenditure is also central to achieving the greater devolution of decision making to Scotland, Wales and Northern Ireland, which is the Bill's aim. Amendments Nos. 1 and 2 would mean that the Bill's devolution arrangements would not work: they would retain power for the Secretary of State where the Government wish to devolve it. For the reasons that I have given, we cannot accept those amendments.

I hope that the House will agree with the Lords in respect of Government amendment No. 6. We previously debated additionality at some length, and it is clear that all parts of this House support the principle of additionality. Yet decisions on what to fund remain decisions for lottery distributors to make, and I am sure that all Members would agree with that. So, as we have continually made clear, it is not appropriate for us to try to include in the Bill a definition of additionality.

I think that there is now general agreement on this position, not least in another place. There is also general agreement that it is right that lottery distributors should report annually on the way in which they have interpreted the principles, as I agreed with them and reported to this House. But the Government accept that there is strong feeling that a requirement for such reporting should be included in the Bill. It is very important to get the wording right, and we believe that this amendment provides the appropriate form of words—one that distributors can meet, and that will allow proper transparency. We must remember that this is a reporting requirement; it is not a definition, and it does not attempt to set out what lottery distributors can or cannot fund. If Parliament should have reason to take issue with distributors' reports, there will be an opportunity to debate that in any section of the House.

As we have pointed out, the fact that lottery funding is additional to Government funding does not mean that it cannot be complementary to such funding. We have also pointed out that agreement on what is appropriate for Government to fund can change over time, as I have just said. Just because something is, or is not, currently funded, does not mean that that will always be the case. For example, some things that the lottery has in the past funded are now funded by central Government, and will probably not be funded by the lottery in future. Moreover, there might be a desire or need now for something that the Government might possibly fund in future. Such cases have certainly arisen in the arts and heritage, where the lottery has provided funding.

Mr. Mark Field (Cities of London and Westminster) (Con): On health expenditure, to which the Minister referred, if—perhaps for financial reasons—the National Institute for Health and Clinical Excellence decides not to fund a particular treatment, will that not be a green light for the lottery to fund such expenditure in that very way? Our concern about additionality, particularly in relation to health, is that precisely such abuse of the lottery, which occurred in the past through the New Opportunities Fund, will occur in future through the Big Lottery Fund. Our worry is that at some future point, the Big Lottery Fund will look to adapt funding for health, education, the environment and perhaps other areas: that it will be taken out of general Government expenditure, and that, in effect, it will be at the mercy of the lottery. Does the Minister not understand that that is precisely our concern, and that the grey area of complementary or other funding cannot begin to deal with it? Will he give us some—

Mr. Deputy Speaker: Order. That is enough for an intervention.

Mr. Caborn: I thought that the hon. Gentleman was going to make a speech, and that I would have to intervene on him.

We genuinely take on board the picture that the hon. Gentleman is portraying, and we are trying to do two things. First, we are trying to ensure that the arm's-length nature of the distribution of funds is in place. Secondly, we are now asking each of the distributors to include in their annual reports what they believe was their expenditure and the additionality element. That will enable Members to bring distributors to book in many ways—on the Floor of the House, in Committee, or through interrogation by Select Committees. We are trying to address the additionality issue, which is sometimes very difficult to address. I do not think that hon. Members really want a position whereby the funder would start to be challenged in court. If we got into the legal minefield of providing a definition of additionality that becomes challengeable, we might see a long line of people queuing up at court to argue against it. In trying to respond to the genuine concerns that Members here and in another place have brought before us, we have gone a long way towards making transparent the way in which additionality is dealt with by funders.

3.45 pm

As the annual reports unfold in the years to come, we will see how the information is used by Members. I hope that it will be used objectively. If Members are concerned that an area that is being funded is not additional, those who have done the funding can be questioned about it. The amendment will enshrine in the Bill the requirement for lottery distributors to report annually on how they have interpreted additionality in their funding decisions in order to ensure transparency while allowing them the proper freedom and flexibility in their funding decisions. I urge hon. Members to support it.

On amendment No. 7 and amendment (a), I beg to move that this House—

Mr. Deputy Speaker: Order. On a procedural point, I should say to the right hon. Gentleman that I will call upon him to move the other motions in the group at the appropriate time.

Mr. Caborn: Thank you for that guidance, Mr. Deputy Speaker.

On amendment (a), we recognise that perceived Government control over the Big Lottery Fund is a fundamental point of concern to Opposition Members, as it was to their counterparts in another place. We still believe that those fears are unfounded, but we

[Mr. Caborn]

acknowledge that they are genuinely felt, and we are therefore prepared to amend the Bill to address them.

Amendment No. 7 would provide that the Big Lottery Fund must "take into account" rather than "comply with" any policy or financial direction given to it by the Secretary of State. We cannot agree to the amendment, as it would put the Big Lottery Fund on a different footing from all the other lottery distributors, who are required to comply with financial directions. However, our amendment (a) delivers the spirit of amendment No. 7. It provides that the Big Lottery Fund must comply with policy directions only as to the matters to be taken into account. It replicates the wording in section 26(1) of the National Lottery etc. Act 1993, which sets out the Secretary of State's powers to give policy directions to the other lottery distributors. That puts the Big Lottery Fund in exactly the same position as the other lottery distributors, including the Community Fund. I hope that Opposition Members will recognise that we have listened carefully to what has been said here and in another place and have been prepared to make changes where we believe that they are necessary.

Mr. Mark Field: There is no disputing the fact that proceedings on the Bill have been a long haul. As the Minister pointed out, it received its First Reading in this House as long ago as 25 November 2004. What a difference 19 months makes! After one election, two Conservative party leaders and three Home Secretaries, we have finally reached the finishing tape.

Let me say at the outset that significant progress has been made, and it would be churlish of us to oppose the Government today. Nevertheless, we remain concerned, despite the sterling work done in another place, that the underlying principles behind the Government's thinking will prove detrimental to the fundamental principles of the national lottery. We intend to remain vigilant to ensure that worries about vastly increased Government control over the distribution of lottery funds are kept at bay. I will say more about that when we come to the next group of amendments.

In our view, the national lottery was set up by a Conservative Government more than a decade ago with the specific purpose of improving the daily quality of life for all people in Britain by reserving funds for activities that might otherwise be neglected in the everyday distribution of taxation receipts. By contrast, the creation of the Big Lottery Fund—the centrepiece of the Bill—represents a step, if perhaps a small one, away from the exclusive focus on the four original good causes: arts, heritage, sports and charity.

I am, however, happy to recognise that the Government have taken on board many of the specific concerns that we expressed in what the Minister has diplomatically described as "lively" discussions on Report and Third Reading on 19 January. I also welcome the Government's acceptance of the two important matters of principle in another place. We are pleased that the lottery distributors have now agreed that they will report back annually on how they are adhering to the additionality principle.

On Third Reading in the Lords, the noble Lord Davies, on behalf of the Government, tabled a specific amendment to establish the agreement of the distributors to enshrine in the Bill the duties of those distributors. We entirely agree with the Government that decisions on what to fund should remain strictly for lottery distributors, but we still believe that it would have been helpful had a stricter definition of additionality been placed in the Bill. However, we recognise that a detailed report on the upholding of the distinction between lottery funding and Government funding represents a workable solution and one that we will obviously look at in the years ahead.

We recognise that the noble Lord has given us an assurance that if Parliament has reason to take issue with reports from distributors, there will be opportunities to debate that. Similarly, we appreciate the fact that lottery funding being additional to Government funding does not mean that it should necessarily be complementary to such Government expenditure.

May I at this point place on the record my thanks to my colleagues in another place, Viscount Astor, Lord Brooke of Sutton Mandeville and Lord Luke, for all their sterling efforts?

The other main issue on which we crossed swords with the Government was the control of the Big Lottery Fund. As the Minister will recall, the Government were narrowly defeated in the Lords on Report when we sought to remove the Secretary of State's powers to prescribe by affirmative resolution types of expenditure for the Big Lottery Fund. While taking at face value the assurance from the Government that those powers are needed only to establish a broad theme rather than specific spending intentions, we recognise that the new amendment tabled here today effectively accepts the spirit of that amendment from the official Opposition and the Liberal Democrats in another place.

In that context, I thank the Minister for his assurances that his amendment tabled to clause 14 puts the Big Lottery Fund in the same position as other lottery distributors with regard to policy directions, but in doing so, we recognise that the Big Lottery Fund will need to take account of, rather than simply comply with, financial directions in the same way as other lottery distributors.

We also recognise that, on Third Reading in the Lords, there were several new and uncontentious amendments tabled by the Government to which we will come later, when I shall also say a few words about the ongoing independence of the Big Lottery Fund. It is important that there be independence from Government intervention—or, indeed, any political intervention—in relation to the distribution of lottery funds. It is a great worry that we are moving down a path that will become more apparent as we debate the new lottery operator. It is all the more important that, effectively, we have three very independent organisations, with Parliament overseeing the lottery operator and the distribution of lottery funds. An intermingling of responsibilities would be dangerous, and this is something that we will debate in the months and years ahead.

With those comments and with my thanks for the Minister's words, I hope that we can move ahead on the Government's proposals today.

Mr. Don Foster (Bath) (LD): I, too, am delighted that we are coming to the end of this rather long process; the passage of the National Lottery Bill through both Houses. Like the Minister, I congratulate the Bill team on their stamina and I pass on my congratulations to the leader of that team on her marriage. I hope very much that she is having an enjoyable honeymoon.

As the hon. Member for Cities of London and Westminster (Mr. Field) pointed out, the Bill started its passage back on 24 November 2004. It was interrupted because of the general election and Second Reading took place on the Floor of the House on 14 June last year. During that debate, I was able to acknowledge the fantastic work done in each and every one of our communities as a result of the distribution of money raised by the lottery. I also expressed my view that the Liberal Democrats had got it wrong when, at the time of the setting up of the national lottery under the Conservative Government, we opposed it. I still think that we were wrong to have done so, as the lottery has done sterling work.

During the Bill's passage since 14 June last year, I believe that significant improvements have been made, as others have already said. The briefing from the National Council for Voluntary Organisations states:

"We believe that the Bill has been significantly improved as a result of the amendments and debates around upholding the additionality principle, maintaining the independence of lottery distributors and ensuring that the National Lottery provides sustainable funding streams to the voluntary and community sector."

I agree with much of that, but I also agree with the hon. Member for Cities of London and Westminster that, in respect of additionality, that is rather over-egging the pudding. I continue to be concerned that we have not achieved as much as we would like in respect of enshrining a definition of additionality in the Bill—the Prime Minister said that that would be a good idea—in order to provide a benchmark against which to judge the decisions of the various lottery distributors.

The Minister is right to be concerned, as he hinted he was, about aspects of health spending. He said that it would not be right for lottery money to be spent on aspects of health that were being funded by the Government, but as the hon. Member for Cities of London and Westminster pointed out, under that definition, whatever aspects of health the Government choose to spend money on at any one time will be sacrosanct and the lottery can come in and fill the gap.

It is interesting to read what it says on the Department of Health's website. Under the heading, "Why can't Lottery money be spent on the National Health Service?"—an interesting question—the website states:

"The Government does not believe it would be right to use Lottery money to substitute for NHS services that are paid for through taxation. It is committed to the principle that Lottery funds should be used to support only initiatives that are additional to health services provided through Government expenditure."

But it then continues:

"Lottery money for projects which support preventative health care and health promotion is available, through the Big Lottery Fund."

However, those are aspects on which NHS money is currently spent, so there is already confusion on the matter.

Although the hon. Member for Cities of London and Westminster seems to be smiling at me and nodding in agreement with everything I say, we should perhaps remember that the Conservative party has not been absolutely straight on this issue. It is worth reflecting that, before the last general election, the right hon. Member for Witney (Mr. Cameron)—now the Conservative party leader—announced on the "Today" programme his plans for a national school leaver programme. The presenter asked him how it would be funded and he replied, on 4 January last year:

"Well we want to look at that, there is the National Lottery, there are all sorts of programmes we can access."

He was clearly interested in getting his mitts on lottery money, as confirmed in the Conservative manifesto, which announced that the party's Club2School sports scheme was to be funded by £750 million of lottery money. The Conservative party has not been quite as clean on this issue as it might have been.

The key issue relates to the Big Lottery Fund, which is a combination of the Community Fund and the New Opportunities Fund. My party was opposed to the establishment of the New Opportunities Fund because it was going to distribute on a basis entirely determined by the Government, thus totally eroding the principle of additionality. As I have said, the New Opportunities Fund is to form part of the Big Lottery Fund and we therefore continue to have concerns about its running. We all know that the Big Lottery Fund has existed for more than a year—indeed, I have a Big Lottery Fund T-shirt and mug—yet we continue to debate the measure that is meant to establish it. However, it already exists and we must accept that.

4 pm

It was crucial to ensure that the Big Lottery Fund is subject to no greater opportunities for Government interference than any other lottery distributors. Under the original Government proposals, that would not have been the case. The Big Lottery Fund would have had to comply with a string of directions from the Secretary of State. Both Opposition parties wanted to ensure that it had to comply only to the same extent as other lottery distributors.

I am therefore delighted that, after pressure in the House and in another place, the Government have acceded to our request. The amendments would ensure that the Secretary of State had the same ability to instruct the Big Lottery Fund and the other lottery distributors. It is therefore right that the wording of the amendments mirrors that of section 26(1) of the National Lottery etc. Act 1993. We are delighted to support the amendments because they would effect what we wanted to achieve from the outset.

Mr. Redwood: My hon. Friend the Member for Cities of London and Westminster (Mr. Field) was characteristically generous and kind to the Minister. I understand the background. Many colleagues have been involved in long and extensive debates here and in another place, and I am pleased that the Government have made some movement in the amendments in the direction that we wish them to follow. Given the spirit of consensus that appears to pervade parts of the Chamber this afternoon, it would be churlish to deny that. I therefore welcome the fact that some of the

[Mr. John Redwood]

language of the National Lottery etc. Act 1993, is repeated in the amendment in lieu to take account of some of our worries.

However, not all our worries are tackled. Once again, we are in a position that we occupy all too often with the Government—that of considering sketchy and general measures when the things that matter will emerge in orders and subsequent prescriptions on expenditure, which are not laid before the House or included in the statute. It is therefore a pity that the Minister has not been forthcoming about what the Government have in mind by way of proper guidance to guarantee that any health and education expenditure can be genuinely additional. More importantly, how can it be guaranteed that such spending will not crowd out the other expenditure in the 50 per cent. category that has a proper claim on the lottery as originally defined?

I well remember the debates about the 1993 legislation. The then Government were attentive, as they should have been, to the Opposition's views. The then Opposition were determined that none of the money should find its way into core elements of public spending, such as health and education, because they believed that that constituted a cop-out by the Government of the day, that the contributions would be small compared with the large sums of money spent through main programmes and that the lottery should be steered away from any such proposal. I am sure that the Opposition welcomed the fact that the Government went along with that—although they were not too generous about the matter—and ensured that the right guarantees were built into lottery legislation so that the lottery could concentrate on the arts, heritage, sport and charity and not get involved in small amounts of funding, relative to the large amount of state funding that went directly to health and education.

That is the nub of the argument this afternoon—what is the problem with including health and education? There are two main problems. First, state spending on health and education is already massive, so the lottery contribution would be small in comparison. There might be a temptation to increase the lottery contribution more and more to try to increase its significance when compared with the large amounts that come directly from taxpayers' money.

Secondly, health and education are dominated by monopoly state provision involving large sums of money. It has been common party policy between the Conservatives and Labour in the past 20 years to make health and education the two utmost priorities for increases in spending. Although Labour has spent much of the past few years trying to deny that, anybody who looks at the figures will see that in the 1980s and 1990s Conservative Governments regularly increased health and education spending by more than the rise in prices and often by more than the rise in wages, and wanted to make substantial real increases in that spending. When the new Government came to power they carried on with that policy and, in the past three years, we have had an even bigger leap in health and education spending, with which we have not disagreed. We are interested to see how that works out, because it has been a shared priority across the Floor of the House that health and education should be the dominant areas that attract extra money from the taxpayer.

Bob Spink (Castle Point) (Con): Does my right hon. Friend agree that if the public perceive that lottery money is displacing money that should rightly be provided from the public purse for health and education, they will disapprove and that that will reverse the recovery that the lottery has seen in ticket sales and, therefore, its ability to help good causes generally?

Mr. Redwood: That is a possibility, and my hon. Friend makes his case strongly. My case is slightly different. Given that it is still the shared priority of the major parties that health and education should get the lion's share of increased taxpayers' resources, and given the large sums involved, it is difficult to see how a bigger additional contribution can be made by lottery funding. It would be difficult to identify the areas that would be genuinely additional and that everybody would agree the state should not provide. The state is the monopoly provider, the provider of last resort and the general provider of health and education services to most of our constituents and, as such, it has the duty to ensure that whatever is new or worthwhile in those areas is properly paid for out of taxation.

My concern is with the traditional areas for the lottery, which will be squeezed by these proposals. We can see that under clause 7 half of the amount will go to the new purposes—health, education and environment, of which the first two are likely to be the dominant ones—and the worry is that arts, heritage, sports and charities will be squeezed. Why were they identified as suitable areas for lottery funding—attracting cross-party agreement—in 1992-93? It was because the state was not dominant in those areas. The state is not the main provider of arts, heritage, charity or sport in our country. There are huge amounts of private money in sports such as soccer, mostly from television companies, huge amounts of voluntary donations to charities, and arts and heritage attract a great deal of private money from rich companies and rich individuals and the many of our constituents who visit them and pay fees for the privilege of doing so. The amounts provided by the state to those areas were not huge and the state did not dominate funding, so it was possible to identify smaller community projects or larger tasks that needed additional money, to which the lottery could make a real difference. We all have examples of the lottery's success in achieving just that.

The worry is that if we allow Ministers to get away with providing money from the lottery to health and education without proper rules on additionality, there will be backsliding, so that matters that we agree should properly be paid for in the normal way by the taxpayer take money and detract from the amount available for the other good causes for which the lottery has become famous and which it should fund in the future.

I face a conundrum when asked to approve the amendments. My hon. Friend the Member for Cities of London and Westminster says that they are the best that we can do and I am often swayed by him, but it would give me and many others for whom I speak greater comfort if the Minister could give us a better insight into the sort of prescriptions that the Secretary

of State will produce if she is entrusted with these powers. It would be helpful if we had before us a clear definition of additionality that made sense and could provide a way to police the operation of these clauses.

The Minister may think that the Big Lottery Fund has the common touch, although people might consider the name to be a tad vulgar for something so well intentioned. It is certainly ambitious and presumptuous, but I hope that people realise that they need to keep on buying tickets if it is to stay big.

As my hon. Friend the Member for Castle Point (Bob Spink) said, many people will want reassurance that the lottery will not become a cheap trick for a Government who have run out of money. They have spent a very great deal on the core purposes of health and education without achieving all that they wanted. The proper purposes of the lottery were defined on a cross-party basis when it started, but those purposes may be put under pressure and begin to wither. We must not get into the sort of vicious circle that my hon. Friend described, with people's lack of enthusiasm causing contributions to fall.

Moreover, I should be reluctant to get into a pincer movement, with health and education taking more and more, as my hon. Friend the Member for Cities of London and Westminster implied could happen. All too often, the National Institute for Health and Clinical Excellence makes judgments about remedies that doctors and patients in my area think could be valuable, and then says that they will not be available on the NHS. If the lottery were to begin making up for NICE's meanness, it could be very expensive. It might be popular, but it would not be in the spirit of additionality, and the Government have given no reassurance on the matter.

At the risk of damaging the wonderful spirit of consensus evident in the debate, I urge the Government to think more clearly about additionality, and to offer more reassurance in that regard. The Bill is another example of Henry VIII legislation, and a lot remains to happen after it has gone through the House.

Mark Fisher (Stoke-on-Trent, Central) (Lab): I am grateful to be able to say a few words in this debate, and to follow the interesting remarks made by the right hon. Member for Wokingham (Mr. Redwood). I share some of his concerns about the general drift of matters to do with the national lottery. There is an acceptance in the House that the Government are moving in the right direction with the lottery, certainly compared with their original plans. However, many people outside the House are very worried about funding for the arts and heritage, which over the decades have tended to be underfunded by Governments of all parties.

The lottery was originally intended to bolster the funding for heritage and the arts, and very good work was done in the early days, specifically in connection with the acquisition of objects and works of art for museums and galleries. There was a time when the Department responsible for the arts—it used to be the Department of National Heritage but is now the Department for Culture, Media and Sport—earmarked money for our national galleries so that they could acquire objects and works of art. That has been frozen or even eliminated in some cases, so that now even the British Museum and the National Gallery have almost no money at all.

We are approaching the Olympics, when the eyes of the world will be on us. I hope that Ministers will take pride in the fact that this country has some of the greatest museums, galleries and arts organisations in the world, and that they will use the opportunity to talk up, praise and value our extraordinary cultural riches and heritage. However, that approach is slightly undermined by the fact that the Government have almost ceased to help our museums and galleries to make acquisitions. The two organisations that were preventing museums and galleries from being simply unable to acquire new objects and works of art were the National Heritage Memorial Fund and the Heritage Lottery Fund.

I fear that a terrible drift has taken place in recent years, and that it is embodied in the Bill and in the attitude of the DCMS. Guidance has been given to the Heritage Lottery Fund that it should turn its attention away from the arts and heritage in general, and away from acquisitions in particular, and towards the Olympics, sport and socially desirable programmes. Nobody disputes that those things are valuable and desirable. Everybody wants the Olympics to be a success, but the idea that they can be a success only at the expense of our cultural life and of our major museums and galleries being able to make acquisitions is very regrettable. The Bill does not, in itself, further that trend, but it does nothing to balk a trend that is extremely undesirable. Anyone who has paid any attention to these matters will have heard the articulate pleas of Mr. Neil MacGregor, the director of the British Museum, and Mr. Charles Saumarez Smith, the director of the National Gallery, that important acquisitions that they ought to be making on our behalf cannot be made.

4.15 pm

Mr. Redwood: The hon. Gentleman makes a powerful case and I have a lot of sympathy with what he saying about the arts and heritage. There is a problem with the Bill. We all accept that the Olympics are an important one-off event and that a case can be made for more money going into sport in the run-up to them, to give sport a better chance and so that we can all be proud of our athletes as well as our facilities. However, it is a one-off event and it will end. The problem with introducing health and education is that they could prove to be a permanent addition, and they may grow and grow because their appetites are so large. They could be far worse at squeezing what the hon. Gentleman values than sport, in its temporary phase of ascendancy, will be.

Mark Fisher: I absolutely agree. This whole area of concern puts the finger on something that has always bedevilled politicians and Governments in their support for the arts and for heritage. The public are asked the perfectly understandable rhetorical populist question of whether they would prefer to help people who are dying and have huge "help" problems, or to help our young get a good education, or to buy works of art for a gallery, works of archaeology or objects. Almost everybody, of course—no matter how

[Mark Fisher]

passionate a supporter of the arts and our cultural heritage—would ask how one could possibly resist supporting people in severe ill health or who need better education. But it is not a proper question—it is a fake question, and one that should not be asked.

In any civilised society, we need both: of course we need good health care and education, but we need great art galleries to express what this generation cares about and to pass that on to our children and grandchildren. The danger of the Bill—and to the lottery, which has been, in our lifetime, the one bulwark against that populist question—is that undermining that bulwark by general drift will leave us all poorer. The lottery may, as a result of the Bill and the Government's action, do very good work in health and social inclusion programmes, and in the Olympics and sport. However, our children and our grandchildren will ask what it was that this generation cared about in our cultural life and how they can see it when they go to our major galleries and museums. They will ask what we collected and what we wanted to do, and there will be a terrible, gaping hole.

Virtually no contemporary fine art is being collected in this country. One of the few bodies that supports it—the Contemporary Art Society—has minuscule programmes and a tiny handful of money every year. In 50 years' time, we shall be in danger of their looking back at our generation and saying that we cared so little for our arts and heritage and cultural life that nothing remains that there is a gaping hole in our museums and galleries. [*Interruption.*] Does the hon. Member for Chatham and Aylesford (Jonathan Shaw) want to intervene?

Jonathan Shaw (Chatham and Aylesford) (Lab): No.

Mark Fisher: Interestingly, I thought that someone on the Treasury Bench wanted to intervene. I would willingly have given way if the hon. Gentleman had wanted to contribute to the debate.

Mr. Mark Field: I fear that an intervention from the Opposition Front Bench will be second best, but I thank the hon. Gentleman for giving way to me instead. He is making a powerful contribution. We, too, have expressed the concern that the more we have to justify expenditure on the arts and heritage in relation to extraneous elements such as education, law and order and the like, the more dangerous the path. As he rightly points out, in times of difficult financial straits for the country—whether or not they actually come to pass—if we have to justify expenditure on the arts and heritage in relation to money and goods for health and education there will be something of a disaster. Inevitably, money will go to health and education, not to the all-important artistic heritage that he rightly promotes and praises.

Mark Fisher: I am grateful to the hon. Gentleman. As he says, the Opposition Front Bench is second best and I would have preferred to take an intervention from the Treasury Bench, but his observations were interesting and helpful.

I am simply making a plea to my right hon. Friend the Minister. He is a civilised man who comes from an extremely civilised city, which, ironically, embodies the best of the trend and its dangers. Sheffield has some of the finest regional galleries and museums—Weston Park and the Graves have wonderful collections—which have benefited hugely from lottery money and are the better for it. There is a fine director, Mr. Nicholas Dodd. However, the danger is that there will be no acquisition money. A small amount is available through the renaissance fund—indeed, Sheffield is a hub for that—but the money has to be disbursed around the region.

The galleries and museums of Sheffield, the Minister's own city, will be in fine physical condition, but we shall not be refreshing and renewing their collections. I hope that my right hon. Friend shares my concern that such a wonderful city could be left in that position. Will he make sure that he does not increase pressure on the Heritage Lottery Fund by encouraging it to move too far away from help for the arts or heritage, especially for acquisitions for our museums and galleries? We need that help, and if the Bill is to do the good work that it should it must not move away from it.

Mr. Hugo Swire (East Devon) (Con): The hon. Gentleman's comments are music to the ears of many of us on the Opposition Benches. He is aware of Sir Nicholas Goodison's report and its recommendations, although sadly few of them have been implemented by the Government. Does he share my concern that if the Government move towards an acquisition fund they should not raid existing funds or divert money from the Heritage Lottery Fund or the National Heritage Memorial Fund, but should find new sources of funding, if they can, to solve the acute acquisitions problem?

Mark Fisher: That would be the ideal solution; there should not be raids on other areas. I am going slightly wide of the debate, Mr. Deputy Speaker, but I hope that the Minister heard what the hon. Gentleman said about Sir Nicholas Goodison's report. The whole world outside this place has been waiting for a positive response to at least some of its very practical recommendations. That is one way—other than the lottery—in which we can help those causes that does not involve general taxpayers' money. I hope that the Treasury, through the Minister, will hear those points and will recognise that tax forgone works extremely well in the acceptance in lieu scheme, whereby about £30 million goes to our galleries and museums every year. A general approach, such as Sir Nicholas Goodison recommended, would be an ideal addition to money through the lottery, which we are considering today. I hope that I am still in order when making that point, linking—

Mr. Deputy Speaker: Order. The hon. Gentleman should not push his luck.

Mark Fisher: I hope that I was pushing my luck with great gentleness, Mr. Deputy Speaker, and that I was teetering on the borderline of being in order, because there is a relationship between tax forgone and the concerns that are directly being debated today about heritage. Those things need to be considered together. One of the ways in which we could strengthen the Bill would be through tax forgone. I trust that the

Chancellor—particularly if he has wider ambitions in the future—will realise the good and sensible ways in which he can assist without putting a further strain on the taxpayer.

To return to the heart of today's considerations, I hope that the Minister has taken on board some of the concerns from both sides. Although I welcome the general drift and direction that the Government are taking with the Bill, I hope that we are not going to fall into the trap of ignoring the needs of the culture of this country and that we will not sell future generations short.

Mr. Caborn: That was a tour de force of special pleading. There was some slight straying from the amendments—*[Interruption.]* I will answer the questions. The hon. Members for Cities of London and Westminster (Mr. Field) and for Bath (Mr. Foster) have been involved in the passage of the Bill over many months and I welcome what they have said. We have responded to and rightly addressed some of the concerns that have been expressed here and in another place, and the amendments before the House reflect that. I do not say this disrespectfully, but some hon. Members who were not on the Committee may not quite appreciate how we have evolved the Bill. It was against the background of a wide consultation that we came to bring in the Big Lottery Fund and to give a clear indication to heritage, the arts and sport regarding their proportions and a clear ongoing commitment in relation to licensing and the proportions thereon.

I should tell my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) that, interestingly, there was strong support for heritage in that consultation. That is reflected in what we have said in the Bill about the arts, heritage, sport and the Big Lottery Fund. However, I am also bound to say that there was a tremendous amount of support for education and health. Sometimes we get those in a narrow band.

One of the areas in which the lottery has been hugely successful relates to sport, education and health. We have 3,000 or so school sports co-ordinators who are operating effectively in the 400 or so school sports partnerships. They were funded by the lottery, but because they became so important to that project and the development of the two hours of quality physical activity and sport for every child every week from the age of five to 16, that aspect has been taken away from the lottery and put into mainstream spending—into Exchequer expenditure. Sometimes we can experiment and put pilot schemes in place to develop ideas and concepts, and the lottery can be a useful financial mechanism to do that. Eventually, the projects can transfer to mainstream spending.

It was clear from the consultations that people thought that it was useful to use lottery money—we are talking about people who play the lottery—for health and education and to have part of the funding from the lottery. That would be additional. I repeat that through the annual reports that will be presented to Parliament, the lottery distributors will have to show how they believe that that additionality has been used. Indeed, if it is the desire of hon. Members, that can be scrutinised. The measures in the Bill on additionality respond to many concerns that Members of both Houses have expressed.

4.30 pm

It would be wrong to say that the Olympics will be a distraction. I know that my hon. Friend the Member for Stoke-on-Trent, Central is an expert on the history of art and heritage. Gold, silver and bronze medals were awarded in the ancient Olympics for works of art and culture. As we come up to 2012, I hope that we will see in this country the important cultural aspect of the Olympics that makes them successful. With the London organising committee for the Olympic games and other bodies, such as the nations and regions committee, the Government intend to ensure that the Olympics are not London-centric and that we use the vehicle of the Olympics to bring art and culture, as well as sport, to all parts of the kingdom. It is pleasing that the trust that we are setting up with lottery money from not only the Millennium Commission and the Big Lottery Fund, but the arts lottery, is seen as a good way of using the platform of the Olympic games to get out to the British people. Money is being used in many and varied ways, so there are dangers in trying to departmentalise through legislation, as hon. Members sometimes try to push Ministers to do. The Olympics will be used for not only sport, but art and heritage as we move towards 2012.

I do not know whether the right hon. Member for Wokingham (Mr. Redwood) has read the draft statutory instrument that we have published alongside the Bill. Hon. Members said that they wanted to read such a document, so we have produced a draft order on national lottery prescribed expenditure. I will not read it out, but I hope that it gives the House a guide to the measures that we would expect to be in such affirmative statutory instruments. I think that right hon. Gentleman shakes his head, but the draft is a good guide to what we are trying to do. We are trying to be as transparent and open as possible. I hope that the House will support the motion.

Lords amendment disagreed to.

Lords amendment No. 2 disagreed to.

Lords amendment No. 6 agreed to.

Lords amendment No. 7 disagreed to.

Government amendment (a) in lieu of Lords amendment No. 7 agreed to.

Clause 8

REALLOCATION OF FUNDS

Lords amendment: No. 3.

Mr. Caborn: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may consider Lords amendments Nos. 4 and 5.

Mr. Caborn: The Government's amendments concern the proposed reserve power to reallocate an excessive national lottery distribution fund balance from a lottery distributing body to another body. The

[Mr. Cabern]

proposed new power has been the subject of extensive debate at all stages of the Bill both in this House and in another place.

Ministers have given repeated assurances that the Government would seek to use the proposed new power only as a last resort against a distributor that had failed over an extended period to tackle an excessive NLDF balance and had refused to take steps to manage that balance down to a reasonable level. Those assurances were not accepted by some Members, particularly those in another place, which is disappointing to me as it feels like an attack on my integrity, and I am deeply hurt. To get into such a dismal position a distributor would need to have ignored not just the Government's guidance, but, as I have said on a number of occasions, the recommendations of the National Audit Office and the very powerful Public Accounts Committee.

I emphasise again that at the moment I am very pleased with the progress that distributors have made to get lottery money out of the bank to where people need it to do good. As things stand there is no question of our exercising the reallocation power in relation to any of the distributors.

The Heritage Lottery Fund has often been mentioned in our debates. I want to pay tribute to the trustees of the Heritage Lottery Fund and their chair, Liz [illegible]an, for their wisdom in choosing the best projects to support. They have balanced care in the selection process with a higher rate of spend, and they have reduced the balance from a high point of over £1 billion in early 2003 to just under the target of £800 million by the end of the 2005-06 financial year. In the two months to the end of May the balance came down by a further 4 per cent. to around £764 million. That is a significant achievement by the HLF, and I understand that it plans a further significant reduction in the balance over the next three years or so. That is genuinely to be welcomed.

No distributor that manages its balance down in a sensible way has anything to fear from the proposed reallocation power. I should also remind hon. Members that the power is framed so that it cannot be used to transfer lottery proceeds away from any one good cause, whether it is the arts, sport, heritage or causes supported by the Big Lottery Fund. It can be used only to transfer a balance from one body to another within the same good cause.

In the reallocation power as framed in the Bill as it left this House, the Secretary of State would not have been able to exercise the power without first consulting the body from which the NLDF balance, or part of it, was to be transferred, and the body to which it was proposed to reallocate that money. The Secretary of State would also have been obliged to consult the devolved Administrations in Scotland, Wales and Northern Ireland. Neither of these requirements has changed. Nor was there anything in the Bill as it left this House to prevent the Secretary of State from consulting more widely if she so wished. The Government fully recognise that there would be legitimate wider interest in any proposed use of the new reallocation power.

Any use of the new power would be subject to affirmative resolution. There would be no question of the Government being able, somehow, to exercise the power in secret or without giving people time to make representations. However, there was no provision specifically enabling the Secretary of State to consult more widely. The desirability of clarifying that point was pressed on the Government at various stages of the Bill's passage in another place, and, indeed, in Committee in this place. In response, the Government agreed to table appropriate amendments to require the Secretary of State to consult more widely before she can exercise the reserve power to reallocate balances. I trust that hon. Members will agree to amendments Nos. 3 and 4.

On amendment No. 5, I think that there is now general agreement about the benefits of wider promotion by lottery distributors of the benefits of the lottery good causes funding. Our research tells us that people are much more supportive of the lottery and its benefits when they know how the money has been spent and why. But concerns have been expressed both in this House, notably by the hon. Member for Bath (Mr. Foster), and in another place about the original drafting of new section 25E(c) of the National Lottery etc. Act 1993, inserted by clause 11, which refers to

"encouraging participation in activities relating to the National Lottery in general".

There was concern that that could give lottery distributors the power to encourage people to play the lottery, but we have repeatedly pointed out that there was no such intention on the Government's part. We included that provision because we wanted to make it clear that lottery distributors have the power to encourage participation in activities related to the promotion of the lottery good causes funding, such as national lottery day and the national lottery awards. Those activities are more successful in conveying the way in which lottery money has been used if more people become involved. That is different from merely publishing information about the way in which the good causes money is spent, although it is still related entirely to the good causes funding. Hence the amendment, which makes it clear that the encouragement activity is restricted to

"distribution of money under this Act".

That money, of course, is good causes funding. With that explanation, I trust that hon. Members will support the Lords amendments.

Mr. Mark Field: As the Minister pointed out, Lords amendments Nos. 3 and 4 require the Secretary of State to consult other persons as she thinks appropriate in the extreme circumstance that she decides to exercise the balance relocation power in clause 8, which is a common-sense safeguard. Similarly, the Government proposal in Lords amendment No. 5 to make it clear that the powers in clause 11 cannot be used by lottery distributors simply to promote their own lottery games makes sense, especially if there is to be more effective competition in the lottery in the next decade. We welcome those minor amendments, and we will not press them to a vote this afternoon.

As we are debating national lottery issues, I wish to put two of the Opposition's longer-term concerns on the record. Like the Secretary of State, I am a London Member of Parliament. Our capital city has every reason to be proud of securing the Olympic games for

2012, but I agree with a number of concerns expressed by the hon. Member for Stoke-on-Trent, Central (Mark Fisher). Serious questions remain about the means of funding the Olympic games. Given the track record of all recent Olympiads, with the exception of the two held in the United States—Los Angeles in 1984 and Atlanta 12 years later—there is a significant likelihood of a substantial cost overrun. One need only look at the experience of the hapless council tax payers of Montreal who, 30 years on, are still paying the price of their Olympic games, to understand that risk. Even the much admired Sydney Olympics six years ago cost almost three times as much as the initial budget. As the Minister will be aware, the current arrangements place the burden of any cost entirely in the hands of London council tax payers. Realistically, for political as well as economic reasons, that is unlikely to come to pass. There is little doubt that a cost overrun will partly be met by the national lottery—

Mr. Deputy Speaker: Order. I have an uneasy feeling that the hon. Gentleman is moving on to a quasi-fourth reading speech, and I cannot allow that on this group of amendments.

Mr. Field: You are right to upbraid me, Mr. Deputy Speaker. It may even be a fifth reading speech, given the length of my contribution. As I have just used the words, "national lottery", you can be assured that I shall address one or two issues to do with the lottery.

While welcoming the capping of liabilities for many central London constituents, I am deeply concerned that countless millions of pounds of lottery money earmarked for arts, heritage, charities and general sporting expenditure may be transferred to an avaricious London Olympic monster. The Opposition are concerned about plans for the hypothecation—

Mr. Deputy Speaker: Order. I have been generous in allowing the hon. Gentleman to express one concern, but we must maintain the general rules on keeping the debate in order. The hon. Gentleman would be out of order if he proceeded to make more general comments than this group of amendments will stand. I therefore suggest that he wind up his remarks quickly.

Mr. Field: Thank you, Mr. Deputy Speaker, for your comments. I understand what you are saying, but I simply wanted to say that there is a strange paradox. We have discussed the tick-box culture and the hypothecation of the national lottery, so it is important that the Government accept the Lords amendments and the independence of the operation of the Big Lottery Fund. Distributors should be free from political interference, otherwise I fear that many initiatives would be open to hypothecation.

As the Minister is aware, the bidding process for the third franchise, which now involves a 10-year term rather than a seven-year term, is already under way. The decision will have been made by this time next year, with the new lottery term beginning in February 2009. I hope that in the next six months we can debate in Government time the broader national lottery issues that I have tried to touch on in this brief contribution.

As I have said, the Opposition have no objections to this group of amendments. I suspect that the hon. Member for Bath (Mr. Foster) has a few more words to say, although I do not want to steal his thunder.

4.45 pm

Mr. Deputy Speaker: Order. I hope that there will be no thunder to be stolen.

Mr. Don Foster: I will try to ensure that there is no thunder, Mr. Deputy Speaker, and I shall also seek to be brief.

Depending on the decisions in another place, it seems likely that this will be the last occasion when the Bill is debated on the Floor of the House. The Minister has been robust throughout our deliberations and seemed to be fearless, so I was surprised when he became over-sensitive at the last minute because he thought that Opposition Members were impugning his integrity in connection with the Secretary of State's powers to redistribute lottery distributors' balances.

Lest the Minister become too over-sensitive, I should explain that I wanted to ensure that the Secretary of State's powers were limited and that consultation took place before the Secretary of State made any such decision. That seemed reasonable at the time, and I am delighted that the Minister now says that it is reasonable; if that were not the case he would not have tabled amendments that do exactly the same thing as our proposal many months ago. I am delighted that the right hon. Gentleman has had a change of heart, and it was unnecessary for him to be over-sensitive.

I welcome the Minister's comments about the Heritage Lottery Fund. This is the first time that we have heard praise for the work of the HLF during the passage of the Bill. I am delighted that the Minister has praised its work, and he is right to say that it also deserves praise for its work to reduce balances. However, he must know that it operates in a different environment from other lottery distributors, so it is not surprising that its balances are different from theirs.

Finally, I thank the Minister for at long last accepting the amendment, which I initially introduced, that would restrict lottery distributors from promoting the playing of the lottery. He is right to say that it is critical that the public should know how their lottery money is being spent, which is why I welcome the work of all the distributors on the blue plaque scheme, on informing Members of Parliament about their work, and on promotional advertisements to make sure that lottery players know where their money is being spent.

My key concern is that we should never get into a situation in which members of the public believe that if they want to give money to a good cause, the most efficient way to do so is by playing the national lottery, because playing the national lottery is, in fact, an inefficient way to give money to a good cause. If a person wants to be inefficient, they can give £1 to the national lottery, of which 28p will go to a good cause, but if they want to be efficient, they can give £1 directly to a good cause, which can use gift aid to pick up £1.28. Distributors should not therefore promote playing the national lottery. At long last, the Minister has seen the need to address that matter in the Bill. I am delighted that he has done so, and I support the amendment.

Lords amendment agreed to.

Lords amendments Nos. 4 and 5 agreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Mr. Richard Caborn, Mr. Mark Field, Mr. Don Foster, Nia Griffith and Huw Irranca-Davies to be members of the Committee; Mr. Richard Caborn to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Huw Irranca-Davies.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Childcare Bill (Programme) (No. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6)(programme motions),

That the following provisions shall apply to the Childcare Bill for the purpose of supplementing the Order of 28th November 2005 (Childcare Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Jonathan Shaw.]*

Question agreed to.

Childcare Bill

Lords amendments considered.

Clause 3

LICENSEES

Lord amendment: No. 1

4.50 pm

The Minister for Children and Families (Beverley Hughes): I beg to move, That this House agrees with the Lords in the said amendment.

This is a Government amendment made on Third Reading in the other place, which will require local authorities to have regard to information about the views of young children when carrying out their duties under clause 3 relating to early childhood services. The issue of listening to children has been raised and debated at each stage of the Bill in both Houses. We all agreed that it was an important subject. The Government have a longstanding commitment to providing more opportunities for children and young people to become involved in the planning and delivery of services that affect them. The core principles of the involvement and participation of children and young people were first set out in "Learning to Listen", which we published in November 2001.

Our commitment to listening to children and encouraging their participation has been a consistent theme throughout the implementation of the "Every Child Matters" programme. As I said in Committee:

> "We agree that early childhood services will be effective only if they engage not only parents, but children who use them."—[*Official Report, Standing Committee D*, 8 December 2005; c. 83.]

As has been made clear during debates in both Houses, we are committed to ensuring that the voices of even our youngest children, who are the subject of the Bill, are heard, and that their views are taken into account in the planning and delivery of the services dealt with under clause 3. We have listened to the arguments put forward and found many areas of agreement.

As Members know, it was always our intention that statutory guidance should carry forward and build on the precedent already set by the current children's centre practice guidance, which sets out clearly ways to

explore what young children really think. Making provision in the Bill ensures that this issue will not be ignored in the future. Fuller explanation and details, as well as examples of good practice, will be included in the statutory guidance that we issue under this clause, and that will have wider application across all childhood services, not just children's centres.

We know how easy it is for adults to make faulty assumptions about the experiences that are important to young children. Throughout the debates, however, there has also been a wide recognition that very young children are much less likely to be able to understand and have views about the implications of strategic planning decisions: for example, how Jobcentre Plus or NHS services can most effectively be integrated into childhood services. Earlier amendments that were debated did not fully take account of the impracticality of compelling local authorities to involve young children in every aspect of the clause 3 duties. We need a proportionate approach that gives local authorities the flexibility that will enable them to perform such a duty in the way that is best suited to local circumstances and the specific issues in view at any particular moment.

The amendment will require local authorities to have regard to information about the views of young children when it is relevant to the performance of their duties under clause 3. Those duties encompass all aspects of the design, delivery and development of early-childhood services. As a result, the voices of young children will be heard in the way in which local authorities plan and deliver services for them. It is, however, important that the wording enables local authorities to take account of local conditions and the nature of the specific issue in question at any given time and, in particular, to take full advantage of the good work done by their partners in the voluntary sector, while avoiding the practical difficulties and inappropriate aspects of participation by very young children in decision-making at a strategic level.

I believe that the amendment strikes the right balance. It guarantees young children an appropriate voice, while avoiding the risk that local authorities will be compelled to try to engage young children in matters on which meaningful consultation with them is simply not possible. I am pleased that we arrived at a formulation allowing us to include the duty to listen to young children in the Bill in a way that is appropriate, and gives local authorities flexibility.

I hope Members will agree that the amendment reflects the importance that Parliament—and, certainly, the Government—ascribe to this issue. I believe that it confirms our requirements and expectations of local authorities, building on the good work that the voluntary sector is already undertaking.

Mrs. Maria Miller (Basingstoke) (Con): Conservative Members welcome the Bill's return. It began its progress quite a while ago, in November 2005. We have supported it throughout, because we are in favour of many of its aims, but obviously there has been a great deal of discussion during its various stages.

Because the Bill will give more people the chance of access to quality child care, we believe that it will help to improve children's start in life. The Lords amendments reflect the fact that some of our earlier discussions that were not heeded at the time have now been heeded by the Government, and we are pleased about that.

I am sure that the Minister has followed the debate in the other place closely, and has noted the growing concern about how to bridge the gap between the money that nurseries receive from Government to fund free provision for three to four-year-olds and the real cost of provision that is borne by the private and voluntary sectors. If small voluntary and private nurseries lose the ability to cover the true costs of provision, they may be pushed out of business. We should consider those important issues, although they are not dealt with in the amendments before us today.

Lords amendment No. 1 gives local authorities a duty to take reasonable steps to take account of the views of young children in the design, delivery and evaluation of services. In recent weeks we have considered three Bills relating to children in some way. The welfare of children is at the heart of all those Bills, and we feel that the amendment expresses the same sentiments. We will support it.

We congratulate the many children's organisations on their work, particularly the National Children's Bureau. It has fought hard to persuade the Government to accept an amendment of this kind. It feels strongly that the new duty will help local authorities to deliver high-quality services to young children and families. But—there is a but here—we need to make sure that care is taken, so that when we consult children we in no way burden them. That point was powerfully made by noble Friend Baroness Morris on Report in the other place.

5 pm

With that in mind, we need to consider how the data will be collected. Let us briefly address that. Ofsted collects the views of school-age children as a regular part of its inspection process. It uses a web-based technology, which is entirely appropriate for children of that age but would not be appropriate for under-fives—even though under-fives perhaps have more IT literacy than some. We need to look for other methods.

None of us would argue against the ability of some under-fives to put across their views, and if we can take them into account, it is important that we do so. Those of us with under-fives in our own households know that in some cases they can be all too vociferous in putting forward their views. However, under-fives clearly cannot have a true grasp of complex ideas such as well-being and inequality, so we would need to ensure that highly qualified personnel are used to tease such information out of that group of children, who are particularly difficult to engage.

We also need to keep a careful eye on the usefulness of the data, which will doubtless be expensive to collect. A great deal of research has been done on the ability to collect data from that age group, and it is compelling, but we still need to look at its usefulness in terms of both policy formulation and evaluation. We support the spirit of the amendment, as it attempts to ensure that the child is at the heart of everything we do and that what we are doing is beneficial to them, but we must make sure that it provides a tangible addition to both policy formulation and evaluation.

Annette Brooke (Mid-Dorset and North Poole) (LD): The Minister will not be surprised to hear that I greatly welcome the amendment. We discussed at length the issue involved. It was an important issue for Liberal Democrat Members, because we think that we are moving towards listening to children and young people—although the approach taken is gradual, despite the Government's having introduced some good innovative ideas and techniques in other spheres.

The issue the amendment raises is whether the Bill should state that very young children should be listened to. I think that that is very important, because it is part of a whole cultural shift. We want our young people to participate. We want to engage with them. We want this to be a two-way process. In areas such as this—the provision of a service for very young children—why should there not be means to ascertain the views of those children?

Excellent work has been done by a number of charities. We have talked about the National Children's Bureau scheme, "Listening as a way of life", and the excellent outcomes that it produced. However, the difficulty that we had in Committee was whether young children should be put in a position where they might be expected to comment on overall strategy; that seemed to be the impediment that prevented us from getting a sensible amendment.

I am therefore extremely pleased that the issue continues to be discussed—although I think that my noble Friend Baroness Walmsley must have been more persuasive than me. Nevertheless, I welcome this measure, and particularly the fact that the Under-Secretary in the other place, Lord Adonis, took it very seriously and came up with wording that will take us forward. I look forward to seeing reports on, and monitoring of, some of the outcomes from this measure.

Lords amendment agreed to.

Clause 6

DUTY TO SECURE SUFFICIENT CHILDCARE FOR WORKING PARENTS

Lords Amendment: No. 2.

Beverley Hughes: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this we may consider Lords amendments Nos. 3 to 9.

Beverley Hughes: This group of amendments deals specifically with the issue of services for disabled children and young people, which was discussed extensively in both Houses. Like the previous group, it was the subject of many informal discussions that took place among ministerial colleagues and other parties in order to find a way forward. We all want to provide disabled children and their families with the best possible support and advice, and to ensure that all disabled children and young people have the same opportunities as their peers to enjoy life and achieve.

The House may recall that the duty relating to disabled children was initially set to end at age 16—over and above the age applying to non-disabled children—to tie in with the statutory school leaving age, so that, for as long as disabled children are of compulsory school age, local authorities would have been required to secure sufficient child care to allow parents to make a choice about work. Sixteen is also the age at which many young people start to be treated as adults: it is the age, for example, at which, if appropriate, disability living allowance stops being paid to the parent or carer and starts being paid to the young person themselves. Other benefits, such as the independent living fund, also start being paid to young people from 16. So initially, there was a sound rationale for thinking that 16 was the appropriate age at which to end the legal duty on local authorities to secure child care.

However, and as I have said, since the Bill was consulted on, we have listened very closely to the concerns of charities and parliamentarians representing the views of disabled children and their families, and we have had extensive discussions. We understand that many parents of 16 and 17-year-old disabled young people face real difficulties in finding suitable care that allows them to continue to work. They have told us that this is not about parents wanting additional social or health care, or even free child care; it is about ensuring that the child care market is supported by local authorities to meet the needs of those parents, and enabling them to make a real choice about work or training. As a result of those discussions, I think it appropriate to extend the duty to 18 for disabled children. We will reflect that extension to the age range in the funding arrangements for local authorities for next year, in order to support their preparations for that new duty.

I want to explain briefly why the Government amendment does not simply substitute the age 18 for 16 in the Bill. It seems that life—or at least legislation—is never that simple. Members will doubtless be aware that clause 106 defines the age at which a young person is no longer a child. Lawyers have advised that the best way to express the policy intention for disabled young people is to amend clause 6(5) so that the child care duty, except in relation to disabled children, does not apply to children after 1 September following their 14th birthday. That may seem rather tortuous, but in practice it will mean that disabled children will continue to be included in the duty after their 14th birthday and up to the age of 18, when they are no longer children, in accordance with the definition in clause 106.

I want to touch briefly on amendments Nos. 16, 17 and 18. It was always the Government's intention to ensure, through regulations, that information on services, facilities and publications of benefit to parents of disabled children would be made available. Placing that requirement in the Bill will give greater permanence and clarity to the information needs of parents of disabled children. *[Interruption.]*

Amendment No. 16—

Mr. Deputy Speaker: Order. I think that the right hon. Lady perhaps means amendments Nos. 6, 7 and 8; Nos. 16, 17 and 18 come somewhat later.

Beverley Hughes: I beg your pardon and I thank you very much, Mr. Deputy Speaker; I do indeed mean those amendments.

As I was saying, it was always the Government's intention to ensure, through regulations, that relevant information of benefit to parents of disabled children would be made available. Amendment No. 6 will ensure that the needs of such parents are specifically included in the regulations supporting the duty to provide information. Such information will relate to child care that is suitable for disabled children and other services, as well as facilities and publications that might be of particular benefit to disabled children, young people and their parents.

Amendment No. 7 is consequential. Amendment No. 8 defines the term "disabled" for the purposes of clause 12. With the agreement of the Welsh Assembly, we will table further amendments mirroring those amendments in relation to the situation in Wales.

Mrs. Maria Miller: Amendments Nos. 2 and 6 raise the age for child care for disabled children to 18, albeit by a somewhat tortuous route. They reflect an amendment that was tabled in Committee by my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) and discussed at length. The fact that it was amendment No. 239 gives the House an idea of how much scrutiny the Bill has received.

That amendment received support from Mencap, which shared our concern that although a 14-year-old non-disabled child would be sufficiently independent not to require child care, there is no good reason to suppose that a disabled child's need for child care will end at the age of 16. Securing it only to that age leaves a problematic gap that hon. Members will have encountered in relation to children with special needs or those who are cared for, in that all too often they seem to fall off the end of the Government's list when they reach the age of 16. In this case, we were particularly concerned that 17 and 18-year-olds might not have access to adult services and would also fall off the end of the list.

In Committee, we discussed the fact that child care costs in the UK remain the highest in Europe. For parents of disabled children, they are often twice those of the parents of non-disabled children. As we know, half of all families with a disabled child live in poverty, or are on the margins of it, so costs are a matter of great concern.

In Committee, the Minister reassured my hon. Friends that the Bill already met the needs of parents with disabled children and that provision for 16 and 17-year-olds was already there, although children of that age may not want to be included. I am glad that she and her colleagues have had a change of heart about that. They have listened to the arguments and understood that parents are deeply concerned about their children when they reach this age. I am glad that they have recognised the shortcomings of the Bill in this respect.

The Bill is all about giving parents choice in child care, and the amendment helps to ensure that that choice is extended to all parents of children in this group, whose needs may be greater and last longer than those of others. I hope that it will help families who have to deal with the practical realities of caring for disabled children each and every day.

I had hoped that the Minister would have a change of heart on several other issues that we have discussed here and in Committee, but perhaps we will have to leave those for another day.

I confirm our support for amendments Nos. 3, 4, 5, 7, 8 and 9, which will help to ensure that children's information services provide information about child care for disabled children and about services, facilities and publications that may be of benefit to disabled children and their families. It is all very well our passing laws, but if we do not tell people about their implications, it is not good enough. It is particularly important to recognise the need to communicate differently to this set of parents, who may need to hear about what is available to them in different ways.

We are pleased to support the amendment and glad that on this particular issue the Government have listened to the powerful arguments that have been made.

Annette Brooke: We welcome the amendments. Being inclusive, while highlighting that much more needs to be done in terms of child care for children with disabilities, is an important aspect of the Bill, and one that we should never underestimate. All the amendments make a contribution.

However, I still have a great concern that there will be parents of children with disabilities who will not be at work but will still need child care. That is a huge gap in the proposals. Adding a duty to children's services to provide information, advice and assistance in terms of what services are available for children with disabilities is very important. We talked at length about various information that should have been placed in the Bill, but none of our points could have been more important than this one.

Like the hon. Member for Basingstoke (Mrs. Miller), I wish to ask how the information will be disseminated. That is vital. It is not clear to what lengths local authorities will be expected to go to make sure that they really reach the people they need to reach. I hope that any accompanying guidance will address what might be best practice in disseminating information, as opposed to just having a pamphlet sitting in an office somewhere.

Lords amendment agreed to.

Lords amendments Nos. 3 to 9 agreed to.

Clause 73

PROCEDURE FOR TAKING CERTAIN STEPS

Lords amendment: No. 10

5.15 pm

Beverley Hughes: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendments Nos. 11 to 19.

Beverley Hughes: This is a group of minor but important amendments that the Government proposed in the other place to deal with drafting errors in relation to this Bill.

[Beverley Hughes]

and the commencement order on the Adoption and Children Act 2002. The purpose of amendment No. 15 is to reinstate, as local authority social services functions, certain functions relating to the keeping of adoption records. The amendment corrects an unintended consequence of a commencement order for the Adoption and Children Act 2002, which in effect removed these functions from the list of social services functions in schedule 1 to the Local Authority Social Services Act 1970.

Local authorities' functions in respect of these records remain in place, but they are no longer social services functions within the meaning of the 1970 Act. This has a knock-on effect; potentially, for example, on the powers of the Commission for Social Care Inspection to inspect local authorities' discharge of their functions under the 1983 regulations. Amendment No. 15 secures the position as it was before the commencement of the 2002 Act at the end of December 2005.

The amendment furthermore reinstates a reference to the Adoption Act 1976 in schedule 1 to the 1970 Act so that surviving functions under the 1976 Act are social services functions. Amendments Nos. 13 and 14 make consequential amendments to clauses 109 and 110 to bring amendment No. 15 into effect from the date of Royal Assent.

Amendments Nos. 10, 11 and 12 correct the drafting in clause 73 to make it absolutely clear that the provisions in clause 73(5) and 73(7) regarding the registration or de-registration of provision refer to the recipient of a notice from Her Majesty's Chief Inspector.

Amendment No. 16 relates to the second part of schedule 2, which amends the Education Act 1996 and corrects the wording that refers to a nursery that is in "England or Wales" rather than in "England and Wales". Amendments Nos. 17, 18 and 19 correct the drafting in schedule 3, which lists repeals to previous Acts and should reflect schedule 2 amendments that remove the wording from other Acts. The three repeals listed were accidentally left out of schedule 3, so the amendments simply correct the drafting.

I hope that Members will agree that these are small but important amendments that need to be made. I recommend that the House agrees with the Lords in the said amendments.

Mrs. Maria Miller: I thank the Minister for taking us through those drafting errors. She was right to point out that we have to guard against unintended consequences. Indeed, there are a number of other unintended consequences, which I outlined in my opening speech. The Government have not yet proposed amendments to clarify all those issues, but we hope that that will come shortly.

It is important to ensure clarity in legislation. I welcome these minor and relatively technical housekeeping points, but the more important point is that we should always strive for consistency and clarity in whatever the House does. Others have to interpret what we do here and we should always bear that in mind. It may sometimes suit us, and indeed the Government, to have terms couched with some opaqueness or in ways that are not entirely clear, for fear of making a mistake or drawing a line or nailing our colours to the mast in certain instances. I would always support the Minister in her attempts to ensure that everything that we do here is clear and I hope that clarity is the watchword for all the Bills that we debate.

Annette Brooke: The amendments are technical, so I have no intention of making a long speech. At this stage, one has to rely on the expertise of those who drafted them.

I would like to make a brief comment on amendment No. 15. It is strangely interesting that it reflects in reverse a discussion that we had in Committee. We were concerned that social services departments per se would no longer be identifiable when children's social services were subsumed within children's services. Certain duties and responsibilities should be clearly specified under the heading of social services and it must be made absolutely clear to the directors of children's services. I accept the amendment, but I am little concerned about the terminology.

Lords amendment agreed to.

Lords amendments Nos. 11 to 19 agreed to.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): I propose to put motions 8 and 9 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

PENSIONS

That the draft Pensions Appeal Tribunals (Additional Rights of Appeal) (Amendment) Regulations 2006, which were laid before this House on 5th June, be approved.

That the draft Pensions Appeal Tribunals (Armed Forces and Reserved Forces Compensation Scheme) (Rights of Appeal) Regulations 2006, which were laid before this House on 5th June, be approved.—*[Jonathan Shaw.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, notwithstanding the practice of the House as to the intervals between stages of Bills brought in upon Ways and Means Resolutions more than one stage of the Finance (No. 2) Bill may be taken at any sitting of the House.—*[Jonathan Shaw.]*

PETITION

Post Office (Nunney)

5.24 pm

Mr. David Heath (Somerton and Frome) (LD): I wish to present a petition that I received at the post office in Nunney in my constituency from Mrs. Caroline Toll, who is a resident of Nunney, and the postmaster and mistress, Mr. and Mrs. Innes. The petition is signed by more than 200 users of the post office who wish to express their concern about the future of small post offices such as Nunney. An

attached list draws attention to what the sub-post office does for the village—not only its activities as a post office but the other services that it provides. They include: selling newspapers, magazines and sweets, prescription delivery for local surgeries, fax transmission and reception, dry cleaning collection, providing a box office for the Nunney Players and contact for the Nunney Community Association. It is a long list of services that would be lost if the sub-post office closed. The most important point is that it provides a hand of friendship to people in the village and a sense of community.

The petition states:

To the House of Commons, the Petition of the Users of Nunney post office, Somerset declares

That the post office is under threat of closure because some of its main income sources are being removed. Rural post offices act as community centres, as outlined by the attached list of activities in our own post office.

The Petitioners therefore request that the House of Commons urge the Government to act to stop the closure of any more rural post offices.

And the Petitioners remain, etc.

To lie upon the Table.

Written Parliamentary Questions

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

5.25 pm

Peter Luff (Mid-Worcestershire) (Con): I am especially grateful for the opportunity to discuss an issue that I believe to be fundamentally important to Parliament: how we hold the Government to account for their actions, specifically through written parliamentary questions. Of course, you and I know, Mr. Deputy Speaker, that Governments have never been keen on telling Parliament what was really going on, despite the ministerial code.

There is a famous story about a senior Minister, lost in his car somewhere in a dense fog in the highlands of Scotland with his permanent secretary. The figure of a crofter looms out of the fog and the Minister's driver winds down the window and asks the crofter, "Where are we?" "Why," replies the crofter, "You're in a car in the highlands, lost in the fog." The permanent secretary leans across to the Minister and says with pride, "That, Minister, was a perfect parliamentary answer—correct in every particular, but telling you nothing you did not know already."

Sadly, the techniques used by Ministers to tell one nothing have become cruder in recent years. The answers that they provide are increasingly late, inadequate or simply spectacularly unhelpful—often, I fear, deliberately so. If that trend continues, there is a genuine risk that Parliament will be even more marginalised in our society than it is already, as people who really want to know the answer to questions opt to use the Freedom of Information Act 2000 instead of looking to Members of Parliament to use parliamentary questions—another nail in the coffin of our effectiveness.

A constituent once berated me, saying that she wanted me to do something—"not just words, but actions", she demanded. Words are the Back Bencher's only weapons in the fight for our constituents, and they are often best deployed in written parliamentary questions, which is why we must protect their integrity.

My speech seeks to do three things. First, it will illustrate the worrying deterioration in the quality of answers given by Ministers by drawing on my recent experience, although I know that other Members have similar stories to tell. Secondly, it will express serious concern about Members' tendency to ask unnecessarily large numbers of questions—that is certainly part of the explanation for the declining quality. Thirdly, it will offer three simple solutions to the volume problem, in the hope that Ministers and Departments will respond by offering more timely and helpful replies.

When I applied for the debate, I considered applying for an hour and a half in Westminster Hall. I now find myself with the luxury of two hours on the Floor of the House—an unexpected bonus. If I had known that that windfall would come my way, I would have sought to say more about holding replies, named day questions, questions asked near Prorogation and a host of other matters that are relevant to written parliamentary questions. *[Interruption.]* My hon. Friend the Member for Forest of Dean (Mr. Harper) says from a sedentary position that he will do that.

[Peter Luff]

Those matters are genuinely important, but I want to focus on quality and quantity.

In recent months, I have noticed a serious deterioration in the quality and timeliness of answers that Ministers provide to my questions. A question that I asked the Home Office about police mergers was answered six months late to the day. It was tabled on 15 November 2005 and due for answer on 17 November. It was eventually answered on 17 May this year. I could detect no sense of irony in the Minister's long-awaited reply, which began:

"The House will be kept up to date about the detailed plans for all areas as options for each are refined."—[*Official Report*, 17 May 2006; Vol. 446, c. 1047W.]

At least the Government have taken my advice and delayed the decisions on the merging of police authorities, so at least it was worth waiting for.

There are other questions to the Home Office, flowing from my correspondence with constituents, to which I have not received replies in an acceptable period, including four questions about foreign prisoners at a prison in my constituency, two of which were tabled on 26 April and were due for answer on 2 May, and a question on guidance to staff escorting deported foreign nationals, which was tabled on 3 May with the answer expected on 8 May. I have even followed up the latter with a chaser question asking when the Minister will reply, which was tabled on 8 June with the answer expected on 13 June, but I have still had no reply. I hope that the Deputy Leader of the House will tell the Leader of the House that I appreciate the obvious concern that he has expressed about the delays in answering questions, especially by the Home Office. The Leader of the House gave a particularly helpful response recently connected with a point of order made by my hon. Friend the Member for Peterborough (Mr. Jackson), and we appreciate the concern that he has shown.

The problem is not only the Home Office. I have also had strong words with Health Ministers about the inadequacy of an important reply that really called into question the point of tabling questions at all. Earlier in the year, I asked two questions about the NHS colorectal screening programme. Bowel cancer is a disease that has killed two close family members, so I was more than irritated by an answer that simply ignored my question. I asked the Secretary of State for Health the following question:

"why the NHS colorectal screening programme will not now start on 1 April; when she expects the programme to start; and if she will make a statement".

I also asked about the funding for the programme. The answer was bewildering and suggested that my question had not even been read:

"The Government have stated their commitment to a national bowel cancer screening programme, for which funding has been agreed. On 30 January 2006, the new Health White Paper "Our health, our care, our say: a new direction for community services" reaffirmed that the programme will be rolled out from April 2006."—[*Official Report*, 30 March 2006; Vol. 444, c. 1170W.]

I knew that the programme would not be rolled out then, as I happen to have a friend who is closely involved in the issue and who briefed me in great detail about the delay in the roll-out. The answer did not even begin to address my question, but blandly assured me that the programme would be rolled out.

To be fair to the Minister involved, a strongly worded letter of complaint received a sympathetic reply, but letters from Ministers are not on the record. Nor should Members have to rely on letters to Ministers to chase parliamentary questions. I strongly suspect that, like many others these days, the answer was the product of an unwelcome innovation—the centralised parliamentary answering unit—and not of the officials actually charged with the policy. More and more, that unit provides answers to Members' questions without proper reference to those in charge of developing and implementing policy. It is those officials who develop and implement policy who should normally draft the answers that go to Ministers for approval, because it is those officials who know what is happening on the ground.

On another question to the Department of Health, I recently waited three months to be told that it did not collect the information—an amazingly long time to produce that reply. I was amused by the response to a third question, just this week, on the serious cuts to my local health service, especially in palliative care beds—it was a named day question, given the urgency—which bizarrely included a holding reply and a totally inadequate substantive reply on the same day. I do not know what was going on with that.

The straw that broke this particular camel's back was the insensitive and totally inappropriate grouping of important questions after this year's Budget about the precipitate abolition of the home computing initiative. I shall not reopen that debate, but that initiative was a matter of profound importance in my constituency, which is home to a large independent computer manufacturer offering computers under the scheme. I had serious reservations about the principle of abandoning the scheme, and about how that was being done. I think that the scheme should have been phased out and not just abandoned, as there were important implications for the Government's digital inclusion strategy.

Generally, I have the highest regard for the Paymaster General, but her response to my questions on the subject genuinely shocked me. It was her subsequent refusal on two separate occasions to reconsider her totally inappropriate answers that drove me to seek this debate.

Ten of my questions—all asked in a genuine spirit of inquiry—were arbitrarily grouped together, without any regard for their content. They were dismissively answered in an omnibus reply but, sadly, that omnibus conveyed scarcely any of the passengers invited on board. My 10 questions were published in the *Official Report* on 3 May 2006, at column 1719W, and were grouped with questions from other MPs. A total of 30 questions from eight MPs—six Conservative and two Liberal Democrat—received just one reply.

Intriguingly, the luxury of time today has enabled me to notice that there was one additional question on the home computing initiative that day. It could have been grouped with the others, but was not. I do not want to make a party political point, save for the small observation that that ungrouped question happened to come from a Labour Member. I do not know how that could have happened, but there we are: perhaps he was asking about a matter that the Government were

anxious to emphasise, whereas they did not want to discuss my concerns, such as those that had to do with the level of consultation with the industry before the decision was taken.

Eight of my questions were not answered at all in the omnibus reply. One was answered partially, and precisely one—and only one—was answered fully and properly. I needed the answers to be able to find out what was going on so that I could deal with the industry and my constituents, and the Table Office fully shared my concern about the extraordinary way that my questions had been grouped. That is almost unprecedented, but the office was a great help in enabling me to ask two follow-up questions.

My follow-up questions were answered in the same inadequate manner. In one, I asked about grouping decisions and the provisions of the ministerial code. I received the following answer:

"The questions concerned were grouped to enable a full, substantive statement to be made in the House."—[*Official Report*, 16 May 2006; Vol. 446, c. 831W.]

A week later I asked a further question about the considerations taken into account when decisions about grouping were made, and I received a restatement of the previous answer, citing a "full, substantive statement". In fact, it was no such thing: instead, I am forced to conclude that it was a pretty blatant attempt to avoid giving me information that would probably be available under the freedom of information legislation.

As I say, I like the Paymaster General, and in fairness to her I must say that a letter from her happened to come in the post this morning—I am sure that the timing is accidental. I can only regard the letter as conciliatory, as it invites me to work with the Government on the development of a new digital inclusion strategy. I am grateful for that acknowledgement that the precipitate abolition of the home computing initiative created a hole in the Government's strategy. That should not have been allowed to happen, but normal relations have now been resumed.

I want to say something—briefly and, I hope, not too pompously—as Chairman of the Trade and Industry Committee. It is a little foolish of the Department of Trade and Industry, which I think shares my concerns about the abolition of the home computing initiative, not to have replied at all to my four questions—three in March and one in April—on the subject. If I were at the DTI, I should reply to questions from the Select Committee Chairman more promptly than that.

Mr. David Lidington (Aylesbury) (Con): Does my hon. Friend realise that his account demonstrates a worrying change in the culture of the civil service when it comes to answering parliamentary questions? When he was in Whitehall—admittedly that is some years ago now—was not the view taken that hon. Members were responsible for phrasing questions succinctly and crisply to elicit specific information, but that it was the duty of the Department to give full, factual and accurate responses, and not to try to conceal information in the way that he has described?

Peter Luff: I am grateful for that point, with which I agree. I am about to offer the Government a case for the defence, because there are issues that the House needs to address, too. In the particular case of the home computing initiative, I think that there was a deliberate attempt to withhold information, but other answers have a more innocent explanation so far as the Government are concerned, and we must look to ourselves for a significant share of the blame, some of which we all must share.

Four years ago, the Procedure Committee conducted a survey of Members' views on questions and received 167 responses. Broadly, it concluded that the system was generally thought to be pretty effective, but that the speed of answers was not sufficient and there was a problem with the quality of many answers. I submit that those problems have got considerably worse in the four years since then.

The Select Committee on Public Administration has also been monitoring ministerial answers and their quality for several years, but I see no evidence that that important work is having the effect that it ought to have.

Let us put our own House in order, however, before we tell the Government what to do. Members of Parliament are tabling too many questions—far too many questions. This has no doubt led to many Ministers feeling, quite fairly and legitimately, swamped and unable to deal with the deluge in sufficient detail and with sufficient speed. It also leads, I suspect, to the setting up of centralised answering units in Departments, which are an extremely unwelcome development.

The use of the questions procedure has grown significantly. Perhaps some historical perspective will help. In the Session of 1847 there were 129 questions—an average of about one a day. I think that they were all oral questions, as the principle of written questions had not then been established. I have a lengthy exposition at my disposal on the development of the number of questions asked, but I shall cut straight to the more relevant, recent dates. The Table Office has helpfully provided me with figures for the questions tabled in each financial year since the millennium. The House, of course, operates its Sessions over a different year, but these figures are for the financial years because that is the basis on which the House of Commons Commission works, and they are useful.

There were an average of 302 questions each day in 2000-01; there were 460 in 2001-02; there were 463 in 2002-03; there were 472 in 2003-04; there were 456 in 2004-05; and there were 596 in 2005-06. Those figures include orals, which account for between 20 and 30 a day. There is a different procedure for orals—the shuffle, in which only those that come out on top are printed—and orals are a constant, and a small proportion of the total. The figures give a measure of growth—from 300 to 600 over that period.

Those figures are described in the House of Commons Commission annual report as

"dealt with by the Table Office each day"

They represent questions that appear on the Order Paper, so refer to orderly questions. For questions offered to be tabled, including those that are "carded"—the procedure by which a question

[Peter Luff]

challenged at the Table Office will bring the Member a card asking him or her to go to discuss it with the Clerks—the figure for 2005-06 was 656 per day. The overall trend is sharply up. At the end of that year, the Table Office was receiving 33 per cent. more questions every day than it had just 12 months previously.

I have not done my research in detail, and I shall not name and shame anyone this evening, but it seems that the increase is caused by a relatively small number of Members. For example, on 15 June last year, of the 367 ordinary written questions that appeared in the blue pages of the Order Paper—not including 73 named-day questions and 25 orals—some four Members accounted for 174, or 47 per cent. of the total. It is not always the same four Members, of course, but I understand that there is a pretty strong pattern identifying 20 or so Members who make a significantly greater use than the rest of us of written questions.

What are the reasons for that increase in question numbers? First, it has become too easy to ask a question. The Procedure Committee found that there was overwhelming support for electronic tabling of questions: something like 74 per cent. of those who responded were in favour, with 24 per cent. against. I say, however, that popularity is not always a good guide to propriety. Although questions may be received only if a Member signs up for e-tabling and uses the dedicated system, when a question comes to the Table Office by that route there is no way of determining whether there really is a Member at the other end. Strictly speaking, of course, a Member will use the system personally and not give his log-in details or his password to anyone else. But we live in the real world, and we know what really happens.

The use of e-tabling has increased sharply. At present, 310 Members are signed up for the system. In May, 176 Members tabled one or more questions by that method and the top tabler tabled 197 e-questions. Over the whole year 2005-06, the percentage of all questions e-tabled was 29.6, but the proportion is increasing, and hit 40 per cent. for the first time in February 2006. E-tabling has made things too easy.

I shall be even more controversial by saying that another reason for the increase in questions is pure and simple laziness. There has been a significant change in the character of parliamentary questions. More than ever, they are used for acquiring large chunks of statistical information or general knowledge, not to inquire into aspects of Government policy, which I consider to be their prime purpose. One might think that a Library, a website or a reference book would have provided the Member with an answer more easily and much more cheaply.

Some Members do not first check whether the information is already in the public domain; Departments provide a great deal of information online; I have reservations about their use of websites—but that is the subject of another debate. Members do not need to ask parliamentary questions to find the information but, without betraying any confidences, I can tell the House that I have heard Members engage in exchanges, often robust, with Table Office staff about their right to ask questions, after they have been called in because their question was carded. I have also seen Members happily throw away significant numbers of carded questions without a second's thought. Obviously, their commitment to those questions varies—probably in inverse proportion to their authorship. A question drafted by a Member has more emotional capital invested in it than one drafted, and tabled, by a researcher.

When I asked how many carded questions drew a Member into the Table Office to discuss them, I was really surprised by the reply. Detailed records are not kept so the figure is only a guess, but the order of magnitude is right: the Table Office estimates that only about 30 per cent. of questions carded as not being in order and needing to be discussed are actually followed up by the Members who tabled them. The other 70 per cent. just lapse and go into the wastepaper basket. Not much commitment there, Mr. Deputy Speaker.

I shall make an enemy with my third accusation. Why are we so obsessed with volume? It is a matter of keeping up with the Joneses, and the danger of performance indicators. I put much of the obsession down to a desire on the part of some MPs to provide tangible evidence that they have been working. Some MPs table long lists of questions in an attempt to appear active, just as some Members table and sign large numbers of early-day motions to pretend the same thing. We all know that early-day motions are usually parliamentary graffiti, and many written questions are not much better these days. Researchers are often drafted into helping with the task of giving the appearance of usefulness. The questions are then submitted, with no scrutiny at all from the Member, on pre-signed forms, and dropped into the box outside the Table Office or tabled electronically.

Chief among the villains is a well-meaning website, www.theyworkforyou.com, which provides numerical rankings of MPs' parliamentary activity, referred to as "performance data". For example, to choose a Member at random, the website includes the revelation that my right hon. Friend the Member for Witney (Mr. Cameron) has received answers to 35 written questions in the last year—323rd out of 644 MPs. It also states that he has attended 36 per cent. of votes in Parliament, coming 628th out of 644 MPs. Those are hardly high scores, although I suspect that they are much higher than those of one or two members of the Cabinet—I name no names—but they are certainly not an accurate reflection of the work done by the Leader of Her Majesty's official Opposition. Those activities are not the best use of his time.

More obscurely, the website lists such bizarre things as how often my right hon. Friend

"has used a three-word alliterative phrase (e.g. 'she sells seashells')".

He has used such a phrase 208 times in debates in the last year, placing him 119th out of 644 MPs.

Such websites do, to some extent, help people to engage with politics, but it is entirely misleading to imply that an MP's performance can be judged simply in terms of the numbers of questions asked, votes participated in or even alliterations uttered. Numbers are a very crude indicator of effectiveness. One good question is better than 100 bad ones. Indeed, often one short question—particularly in oral questions—is better. The single word "Why?" can often floor a

Minister much more effectively than anything else. However, we are now in an arms race in which what can be measured will always count for more than intelligent analysis of what has been achieved. That is very worrying.

Mr. Mark Harper (Forest of Dean) (Con): At the risk of making lots of enemies, may I suggest that the media play a part in that? The other aspect is the publication of Members' allowances. A number of media organisations do the crude sum of dividing one's allowance by the number of times one has spoken or the number of questions one has tabled. In that way, they work out a value-for-money indicator. If that is how we are judged, Members will be driven to focus on quantity, not quality.

Peter Luff: I absolutely agree. My hon. Friend has made a valuable additional point. We have to be extremely careful about that. I see the Deputy Chief Whip on the Government Front Bench. He is not allowed to participate in our debates or to ask written parliamentary questions, so he scores zero on all those things, but he is a very effective Member of Parliament. He has more access to Ministers and more influence than I do, and can probably achieve as much or more for his constituents. However, that is all entirely invisible. On the performance indicator that my hon. Friend has just identified, the Deputy Chief Whip would do extremely badly, but that would be a monstrously unfair representation of his contribution in the House.

The problems with asking too many questions are very simple. I do not want to repeat myself. My main concern is the long delays in answering questions, as they stack up in Departments, and the reduced quality of the answers that inevitably flows from that. Interestingly enough, a witness before the Procedure Committee, a former colleague of ours, Andrew Bennett, said:

> "We have gone for quantity rather than quality. There is a major problem that some junior ministers spend all their time rushing around...here there and everywhere. They do not have time to think about the answers, particularly to written questions, so they just sign off whatever the civil servant puts in front of them. There are far too many questions and it would make a big difference if there were fewer but there were far better answers to them."

The answer is not the artificial rationing of questions. If the questions matter, they should be asked and there should be no arbitrary limit on them. The trick is to make sure that they do matter. Effective scrutiny and effective defence of our constituents depends on our unfettered ability to ask the questions that must be asked to get to the bottom of an issue, whatever that issue may be. There have been occasions—at the time of foot and mouth disease, and when there was a proposal for an asylum centre in my constituency, which raised interesting questions—when I have asked large numbers of questions. An arbitrary cap would have inhibited my ability to serve my constituents properly.

There is also the question of cost. We must acknowledge that questions are an expensive business. The business of holding the Executive to account is important and merits spending money, but such a tool should not be used irresponsibly. Five years ago the average cost of answering a written question was estimated to be £129 and that of answering an oral question £299. Asking questions is an expensive business, and we must be careful how we use the tool.

I have indulged in the luxury of more time and have made my points at greater length than I might otherwise have done. Let me turn to what I suggest are three possible remedies. The House has a less legitimate right to complain about inadequate answers if individual Members are abusing the system. I am clear that many answers are inadequate, and I am clear that many Members are abusing the system. I am also clear about what needs to be done, although other Members may have different suggestions to deal with the menace that I have identified. I propose three simple measures to reduce the number of questions tabled, in the hope that as a result, Ministers will feel able to pay more attention to their replies.

Although my remedies are procedural, it is worth emphasising that, as I said earlier, it would help if we thought a bit more carefully about where we could find things out. Training in both the sources of information available and the purpose of parliamentary questions would help. Parliamentary questions are not a short-cut research tool, but a vital part of the politician's armoury to hold the Government to account. My three proposals will not be popular with all Members, but they are important. They are based on the principle that if a thing is worth asking about, it is worth making a bit effort to ask about it.

First, we should end the electronic tabling of questions—at least while the system is examined for abuse. We know that it is being abused. Our individual convenience should not come ahead of the integrity of the whole system. True parliamentary modernisation is not about making things easier for Members or the Executive, or even using new technology for its own sake "because it is there". It should be about making Parliament more relevant. The loss of e-tabling may be regretted by the anoraks and nerds, but it should be welcomed by all true parliamentary democrats.

My second proposal is that we should require all questions to be tabled in person by Members, not their staff. I repeat that if a question is worth asking, it is worth making the effort. The proposal would be a form of rationing through which those who made the effort would get the reward. There would be no more dropping parliamentary questions in the box outside the Table Office. Members of Parliament would actually have to go through the door in person and hand their questions to the hard-working and helpful Clerks who frequent the office. Members might find that their questions were improved in the process if they sought a bit of advice from the Clerks.

If we could table questions when the House was not sitting, the proposal would require the Table Office to be staffed for at least part of the summer recess. As I have the luxury of more time, I will make my next point at more length than I had intended. I do not favour a return to September sittings, for a range of reasons that are outside the terms of the debate, but the House should find it easier to hold the Government to account during the recess. One way of achieving that would be to allow Members to table written parliamentary questions during the recess.

[Peter Luff]

I am aware of two Select Committee recommendations on this matter, although there are probably others. The third report of the Procedure Committee in 2001-02, entitled "Parliamentary Questions", said:

"We therefore recommend that with effect from 1 September each year, Members should be permitted to table written questions...this change should be made irrespective of whether the Government's proposals for September sittings of the House are adopted."

It also said:

"during recess periods...the Table Office should be open every Thursday during specified hours".

Much more recently, the Modernisation Committee made exactly the same point, albeit slightly finessed, in a report on sitting hours that was published on 11 January 2005. It said:

"Since there will be no September sitting in 2005, we propose that there should instead be a two-week period during which questions for written answer may be tabled and answered and we urge the Leader of the House to bring forward a Motion to give effect to this proposal."

Those sound ideas would help us to do our job during the recess, so I commend them to hon. Members, and to the Deputy Leader of the House. I realise that they would require the Table Office to open for limited periods, so there might be a question of expense, but it would be worth adopting such a procedure.

My third proposal is very simple: we should change the question forms that we have to sign so that Members' signatures need to be entered at the absolute end of the question on the page, not at the bottom of the form. That would end the practice of signing blank forms, and ensure that Members at least looked at the questions that they were tabling, even if they had been written by someone else. Perhaps it is not too ambitious to hope that Members might start writing questions themselves, which would be wonderful.

None of us would leave a book of signed blank cheques lying around the House, or even our home; but Members are doing something similar in terms of their right to scrutinise the Government, which they are treating lightly, as they also treat the expense of answering questions. My proposal would be a simple but powerful device to ensure that Members' researchers would no longer be able to bombard the Order Paper with unnecessary questions.

I am grateful that I have had the opportunity to use the luxury of additional time, but I will now conclude. I have outlined three simple and practical proposals that could restore integrity to the whole process. If Parliament cleans up its act, we will have a right to look to Ministers to do the same thing by improving the processes for the answering of questions in their Departments. Who knows? Then I might even get some better and more timely answers for my constituents.

5.57 pm

Mr. Mark Harper (Forest of Dean) (Con): I pay tribute to my hon. Friend the Member for Mid-Worcestershire (Peter Luff) for securing this timely and thoughtful debate. I want to dwell on one or two of the issues that he did not raise. He was quite right that there have been several problems with late answers.

My hon. Friend did not mention questions that are tabled for answer on a named day. I receive an increasing number of holding answers to such questions. If one has asked a detailed and complex question that cannot be answered fully in a short time, it is perfectly reasonable to receive a holding answer, as long as a full answer arrives in a reasonably short time. However, I am disturbed that questions that require simple statements of fact or Government policy that ought to be easily available—not the sort of things that are available on a website, but information that it should be pretty straightforward for a Minister to give—still receive a holding answer. My hon. Friend the Member for Mid-Norfolk (Mr. Simpson) tabled such a question to ask the Government to lay out their strategic objectives in the middle east. Given that we have close on 10,000 troops there, it should have been reasonably possible for the Foreign Office to lay its hands on a comprehensive answer, but he instead received a holding answer, which seemed inappropriate. Perhaps the situation arose because of the points about volume that my hon. Friend the Member for Mid-Worcestershire made. The answers to those sorts of questions need to be approved by a Minister, and if there is a significant number of questions it is simply not possible for even the basic ones to be answered within the deadline. The quantity is definitely affecting the quality.

My hon. Friend also made the point that with the advent of the Freedom of Information Act 2000, we have to be very careful about how we use parliamentary questions to make sure that Ministers look to the answers to parliamentary questions as the pre-eminent method of transmitting information to Members, as Mr. Speaker has on a number of occasions made clear that they should. We should not be able to get that information more quickly or more comprehensively by another route. We know that newspapers make lots of freedom of information requests. Indeed, at some point it may be worth having an Adjournment debate on how that legislation is working. I suspect that some of the things that my hon. Friend said about parliamentary questions probably apply to freedom of information requests. We need to make sure that Parliament, not the Freedom of Information Act, is the central method of holding the Executive to account.

I agree with my hon. Friend to some extent about being careful about the costs that we incur, although looking at it from an accountant's point of view, I am always very nervous about the quoted cost of answering questions. Unless there is an increase in the number of staff—with Departments rushing out and hiring staff specifically to answer questions—most of that cost is a matter of allocating overheads.

I would argue that if civil servants are busy answering questions, they are probably not inventing costly Government policies. One could argue that tabling lots of questions and tying up the Government in that way is saving taxpayers' money rather than incurring a cost. If we look simply at the accounting side of the matter, there is resource involved in answering questions, even if it is just time. The biggest cost is probably not a financial cost; if we put Departments under pressure to answer a volume of questions that are not worth answering, we take away valuable time that Ministers and civil servants ought to be using for thinking about policy and about implementing policy. Perhaps, rather than

focusing purely on the cash cost, we should consider the reduction in the quality of government that we are getting.

The potential solutions laid out my hon. Friend are very valuable. After some thought, I think that his e-tabling solution is worthy of consideration. Coming from an IT background, I am always reluctant to get rid of a technological solution, but forcing Members to table questions in person may be advantageous, as Table Office staff are able to look at the questions. We could perhaps allow e-tabling during recesses. As a new Member, I have found no problem visiting the Table Office to table my questions.

To expand on a point that my hon. Friend made in passing, I have found the quality of the Table Office staff to be very high. They often improve the question, and it is useful for a Member to discuss with them exactly the point that one is trying to get to and the information that one is trying to get. They, with their great experience, are often able to suggest ways of drafting a question so that one is more likely to get the information that one is after. Members who solely use e-tabling or have questions deposited in the box, and do not interact with Table Office staff, are missing out on a valuable resource available to them. Perhaps if they used that resource, and questions improved, it would make it more difficult for Ministers to give poor answers, as some of those loopholes left in the questions would be closed.

My hon. Friend's suggestion of forcing Members to sign immediately after the question, or some solution to force Members into personal interaction, is incredibly valuable. I was very surprised by the information that he gave about the small number of carded questions which are followed up. I know that when I table questions, I actually want the answer, whether for constituency reasons or for Front-Bench responsibilities. If I receive a card from the Table Office, I make it my business to present myself there fairly sharply to clear up the problem with the question, discuss it with the staff and ensure that it is tabled. Frequently, if questions are not answered, I have to table questions chasing them up. Usually, when I table questions, the answer matters, either to a constituent or as part of the formulation of Government policy and the process of holding the Executive to account. That is our responsibility. I agree with what my hon. Friend said about TheyWorkForYou.com and the way in which its measurement of the effectiveness of a Member of Parliament in a performance league table puts Members under incredible pressure. If they do not undertake a volume of work, their performance is criticised—that applies more to new Members than experienced colleagues, who are more relaxed because they have more experience in the House.

That league table, however, is indicative of a wider problem. Many of our constituents are professionals who work in public services. They say that many professional people—and I hope that Members of Parliament consider themselves professional people—whether they work in the public or private sector believe that they operate in a target culture, in which management attempt to categorise all their work with easily measurable performance indicators. Government bear wider responsibility, as they try to measure public servants' performance in professional, complicated jobs with simple performance indicators, so we can hardly complain when others judge us with similarly ill-thought-through measures that do not fully comprehend a Member of Parliament's role. In a wider sense, therefore, we only have ourselves to blame.

Finally, I endorse my hon. Friend's support of the Procedure Committee's recommendations about the way in which we hold the Executive to account in the recess, particularly the summer recess. We have a constant battle explaining to the press and our constituents that we do not have long summer holiday. The House may not be sitting, but we still have many things to attend to. We receive letters from constituents and we attend engagements in our constituencies. We can use the time for thinking, researching policy or doing things that we do not have time to do when we are under heavy day-to-day pressure. However, we are supposed to hold the Government to account in the recess. We could introduce a pilot measure, at least to allow questions to be tabled in September. I accept that there would be logistical problems for the Table Office if we permitted questions to be tabled throughout the recess. Table Office staff work incredible long hours when the House is sitting, and they are entitled to a holiday. It would be sensible not to allow questions to be tabled in August, but the opportunity to do so would be welcome in September. As the House is not sitting, we may have to use a measure such as e-tabling, given that it is physically problematic for Members whose constituencies are far from London to come to the House. However, it is certainly worth a trial with certain constraints to see how the proposal works and to reinforce for Members of Parliament the message of quality versus quantity.

My hon. Friend has done the House a valuable service by holding this debate, and I look forward to the response from the Deputy Leader of the House.

6.8 pm

The Deputy Leader of the House of Commons (Nigel Griffiths): I congratulate the hon. Member for Mid-Worcestershire (Peter Luff) on securing this debate on the issue of written parliamentary questions, and on the thoughtful way he presented his case. However, he will forgive me if I do not agree with every detail of his analysis.

As well as expressing concern about the speed and quality of answers he has received, the hon. Member expressed wider concern about what he regards as a problem in the operation of the system for tabling written questions. He suggested that there was a link between that problem and some of the difficulties he has experienced securing satisfactory responses to his perfectly legitimate parliamentary questions. I will deal with the wider issues in a moment, but in respect of any problems that he has encountered securing answers to individual questions, may I emphasise, as my right hon. Friend the Leader of the House has made clear, that the Government attach a high priority to the obligations on Ministers to respond properly to written questions? The Government fully recognise the important role played by parliamentary questions in contributing to the accountability of Government to Parliament. That accountability lies at the heart of our constitutional arrangements.

[Nigel Griffiths]

Paragraph 1.5 of the ministerial code states:

"Ministers have a duty to Parliament to account, and to be held to account, for the policies, decisions and actions of their departments and agencies".

The code continues:

"it is of paramount importance that Ministers give accurate and truthful information to Parliament...Ministers should be as open as possible with Parliament".

The Cabinet Office guidance backs that up, setting out the deadlines for responding to parliamentary questions. Since taking up his post, my right hon. Friend the Leader of the House has been at pains to underline the Government's commitment in this area. He has raised the matter directly with Cabinet colleagues, and he has responded to concerns raised on the Floor of the House, most recently on 14 June following a point of order.

Of course, there will be times when hon. Members do not feel that the response that they have been given is up to the standard that they want. Where hon. Members are dissatisfied with the response given, various remedies are, of course, open to them. They can correspond with the Minister, table further parliamentary questions and engage in other procedures of the House, including, of course, Adjournment debates such as this one. They can also report their dissatisfaction to the Public Administration Committee, which reports regularly to the House. The Committee has completed a number of reports on the quality of answering, and it takes representations from individual hon. Members into account in its comments. We must strive to ensure that the original answer is satisfactory and that hon. Members feel no need to engage with any of these follow-up paths. The hon. Member for Mid-Worcestershire has drawn the House's attention to answers that he has received recently from three Departments, and I will certainly take up his points with those Departments.

Let me turn to the issue with which the hon. Member dealt at some length and which he and I believe the whole House needs to consider carefully—whether the dramatic rise in the number of written questions, particularly those tabled by researchers and volunteers, is contributing to a decline in the quality of answers. It is in the interests of both Government and Parliament that the system works well. The more effective the tabling procedure, the more effective will be the accountability. The procedure works best when the questions tabled are penetrating and factual, and the answers are as accurate as possible.

The hon. Member has rightly pointed out that that creates obligations on both sides. He has highlighted the concerns of many hon. Members that so many written questions are being tabled that the quality of the questions is diminished and that the quality of the answers comes under threat, too. The hon. Member has given some graphic statistics, covering both written and oral questions, and I can underline his essential conclusion by giving the figures for written questions alone. In the 1997 Parliament, around 200 written questions were tabled on each sitting day. In the 2001 Parliament, that rose to 350 questions tabled each day. And in this Parliament, since 2005, the figure has risen further to 474 questions tabled a day. Clearly, since the number of written questions has more than doubled in less than a decade, this will have some effect on the time Ministers and officials have to devote to preparing and authorising the answers.

As the hon. Member has said, the Procedure Committee last looked at the matter in 2002. The then Leader of the House, Robin Cook, was asked whether he thought that

"there is an erosion in the quality of the answers people get to those written questions".

Because of the increase in the number of questions, he gave the unequivocal answer, "yes", and he said that when the number of written parliamentary questions was significantly lower than it is now. He believed that pressure on the system was such that the overall level of answering declines, so that it is not only those who have caused the increase, unwittingly or not, who suffer, but all hon. Members who suffer.

The hon. Member has been as constructive as he has been critical. He has criticised e-tabling, which was introduced in 2002. As the hon. Member has described, it is popular, but it is open to abuse. The use of electronic means for conducting our affairs is something that we are all used to, and it is absolutely right that we should be looking for ways to improve the efficiency with which we conduct our business in this place.

The hon. Member has posed the essential question: is e-tabling making the tabling of questions by researchers too easy? Is it threatening the required link between a question and the hon. Member in whose name it stands? That was certainly a concern at the time that e-tabling was introduced. The Procedure Committee noted that, in essence, there was a choice between a "strong" authentication system—such as a Member's House security pass—before a question could be sent, or a "weak" authentication system involving a written authority and protocols. On balance, it thought that the House would prefer the weaker model, but proposed that it should be experimental, and that the Speaker should have a power to act if necessary. The House opted for the weaker system, but an increasing number of hon. Members believe that there is a case for reviewing the situation. Of course, the issue of how far the Member tabling a question is really involved in the process can arise with questions tabled in hard copy. The Table Office is aware of hon. Members who, in effect, pass on pre-signed pads of question forms for their staff to use.

The second issue of concern raised by the hon. Member is whether Members are asking for information readily available elsewhere. That concern, too, has been raised in past discussions. Robin Cook told the Procedure Committee in 2002 that

"there are...an awful lot of questions which go down...asking about matters which are easily in the public domain. To be frank, when I was in opposition I found it more useful to wander along the library and ask for information than to try and put questions to the Government...I got the answer in more convincing detail and, sometimes, quicker than when I tabled a question to the minister. Since those days the internet has exploded in terms of the availability of information."

That latter point is important: masses of information is available both in the House of Commons Library and on the internet from both Government and other websites, which would answer many of the questions

tabled. If Members' staff cannot easily identify where to look or what they need, the House of Commons Library could not be more helpful.

Peter Luff: My hon. Friend the Member for Forest of Dean (Mr. Harper) rightly paid tribute to the work of the Table Office, which perhaps I should have done at greater length in my speech. The Minister is making an important point. The Library is an incredibly powerful resource, which Parliament still probably under-uses.

Nigel Griffiths: On a personal note, I have always found the Library to be the gem of this place and the real adornment. I agree with the hon. Member.

The then Leader of the House, Robin Cook, made several important points that reflected his thoughtful style and prescience about embracing new technology, but also pointed out that that needs to be considered in practice.

The hon. Member referred to the pressure that some Members feel to be seen to be tabling lots of questions, or at least more questions than their parliamentary neighbours, and he mentioned websites that promote that effect. Clearly, we have colleagues who are more easily swayed by such league tables than others. As I think that he indicated, however, Government accountability is not about crude numerical performance measures, and nor is that of individual Members. It is not a contest in that sense. It is about improving the performance of Government and about helping to establish whether that performance is satisfactory or how it might be improved.

The hon. Member made several proposals about how the situation might be addressed, which were echoed eloquently by his hon. Friend the Member for Forest of Dean (Mr. Harper): ending the system of e-tabling; requiring all parliamentary questions to be handed in by a Member to the Table Office; and/or requiring a Member's signature at the end of the question as it is handed in, rather than at the bottom of the form, to help preclude the use of pre-signed forms.

Let me be frank: I do not want to be seen—the Government do not want to be seen—as seeking to clamp down in any way on Members' ability to scrutinise the Executive. Members have different perspectives on what is important and how they wish to pursue their work, or on how to use their staff. That is absolutely right and proper. But the Government agree with the hon. Member that the volume of written parliamentary questions is causing difficulties. In practice, as the Leader of the House pointed out today, in many ways, the Government are now subject to wider scrutiny, from even more directions—both parliamentary and non-parliamentary—than was ever the case in the past. It is certainly not for the Government to seek to impose changes on the House in this regard. It is healthy that the concerns expressed this evening have come from an individual Member—an Opposition Member, indeed—and his colleagues, and not from the Executive.

I have drawn the hon. Member's concerns to the attention of the right hon. Member for East Yorkshire (Mr. Knight). He chairs the Procedure Committee, which last examined the issue four years ago under other chairmanship. The right hon. Member is minded to ask his Committee to consider the hon. Member's proposals, and will write to him after he has studied them more fully. That, in turn, could pave the way to the tabling of questions when the House is not sitting. A review by the Procedure Committee could allow a proper assessment of the views of other Members to establish the extent to which the hon. Member's concerns are shared, and the extent to which Members are prepared to consider changes in practices that will involve co-operation on all sides. Let me make it clear again that the objective would be better scrutiny, not less scrutiny, of the Executive by the House.

I am very grateful to the hon. Gentleman and his hon. Friends for giving us an opportunity to discuss the issues more fully.

Question put and agreed to.

Adjourned accordingly at twenty minutes past Six o'clock.

House of Commons

Thursday 29 June 2006

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

NOTICE OF MOTION FOR AN UNOPPOSED RETURN

Resolved,

That an humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that there be laid before this House a Return of the Report of the Zahid Mubarek Inquiry.—*[Mr. Cawsey.]*

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Adult Education

1. **Mr. Dan Rogerson** (North Cornwall) (LD): If he will make a statement on recent changes to the provision of adult education courses at colleges. [80879]

The Secretary of State for Education and Skills (Alan Johnson): In 2006-07, we plan to invest £4.8 billion in further education for young people and adults, an increase of around £2.5 billion since 1997. Our overall investment in adult learning will be broadly maintained at £2.9 billion and will be focused increasingly on our priorities of providing support for those adults who lack basic skills or the level 2 platform of skills for employability, and of ensuring opportunities for developing skills at level 3. It is essential that funding is prioritised on those areas if we are to address skills weaknesses and improve productivity.

Mr. Rogerson: In Cornwall, courses aimed at people with special educational needs have been cancelled because of reductions in the additional learner support funding stream. Given the Department's targets for concentrating money on provision for 16 to 18-year-olds, can the Secretary of State give any hope to the vulnerable people who depend on those SEN courses that no further cancellations will be made?

Alan Johnson: I should very much like to know about what is happening in Cornwall. We should not cut funding for the 640,000 people with learning difficulties and disabilities in this country. That provision must remain a priority, and it is not part of the reprioritisation that I set out in my response. If the hon. Gentleman will write to me, we will look into the matter further.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): There is much to be applauded in the priorities that my right hon. Friend has just set out, but does he agree that community education is the basic building block that allows people to get back into education? Often, it is the glue that holds the whole system together. Will he look carefully at how his decisions are impacting on community education for adults?

Alan Johnson: My hon. Friend raises an important point. I do not think that he, or his Committee, would disagree that there is a need to reprioritise, but there is concern about the community support that he mentioned. We are maintaining funding at £210 million for learning for personal enrichment. That is safeguarded and ring-fenced in the Learning and Skills Council budget.

My hon. Friend asked about courses designed to introduce people onto the ladder of opportunity and skills, but the effectiveness of some courses has been questioned in the past. For example, with regard to entry into employment, the statistics do not show that the courses always lead to progression. That is why we are looking at the foundation learning tier, as we want to turn the current complex structure into a much more coherent set of units that is easier to understand and operate. My hon. Friend makes an important point about a matter that we will look at in the future.

Mr. John Hayes (South Holland and The Deepings) (Con): The Secretary of State will know that the Leitch review of skills made it clear that, because of demographic change, it is vital that we reskill and upskill the existing work force to meet the challenges of a changing world economy. However, the National Institute of Adult Continuing Education has said that the Government's target culture has discouraged hard-to-reach groups from returning to learning. Will the right hon. Gentleman say why the number of people studying at further education colleges—not just those with special needs, but including all those between 25 to 59—has fallen by 9 per cent. in the past year?

Alan Johnson: I do not accept that comment from NIACE. The Leitch review, and the review that we have had from Andrew Foster, will be crucial in pointing us in the right direction, as will the further education White Paper that will subsequently become a Bill. The problems in FE were highlighted in Andrew Foster's report, which showed that the sector has put up with poor provision for too long. There are some very good FE colleges, but others still believe that employers should accept their thesis about the education that they require for their work force. There has been too little engagement with employers, but we are putting them at the heart of the matter and trying to do something about the alphabet soup of qualifications that currently exists. We are also working to sort out the units available in foundation learning to which I referred earlier, and I believe that we can tackle the problems in FE by adopting those approaches. Certainly, the FE sector is much more of a priority now than it ever has been for previous Governments.

Mr. John Grogan (Selby) (Lab): I accept the merit of the reprioritisation policy, but will my right hon. Friend look at how the funding formula operates? Last year, for example, the better that learning and skills councils seemed to do in encouraging participation among 16 to 18-year-olds, the worse they seemed to do with the 19-plus allocations. That was especially true in north Yorkshire.

Alan Johnson: I will look at the point that my hon. Friend raises, but I am glad that he supports our reprioritisation policy. The problem with FE and adult skills is that to prioritise everything is to prioritise nothing. We are concentrating on longer courses for people with no level 2 qualifications whatsoever, whatever their income, and we will also introduce an entitlement to level 3 for 19 to 25-year-olds on a similar basis. That must be our priority, but I shall certainly look into whether provision for 16 to 18-year-olds is affecting adult participation rates, as described by my hon. Friend.

Mr. Graham Stuart (Beverley and Holderness) (Con): The Secretary of State will be aware of concern in Hull and the East Riding about the reduction in courses, particularly for older people. The Government's policy is a commitment to lifelong learning: education does not exist purely to increase skills to help people into the workplace and to aid the economy but is about broader issues. I am sure that he, like me, will have had concerns raised at his constituency surgeries. Will he respond to those concerns, perhaps giving reassurance to those who see courses that add to their quality of life being cut back? Will he give a message I can take back to those I represent?

Alan Johnson: The hon. Gentleman is right to say those problems have also been raised with me. There are problems across the country, and saying that we will reprioritise or that we will increase the level of fees in further education is not easy. There was always an implicit expectation that there would be a contribution of 25 per cent. from students, but very few colleges introduced that. We are gradually moving towards the expectation of a contribution of 50 per cent. by 2010. From constituents I have spoken to, and this is reflected in the MORI poll, I think that most people accept that if they can make a reasonable contribution to a course that they are pleased to be taking—whether in languages, learning for recreation or learning just to increase knowledge—they should make a contribution. When that is explained, along with our priorities for the country and the economy, people tend to accept what is, I accept, a sometimes difficult message.

Runaway Children

2. **Helen Southworth** (Warrington, South) (Lab): What steps he is taking to ensure that children who run away or go missing from care or home have someone to talk to and a safe place to go. [80880]

The Minister for Children and Families (Beverley Hughes): I acknowledge the excellent work that my hon. Friend is doing to raise the issue of children and young people who run away from home. They certainly need someone to talk to and somewhere to go, but they also need help with the underlying problems that cause them to run away in the first place. It is the responsibility of local children's services, working closely with the police and the voluntary and community organisations, to provide the help that young runaways need. The Government are supporting them strongly through the Every Child Matters programme, which is driving improvements for all children and young people but particularly for the most vulnerable.

Helen Southworth: I thank my right hon. Friend, particularly for considerable improvements in safeguarding vulnerable children. May I draw her attention to National Missing Persons Helpline, a charity that has set up a 24-hour helpline for runaways, and which, in 2005, took 57,000 calls? Will she, with me, meet people from the helpline to discuss the role that it can play in safeguarding very vulnerable children who run away?

Beverley Hughes: The helpline is one of a number of important vehicles by which children and young people who run away can get some immediate advice, although I think it is worth bearing in mind that the vast majority of children who run away return home within 24 hours, which should be our primary objective. The helpline also gets considerable funding from the Home Office—about £900,000 this year, including £600,000 core funding. I am certainly willing to arrange a meeting to discuss the work of the helpline if that is thought to be useful.

John Bercow (Buckingham) (Con): In addition to the other support that they rightly receive, when, how and to what financial tune will children who run away from home or care be offered personalised learning, either to prevent their falling behind, if at all possible, or to assist them to catch up and fulfil their potential?

Beverley Hughes: I am grateful to the hon. Gentleman for raising that. The position of children who are looked after by the local authority—in care, as we used to call it—is of considerable concern, not only because some go missing but because in their general outcomes they are falling behind other children and young people, which should not be the case. That is why the Government, across a number of Departments, are working hard to see what are the barriers to progress for looked-after children, including issues around why they might run away. We shall publish a Green Paper outlining a range of issues, including precisely the point that the hon. Gentleman rightly raised, which is the need for dedicated personalised support so that children do not drift in care and achieve the same improved outcomes we want for all young people.

International Students

3. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): If he will make a statement on the plan to attract an additional 100,000 international students to the UK by 2011. [80881]

The Secretary of State for Education and Skills (Alan Johnson): The objective of the second phase of the Prime Minister's initiative for international education is to secure and sustain the UK's position as a leader in international education in both the further and higher education sectors. We are working with the British Council and the higher education and further education sectors to increase the number of international students studying in the UK and to support UK universities and colleges in developing collaborative partnerships with institutions overseas.

Daniel Kawczynski: I thank the Secretary of State for that answer and I am very pleased with the Government's measures to attract more foreign students. My constituency certainly houses one of the best international schools in the country, Concord college, and I invite the Secretary of State to come along and see the work that is done there. Its impact on the rural local economy is huge, with so many foreign students coming in and contributing to it, so it is important that we continue to get our fair share of foreign students coming to learn in our country.

Alan Johnson: I would be delighted to visit Shrewsbury at some stage in my schedule to see that college in action—

John Bercow (Buckingham) (Con): In Atcham.

Alan Johnson: In Atcham and in action. The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) is absolutely right to stress the importance of overseas students, particularly to the UK economy. It is estimated that overseas students bring in £5 billion in fees and other spending while they are over here. Overseas students studying in the UK are crucial to our need to address the economic problems of the 21st century, particularly in respect of globalisation. I agree with the hon. Gentleman, which is exactly why the second phase of the Prime Minister's initiative was announced in April.

Mr. Jim Devine (Livingston) (Lab): Is my right hon. Friend aware of the Labour-led Scottish Executive's fresh talent initiative, which not only encourages students to study in Scotland but to live in Scotland after they have qualified. Can the Government learn any lessons from that initiative?

Alan Johnson: My hon. Friend is absolutely right and we are already learning the lessons in our discussions with the Scottish Executive. The Scottish Executive and the UK Government are involved in a constant process of learning from each other in respect of such initiatives.

Mr. David Willetts (Havant) (Con): But the Secretary of State will be aware that Scotland's fresh talent initiative offers overseas students a two-year visa extension if they go to a Scottish university. If they go to an English university, however, it is only for one year and it applies to a much more restricted range of subjects. Is it right to have separate visa regimes for overseas students going to Scottish and English universities?

Alan Johnson: We make different decisions, which is what devolution is about. Our decision to extend the visa by 12 months, which we recently announced, is based on the demography and availability of work in this country. It is a different decision, but along the same lines as that reached by the Scottish Executive. As I said to my hon. Friend the Member for Livingston (Mr. Devine), we will learn the lessons from Scotland, but the circumstances are different north and south of the border. We believe that the extension to 12 months is the right way to proceed.

Mr. Willetts: I have with me a list of reserved subjects post-devolution. Among the reserved subjects for UK policy are

"Nationality; immigration, including asylum and the status and capacity of persons in the UK who are not British citizens".

Although education is a devolved matter, visa rules are not. Is the Secretary of State really telling the House that he believes that having different visa regimes for students in Scotland and England are consistent with the devolution settlement that his Government introduced?

Alan Johnson: Yes, but there is no contradiction between that and our deciding that there are different circumstances—demographic factors, employment prospects and so forth—in Scotland as opposed to the UK. Actually, the extension to 12 months has been widely welcomed by UK universities and there has not been a big debate about what happens north and south of the border. The circumstances are different. The hon. Gentleman is right that it is not a devolved issue, but it does not detract from the different circumstances in the two countries.

Dr. Brian Iddon (Bolton, South-East) (Lab): In figures given in the *Official Report* on 6 June at column 536W, the Department showed that, in higher education institutes alone, there are almost 1.9 million students studying in Britain. Incidentally, 100,000 of those study at the four universities in Greater Manchester. Does my right hon. Friend agree that not only the impact on the local economy while the students are studying in Britain but the continued contacts and influence that they take with them when they return to their countries are important?

Alan Johnson: My hon. Friend is absolutely right and has identified a crucial element. Not only the money they spend in this country but the links that they retain with this country after they have left university are important. That is one of the principal reasons for the Prime Minister's initiative, alongside other separate initiatives for considering links with, for example, Russia and China. All the initiatives are important for the future of this country.

Drug Use

4. **Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): What progress is being made on meeting the Government's target for reducing drug use among young people. [80882]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Parmjit Dhanda): The overall picture of drug misuse among young people is one of stability with some downward trends in the use of specific drugs. The Government have set out a comprehensive national programme to deliver local universal, targeted and specialist services for young people to make a further impact on reducing drug misuse. Local areas have been very effective in focusing children's services' attention on substance misuse issues.

Mr. Flello: I am grateful for that answer but I hope that my hon. Friend is aware that the amount of money for the young people substance misuse partnership grant in Stoke-on-Trent is around half of that of Nottingham, which is a comparable city with similar problems. Given that overall funding for drugs services in Stoke-on-Trent is around £11 a head compared with £23 a head in Nottingham, what extra resources are the Department prepared to direct towards tackling that curse on our young people in Stoke-on-Trent?

Mr. Dhanda: My hon. Friend makes his point about his constituency in his customary manner. I expect him to champion his constituency and its causes and he is doing that today. I reassure him that there is no postcode lottery for drug treatment, but a formula that was set up with the assistance of academics at the university of York. We specifically examined local demographics and the prevalence of misuse, and we ensure that the overall pooled budget—the young people substance misuse grant—is spread around the country by focusing on those elements through the formula. However, there are 30 high focus areas and another 18 will be announced shortly.

Angela Watkinson (Upminster) (Con): What assessment has the Under-Secretary made of the quality of some of the printed material that is used in drugs education? Does he share my concern that some of it contains far too much value-free information and not enough of a robust warning to young people about the dangers of drug taking to their health, education and career prospects?

Mr. Dhanda: The hon. Lady makes a fair point but it is important to talk to young people not necessarily in the language that she and I speak but in a language that they understand. The information and advice service FRANK has been especially useful—there have been 1.3 million calls to the FRANK helpline, 11.3 million hits on the website and more than 82,000 e-mails. From 1998 to now, the British crime survey figures show that, among 16 to 24-year-olds, the use of cannabis has reduced by 16 per cent., that of amphetamines is down by 66 per cent., that of LSD has decreased by 83 per cent. and that of glues has reduced by 66 per cent. There is much more to do but information and advice services such as FRANK help to solve the problem.

Engineering Students

5. **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): What assessment he has made of changes in the number of students studying engineering at university in the past 10 years; and if he will make a statement. [80883]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): In the 1990s, the total number of engineering students in our universities was falling. Since 2002-03, there has been a 6 per cent. increase. We are committed to continuing that trend. Our 10-year science and innovation investment framework sets out our strategy to develop a strong supply of engineers, scientists, and technologists.

Dr. Kumar: I thank my hon. Friend for that reply. Has he seen the report that the Royal Academy recently published, called "Educating Engineers for the 21st Century: the Industry View"? It concluded that university undergraduate engineering education needs to be completely overhauled. The academy has also asked for stronger collaboration between industry and universities as well as schools so that we can have engineers in the 21st century. I ask my hon. Friend to take those recommendations seriously and implement many of the ideas in the report.

Bill Rammell: I thank my hon. Friend for his detailed interest in these issues. The report is interesting; we are already responding to a number of the issues raised in the research and I know that the academy welcomes many of the steps we are taking. Links and collaboration between the education system and companies are important to ensure that the needs of industry are understood and reflected in the curriculum. In particular, the establishment of the sector skills councils, the move on specialised diplomas and the establishment of foundation degrees are helping us to change the situation.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): But of course the number of first degrees in engineering has fallen from 21,000 in 1996-97 to only 19,500 last year. The Minister will be aware of his Department's report, "An Assessment of Skill Needs in Engineering", which concluded that one of the main reasons for that reduction is the limited number studying maths and science subjects at school, where there has been a drop in entries for A-level maths, for example, from 56,000 in 1997 to just 46,000 last year. What steps are the Government taking to boost the uptake of maths and science at A-level? Will they allow the state sector to opt for the IGCSE in maths and the three sciences, which many schools in the independent sector are adopting because of their dissatisfaction with the new curriculum?

Bill Rammell: However the hon. Gentleman plays with the figures, it is a fact that since 2002-03, there has been a 6 per cent. increase in the number of students of engineering. That increase is on the record and it is important. Undoubtedly, we need to stimulate greater interest and demand at school in the stem subjects. A range of initiatives is in place to achieve that, and there is some evidence of improvement. However, we also have to enthuse young people about the importance of science, and some of the changes that we are developing in the curriculum to get young people to look at the processes of science rather than just learning by rote will be important. We need to get some practical issues across, too, such as the fact that in terms of the graduate earnings premium a person with a stem degree will earn a third more than someone with a non-stem degree. If we start getting those facts across to young people, I think we shall be able to shift the trend.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Does my hon. Friend agree that the opportunity for schools, such as Ridgewood school in Scawsby, Doncaster, in my constituency, to apply for specialist engineering status will have a positive impact on the number of students who will study engineering at university in future?

Bill Rammell: My hon. Friend is correct. The specialist schools programme has helped us to take the agenda forward. In addition, our commitment by 2008 to ensure that all pupils achieving at least level 6 and over at key stage 3 will be entitled to study three separate science GCSEs, if necessary through collaboration, is an important step forward.

Child Sex Offenders

6. **Mr. Andrew Turner** (Isle of Wight) (Con): What his policy is for the protection of children from other children with a record of sex offending. [80884]

The Minister for Children and Families (Beverley Hughes): We recently published revised guidelines, "Working Together to Safeguard Children 2006", which set out three key principles for local agencies working with children who abuse others: first, there must be a robust, co-ordinated approach on the part of all agencies concerned in a case; secondly, the needs of children who abuse must be considered entirely separately from those of their victims; and, thirdly, there must an overall assessment of risk, which must include the risks to the victim, the abuser and others, particularly other children, whether in a family setting, in a school or in the wider community.

Mr. Turner: I thank the right hon. Lady for that answer and in particular for her emphasis on the last point. Will she tell me why it is believed that abusers between the ages of 16 and 18, or indeed over the age of 18, in further education colleges where there are youngsters as young as 14 should be treated any differently from employed abusers?

Beverley Hughes: First, those who are employed are in a position of authority and trust vis-à-vis children and young people, which is not the case for those who may be students. I know that the hon. Gentleman is rightly concerned about the issue so I want to reassure him. Where an abuser is a child and the victim is a child there are many cases of a different nature: in some, the risk to other children will not be very great at all, because the abuse has arisen in a specific situation, but in others, there will be a more generalised risk to other children, which is why I stressed in the final part of my answer the need for agencies to look at each case individually and to make decisions on the basis of the risk posed by an individual young person to any other young people. Indeed, in some cases that will include the need to provide for education—whether further education or education before the age of 16—that is not in a mainstream education facility. That option is open to the agencies concerned.

David Taylor (North-West Leicestershire) (Lab/Co-op): As one of a number of very useful initiatives, the Labour-led Scottish Executive have appointed a team of professionals with expertise in the area of adolescent sex offending to work urgently to produce a strategy that will produce swift, effective action to deal with those young people. Can the Minister say whether we on this side of the border are learning lessons from that group and working with them to ensure that our own strategy is improved and made as effective as possible?

Beverley Hughes: Yes. There is close collaboration. We also have on this side of the border our own joint programme, including all the relevant agencies and victims' organisations, to develop national service guidelines based on research evidence of interventions that we think are effective and that have been properly evaluated. That is an important point in this difficult subject. We have also supported, through the Department of Health, the development of sexual assault referral centres for children—one initially in London and one at St. Mary's centre in Manchester. They are providing beacons of excellence and setting standards of good practice in this difficult area of work for professionals to draw on.

Playing Fields

7. **Mr. Laurence Robertson** (Tewkesbury) (Con): When he expects to decide on the bid by Churchdown School, Gloucestershire, to sell part of its playing field for the purpose of developing sports facilities; and if he will make a statement. [80885]

The Minister for Schools (Jim Knight): The application by Churchdown school for permission to sell part of its playing fields is under consideration. The School Playing Fields Advisory Panel will discuss the application at its July meeting, which I understand is on 20 July, and a decision will then be taken by the Department.

Mr. Robertson: I thank the Minister for that reply. The importance of the project to the area will be confirmed by his ministerial colleague, the hon. Member for Gloucester (Mr. Dhanda), who represents the next-door constituency. A while ago, the school had a lottery application turned down that would have funded very important sports facilities in an area in which some 10,000 people live, and which lacks such facilities. That extremely important project is a community partnership, so will the Minister do all that he can to speed up the decision? I believe that it has been on the Minister's desk for some time now, and I ask him to treat it with the seriousness that I really do think the project deserves.

Jim Knight: It has not been on my desk for some time. As I said, it is currently with the School Playing Fields Advisory Panel but I have spoken today to officials who have been looking at the case, and, assuming that the panel's decision is unanimous and uncontroversial, I will ensure that the school receives the decision by the end of this term.

Tuition Fees

8. **Tom Levitt** (High Peak) (Lab): What assessment he has made of the impact on universities and students of removing the present upper cap on variable tuition fees after 2007. [80886]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): The new variable fees regime starting this year will make a strong contribution to giving our universities the funding they need. It is providing, for the first time in a generation, a step change in funding for our universities while maintaining access. We have made it clear that we shall appoint an independent commission to look at the performance of the new system in 2009, and that no changes to the cap will be made before the commission has reported to Parliament.

Tom Levitt: I am very grateful for that response. It is worth reminding the House that it was this Government who legislated to ban top-up fees and the anarchy and cut-throat competition that they would have produced. It is important to have a system, but every time it changes there is a dip in the number of applications, so will my hon. Friend redouble his efforts to ensure that young people in particular are aware of the advantages that the new funding scheme brings both to them and to universities, and encourage young people to take up those opportunities?

Bill Rammell: I thank my hon. Friend. We should certainly do that. We should take some encouragement from the fact that the underlying trend in applications this year is upwards. We also need to continue with the joint communications campaign that we have established to get across the real benefits of the new student financial support system that is coming in this September. For example, students no longer have to pay before they go to university and only pay the money back when they are in work and earning more than £15,000 a year. The repayment terms are very affordable and, crucially, for students from poorer backgrounds, we are bringing back non-repayable grants. I am confident that if we get those messages across, we will get many more people going to university.

Sarah Teather (Brent, East) (LD): The student income and expenditure survey this year found that one in four students considered not going to university because of concerns about debt. Does the Minister not think that lifting the cap would only make the situation worse?

Bill Rammell: I have made the position on the cap clear. I saw that piece of research and it simply does not bear out in any way, shape or form the reality of what is happening with applications for this academic year. If that were the true situation, we would see a significant downturn in applications. I am sometimes challenged about the stance of the Liberal Democrats on this issue. In Scotland, under the Scottish Executive, where the Liberal Democrats are in a partnership Government, they are supporting a postgraduate repayment system that, in principle, is no different from the system that we are bringing in this year.

Citizenship Education

9. **Sir Nicholas Winterton** (Macclesfield) (Con): What plans he has to review the teaching of citizenship in schools. [80887]

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): Citizenship remains an important part of the national curriculum. The Qualifications and Curriculum Authority is currently reviewing the key stage 3 curriculum, which includes citizenship. We have recently announced a review, led by Keith Ajegbo, to explore the possibility of including British social and cultural history in the citizenship curriculum. Any changes will come into effect from September 2008.

Sir Nicholas Winterton: I am extremely grateful to the Minister for that most helpful and comprehensive reply. Would he accept from me that citizenship should include the teaching of tolerance, freedom, freedom of religion, freedom of speech, civil and community responsibilities and an understanding of democracy, and also, more than ever perhaps, an understanding of the history of the United Kingdom and the huge achievements of the British people over the centuries throughout the whole world?

Phil Hope: I am in danger of agreeing with the hon. Gentleman. The framework for key stage 4 of the citizenship curriculum specifically refers to students being taught about the legal and human rights and responsibilities underpinning society. It does not mention the European Union and the value that that has brought to British cultural and social history, but I am sure that he would agree that that should form part of that curriculum, as well.

Keith Vaz (Leicester, East) (Lab): May I welcome what the Minister has said? I hope that, in any citizenship course, there will be reference to the hon. Member for Macclesfield (Sir Nicholas Winterton) as being an essential part of British history. Has the Minister seen a leaflet produced by the Children's Legal Centre that sets out the rights and responsibilities of young people from the age of 13 onwards? In discussing citizenship, is it not important to look also at the rights and responsibilities of young people? Will he ensure that that is included in any discussion of citizenship?

Phil Hope: My hon. Friend makes a good point. The citizenship curriculum covers issues relating to social and moral responsibility, political literacy and community involvement. Within all of that, the rights and responsibilities of every citizen in this country, what they are and how they can be exercised, and how young people have rights and responsibilities and can exercise them, must form a key part of what goes on in the classroom across the whole of school curriculum, as we generate an ethos of understanding and encouraging active citizenship by all our young people.

Hywel Williams (Caernarfon) (PC): I am sure that the Minister would agree that education in global citizenship and sustainable development is vital. What financial arrangements are in place to support the development of curriculum materials and teacher training in that?

Phil Hope: Some £600,000 is being invested to provide continuous professional development over the next two years for some 1,200 teachers who teach citizenship in one shape or another in our schools. Within that continuous professional development, there will be opportunities for teachers to examine a variety of ways of engaging young people in that topic in the classroom and to do so in ways that involve young people in an active process to explore the role they play locally in their communities, nationally, in Europe, and, of course, across the planet in terms of global citizenship education. There are great opportunities to improve and deepen the quality of the citizenship education that young people experience.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): May I agree with the Minister that it is the delivery of a high-class, high-quality curriculum across the piece that will best develop the ideas of citizenship, both as a national of Britain and a citizen of the world? He might wish to pay a compliment to Oxley primary school, which, on every standard, has been found to be outstanding in every aspect of the curriculum. The children who arrive at that diverse, inner-city school have many problems, but they have none the less achieved magnificently. The contribution that the school makes to the idea of citizenship is far in excess of any narrow understanding of what may be put forward elsewhere.

Phil Hope: I am more than happy to celebrate along with my hon. Friend the achievements of Oxley primary school in his constituency. It is important to recognise that citizenship starts at the primary level in our school system and runs right through the secondary curriculum. In key stages 1 and 2, for primary school children, PSHE—personal, social and health education—and citizenship education are combined to give young people the kind of experience that my hon. Friend describes. Most importantly of all, as well as being taught in discrete lessons, the subject features right across the curriculum—in maths, English, history and geography classes—so that young people can see and experience the values and ethos of active citizenship and we can bed in the spirit and attitude of becoming positively engaged in local communities.

School Places

10. **Mr. Philip Hollobone** (Kettering) (Con): What recent discussions his Department has had with the Department for Communities and Local Government on the provision of additional school places in Northamptonshire to accompany planned housing expansion. [80888]

The Minister for Schools (Jim Knight): Local authorities are responsible for planning school place provision in their area, as I made clear last time we had oral questions. Decisions are taken locally and Ministers have no role in the process. The Milton Keynes and South Midlands learning and skills group meets regularly to enable joint and long-term education planning across the area, which includes Kettering. The group includes the Government office for the east midlands, local authorities and other key stakeholders, and its last meeting took place on 27 February 2006.

Mr. Hollobone: With 100,000 new houses planned for Northamptonshire over the next 15 years, there is growing local concern that the present strain on school places will be exacerbated. Will the Minister guarantee that there will be sufficient Government financial and other support to the local education authority and other agencies involved to ensure that there will be full and complete provision of school places for Northamptonshire's growing population?

Jim Knight: We are confident about the level of capital support that we are giving Northamptonshire and, indeed, the country as a whole. Northamptonshire and its schools are receiving capital support of more than £90 million over the current spending period. That includes more than £8 million that is based on the new pupil places criteria. It is up to the Tory council in Northamptonshire to spend that money wisely. We must not try to learn any lessons from the Conservative party on capital funding. When it left office, it was spending £600,000, but we are now spending 10 times that on capital.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the £120 million that the Labour Government are spending on schools in Northampton, which means that every single school in Northampton is being either rebuilt, or substantially extended. Will he join me in praising the head teachers who have managed their schools superbly through a difficult reorganisation and, in many cases, while their schools have been building sites? We are now seeing the first real signs of improvements in performance in the schools. Will the Minister come to Northampton to see some of the wonderful new buildings that are being completed and to meet the head teachers to talk about the improvements that the children are achieving?

Jim Knight: I would be delighted to visit my hon. Friend's constituency and pay tribute to the head teachers who do a superb job to sustain high-quality education, despite the building work that goes on around them as a result of our £6 billion capital spend—that is the budget for this year and it is, of course, rising. I visited a school in Lancashire last week on which a big capital spend had just been completed. The teaching of art classes had carried on in a room with only three walls for a few months while the building took place, yet the school still produced absolutely first-class GCSE results.

Mr. Peter Bone (Wellingborough) (Con): Would the Minister, after visiting Northampton, North, come to Wellingborough to see John Lea school? Unfortunately, the school is not there now. Instead, there is a housing site. That is because the Government and a Labour-controlled county council knocked the school down. What a disgrace.

Jim Knight: I know that the hon. Gentleman gets agitated about these issues. It is difficult for me to visit a school that is not there; I would struggle with that. I know that the hon. Gentleman is continuing to talk to his hon. Friends who run the county council to ensure that they provide proper provision for his constituents.

Building Schools for the Future

11. **Mr. Mark Todd** (South Derbyshire) (Lab): if he will make a statement on the Building Schools for the Future programme in Derbyshire. [80889]

The Minister for Schools (Jim Knight): Derbyshire has an excellent Labour authority. I have met excellent Labour members from that authority, who brought along a delegation from the county council to talk to me about the strong case that they are making for a local education partnership model for Building Schools for the Future. I am considering the case that has been made with colleagues on its own merits and against the national precedent which, if I were to accept the case for Derbyshire, would be set.

Mr. Todd: I thank my hon. Friend for that reply. He rightly draws attention to the strong performance in comprehensive performance assessment terms of Derbyshire, but does not mention—he could have done—the strong track record of delivering major capital programmes within the county through a locally developed model. Will my hon. Friend carefully consider the risks of adopting a national framework that is as yet untested in a county that currently has the capability to do exactly what is required to time and to budget?

Jim Knight: There are many things that I could mention about the excellence of Derbyshire. I wanted to leave some things for my hon. Friend, who is an excellent advocate for his constituents and his county. As for whether there is an untried national framework, there is the Building Schools for the Future programme. It is an enormous capital programme; it is a huge injection of capital spend into our education system to replace or renovate all secondary schools by 2020. In doing so, we have to be conscious of how we manage the market in terms of construction and how we integrate information computer technology, construction and design to produce transformational education as part of the new buildings scheme. We must balance our national programme against any precedent that may be set by Derbyshire. My hon. Friend and his colleagues have made a strong case.

Mr. Dennis Skinner (Bolsover) (Lab): Does my hon. Friend agree that when we met him, along with the four-star representatives from Derbyshire county council, we played a better game than Federer did yesterday? We scored on every point. Does my hon. Friend agree also that if Liberal Democratic control of Liverpool can be provided with an exception to the rule, a four-star authority should also qualify? Will it help our case if we agree now to meet that nice man, the Secretary of State, to clinch this?

Jim Knight: Certainly they were four-star reps. I was not delighted with the result in the tennis yesterday. I cannot say that I was immediately reminded of the performance of my hon. Friend's friends from Derbyshire. Now he mentions it, his friends were very effective during the meeting. The precedent set by allowing Manchester and Liverpool to have their own model was due to particular circumstances, given Manchester's proven track record in delivering for the Commonwealth games, which was a major capital programme, and Liverpool's ability properly to integrate the elements which I outlined earlier. I will be discussing the matter with my right hon. Friend the Secretary of State this afternoon. We may well decide that we need a further discussion with my hon. Friend and his colleagues from Derbyshire. I will make that decision with the Secretary of State later this afternoon.

Judy Mallaber (Amber Valley) (Lab): In that further discussion, will my hon. Friend note that a precedent would not be created, given the unique combination of Derbyshire's consistent track performance record assessment and the timing of the waves in Derbyshire for Building Schools for the Future, which means that he could allow the first wave in Bolsover to proceed with the existing partnership? Will he note, too, that the people whom we met were quite unable to explain to Derbyshire Members what a private sector company such as Capita could offer the learning experience and IT integration, compared with experienced Derbyshire county council staff and existing partners?

Jim Knight: I am certainly aware of the timing of the two waves—I think that there is a four or five-year gap between them. As my hon. Friend knows, there was a strong case for allowing the Derbyshire framework to proceed with that early wave, largely in Bolsover, before making a judgment about whether or not it worked. It is a strong argument, but as I said, I must weigh it against other arguments on precedent and project risk.

Research Funding

12. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on the decision to move towards allocating research funding along metrics-based lines. [80891]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): The Government's proposals for a metrics-based research assessment and funding system to be introduced after the 2008 research assessment exercise were published on 13 June. Consultation will close on 13 October and final decisions will be announced before the end of the year.

Michael Fabricant: I congratulate the Minister, both on his answer and on his sprint to the Dispatch Box. I shall allow him to get his breath back, and ask whether he agrees that any changes must be accepted by the university community as a whole. While a metrics-based system may well benefit science-based universities such as Loughborough, Sussex university, my alma mater where I did my masters degree, may be at a disadvantage because it is humanities-based. Will he bear that in mind to ensure that no single university will be disadvantaged by that approach?

Bill Rammell: I thank the hon. Gentleman for his interest. He will know that the research assessment exercise has been successful in driving up quality, but we must ensure that the new metrics-based approach continues that trend. The approach has some advantages, as it reduces costs and administration, but we must get it right. That is what the consultation is designed to achieve, and we will work with universities in the coming period.

Mr. Speaker: Order. The hon. Member for Lichfield (Michael Fabricant) complained that I called three Members from one side of the House, so may I point out that he should put in his book the fact that I called him after the allotted time? It is important to be even-handed, so he should hold back his complaints until he sees what the Speaker does.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Human Trafficking

19. **Mr. Peter Bone** (Wellingborough) (Con): How many cases were brought by the Crown Prosecution Service in relation to human trafficking in the last five years. [80900]

The Solicitor-General (Mr. Mike O'Brien): Prior to 10 February 2003, the CPS prosecuted cases of human trafficking under a wide variety of offences, so it is difficult to be specific about numbers. Since that date, new laws have been put in place, and CPS statistics show that 43 human trafficking charges have been brought. It is anticipated that further charges will be brought as a result of the success of the recent Operation Pentameter.

Mr. Bone: I thank the Solicitor-General for his answer, and I congratulate the Government on what they have done so far. Does he agree that one problem for the CPS in prosecuting the evil people who engage in human trafficking is the fact that the young women are often scared to give evidence because they fear deportation?

The Solicitor-General: That problem sometimes arises, and we are looking at ways of tackling it. As part of Operation Pentameter, a close working relationship was developed with the Poppy project, which enabled the police to provide some reassurance. We are looking, too, at other safeguards, and we recently consulted on a convention that may assist with the process of enabling those women to testify, but there are some concerns that we still have to work through.

Ms Sally Keeble (Northampton, North) (Lab): How many of those cases involved the trafficking of children? Does my hon. and learned Friend agree that just as it is hard to deal with the trafficking of women, it is also hard to deal with the trafficking of children, who are often unable to explain what has happened to them?

The Solicitor-General: My hon. Friend is right. A ministerial sub-committee has been set up and is being co-chaired by me and a Home Office Minister, and it will examine the trafficking of children and the trafficking of adults for sexual exploitation and for forced labour. My hon. Friend is right to point out that there are particular problems in dealing with children, and we need to develop police, immigration and criminal justice agencies. We also need NGOs to provide support and ensure that the future of such children is safeguarded not only in this country, but if they return to their parents in another country.

Mr. Dominic Grieve (Beaconsfield) (Con): The Solicitor-General will be aware that the 43 cases since the new Act came into force reflect only a small proportion of the problem, because the evidence is clear that the rate of human trafficking has been growing rapidly in our country. Can he tell the House any more about how the CPS is liaising with the police to deal with the matter? Given his knowledge of what is in the pipeline, are we going to see an increasing number of such prosecutions, and is that an area which requires specialist casework within the CPS?

The Solicitor-General: The CPS is developing champions in each area who will deal with liaison on human trafficking. The hon. Gentleman is right to say that the problem is growing. Operation Pentameter was more successful than expected, in the sense that it revealed the scale of the problem across the country. The police visited 515 premises, 232 arrests were made and 188 women were recovered, of whom 84 were identified as victims of trafficking—it is probable that more of the women were trafficked but were not prepared to admit it for reasons that we have already discussed. We also recovered £280,000 in cash assets. That was only a short project, so the hon. Gentleman is right to say that the problem is developing, which is why the CPS has identified champions in each area. The police also developed their expertise through Operation Pentameter, and we must ensure that the lessons are learned to deal with the problem in the future.

Prolific Offenders

20. **Mr. Philip Hollobone** (Kettering) (Con): if he will make a statement on the recent performance of the Crown Prosecution Service in Northamptonshire in prosecuting persistent and prolific offenders. [80901]

The Solicitor-General: In 2005-06, the CPS in Northamptonshire secured the conviction of 92 persistent and prolific offenders, which equates to a conviction rate of 78 per cent.

Mr. Hollobone: Northamptonshire CPS should be praised for doing its best successfully to prosecute repeat offenders. Is the Solicitor-General as concerned as me that while the CPS is prioritising persistent and prolific offenders, the courts are not giving those offenders the exemplary sentences that the public expect?

The Solicitor-General: The courts must decide the appropriate sentence, and probation reports inform them about the backgrounds of particular offenders. We look to them to use the powers that they have been given in order to ensure that persistent and prolific offenders are dealt with properly and appropriately and that effective sentences are given.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will my hon. and learned Friend bear in mind the fact that there has been criticism in Northamptonshire and other areas of the quality of staff performance by the CPS in court? Many of those staff are relatively inarticulate and some do not even have a decent command of the English language. There has been criticism from the magistracy of the quality that they see in their courts.

The Solicitor-General: Some of my hon. Friend's criticism is not justified. I have no doubt that there are examples of poor advocates, but the CPS is developing higher court advocates who undergo special training and appear in higher courts as prosecutors. That shows the improved quality of advocacy among CPS lawyers, and we want to ensure that that improvement continues. The Director of Public Prosecutions, the Attorney-General and I want to ensure that the CPS is completely fit for purpose.

Departmental Visits

21. **John Mann** (Bassetlaw) (Lab): When representatives of the Law Officers' Department last visited another country to examine drugs courts and alternatives to custody for drug offenders. [80903]

The Solicitor-General: Crown Prosecution Service representatives of the Law Officers Department visited a drugs court in New York in 2005.

John Mann: May I strongly recommend to the Minister that his officials visit Australia, especially New South Wales, to see how well coercive powers are being used to get drug-offending criminals into treatment and off drugs?

The Solicitor-General: I know that my hon. Friend has worked hard, particularly in Bassetlaw, to ensure that drugs-related issues are dealt with. I welcome the experience that he had when he visited New South Wales. I will ask officials to brief me fully on the powers available there, and if there are lessons to be learned no doubt we can learn them.

Simon Hughes (North Southwark and Bermondsey) (LD): Will the Solicitor-General talk to his colleagues in the Department for Constitutional Affairs to see whether courts could organise their lists so that drugs cases can be taken together for a day, a week or a couple of weeks, so that there are people in court who can suggest alternative non-custodial disposals such as appropriate treatment? If we do not take some action, our prisons will be full of addicted drug offenders who will derive no great benefit and could be better served by court list and CPS activity being concentrated at one particular time.

The Solicitor-General: That is an interesting idea that has been considered by some courts, particularly in the London area. It may be possible to bring certain lists together to identify support agencies and other means by which offenders can be dealt with more effectively. That is feasible in large cities where a certain number of drug offenders are going through the courts at a particular time, but in more rural areas, such as mine, it is much more difficult because courts are likely to deal with only one drug offender a day. Complex issues are involved. Nevertheless, the hon. Gentleman makes a reasonable point, and I will ensure that the DCA is made aware of it.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the business of the House for the coming weeks?

The Leader of the House of Commons (Mr. Jack Straw): The business for next week will be as follows:

MONDAY 3 JULY—Estimates [3rd allotted day]. There will be a debate on human reproductive technologies and the law followed by a debate on the work of the Electoral Commission. Details will be given in the *Official Report*.

At 10 pm the House will be asked to agree all outstanding estimates.

TUESDAY 4 JULY—Proceedings on the Consolidated Fund (Appropriation) (No. 3) Bill, followed by Ways and Means resolution on the Finance (No. 2) Bill, followed by progress on remaining stages of the Finance (No. 2) Bill.

WEDNESDAY 5 JULY—Conclusion of remaining stages of the Finance (No. 2) Bill.

THURSDAY 6 JULY—A debate on armed forces personnel on a motion for the Adjournment of the House.

FRIDAY 7 JULY—The House will not be sitting.

The provisional business for the following week will be:

MONDAY 10 JULY—A debate on the BBC on a Government motion.

TUESDAY 11 JULY—A debate on the Intelligence and Security Committee annual report 2005-06 on a motion for the Adjournment of the House.

WEDNESDAY 12 JULY—Opposition Day [18th allotted day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 13 JULY—Remaining stages of the NHS Redress Bill *[Lords]*.

FRIDAY 14 JULY—Private Members' Bills.

Following is the information: In so far as they relate to human reproductive technologies and the law: Fifth report of the Science and Technology Committee, session 2004-05 (HC7-1) and the Government response (CM 6641) and the Review of the Human Fertilisation and Embryology Act, A Public Consultation, Department of Health, 2005.

The House may wish to be reminded that, subject to the progress of business, we will rise for the summer recess at the end of business on Tuesday 25 July and return on Monday 9 October.

Hon. Members: Shocking!

Mrs. May: I thank the Leader of the House for giving us the business for the next two weeks. As he announced, on Monday 10 July there will be a debate on the BBC on a Government motion. Because the Government have timed that debate to take place just hours before the BBC publishes its year-end results, Members will not have up-to-date information. What is it about the BBC's results that Ministers do not want questioned in this House; or is simply that that the debate has been timed for the convenience of ministerial diaries, not the benefit of Members? Will the right hon. Gentleman therefore look again at the timing of that debate?

On 6 July, a debate is to take place on armed forces personnel, and I know that it has already been drawn to the right hon. Gentleman's attention that the Defence Committee is visiting UK forces abroad during that week. Will he undertake to ensure that in future such debates do not take place when the relevant Select Committee is away on a fact-finding visit? Otherwise—taking this and the previous issue together—the suggestion is that the Government will debate matters only when the facts are not available or when Members who know about the subject are not around.

Over the past few days, we have seen yet further job cuts in the NHS. On Tuesday, 320 job cuts were announced at the United Lincolnshire Hospitals NHS Trust, on top of 300 cuts last year. Yesterday, 500 job cuts were announced by the East and North Hertfordshire NHS Trust, with the equivalent of two to three ward closures planned. Yesterday also saw the loss of 500 jobs at Southampton University Hospitals NHS Trust. The local union leader Karen Jennings said:

"Thousands of staff have been taken out of the NHS in the last year, which will lead to permanent reduction of services...Patient care is now being put at risk by trusts desperate to balance the books."

This week, I received a letter from the chairman of the Windsor, Ascot and Maidenhead patient and public involvement in health primary care forum. She has written to the Health Secretary saying:

"We are concerned that, because of the many changes introduced over the last four years, tax-payers' money is being spent on administrative changes, form-filling and box-ticking exercises instead of being used on the clinical needs of the patients."

And this, according to the Health Secretary, is the "best year ever" for the NHS. Can we have a debate on the NHS before the recess?

Recently, I have been getting complaints from constituents about train fare increases by First Great Western. As one put it,

"the annual increase is over 5 times the rate of inflation...how do they explain such a dramatic increase in prices twice in a year?"

And that comes at a time when the service is being cut. Today, we read that after a secret deal with the Government, fares on the Thameslink-Great Northern franchise—also run by First—are increasing dramatically. A spokesman for the Department said:

"We accepted that this was a good commercial solution to the problem of overcrowding."

So the Government are doing just what British Rail used to do—raising the fares if trains get busy, and pricing people off the trains and into their cars. But the Government's policy is to get people out of their cars and on to the trains. It is not even a different Department that is involved; it is within the same Department. Can we please have a debate on train services and fares?

Yesterday's judgment on control orders raised yet another problem in the operation of the Human Rights Act 1998. This morning, the Chairman of the Home Affairs Committee said:

"There is a constitutional crisis emerging here".

[Mrs. May]

We have made our views clear. Ministers have hinted at reviewing the Human Rights Act. When will the Home Secretary come to the House to make a statement on the future of the Human Rights Act?

Debates before the facts are available, Departments contradicting their own policy, Ministers having to rewrite their own legislation, Ministers out of touch—are not those yet more signs of a Government in paralysis? Did not the right hon. Member for Norwich, South (Mr. Clarke) explain all that earlier this week when he said:

"I do think there is a sense of Tony having lost his sense of purpose and direction."

Is it not the case, however, that the whole Government have lost their sense of purpose and direction, and that time is running out not just for the Prime Minister, but for this Government?

Mr. Straw: I am sorry to disappoint the right hon. Lady, but as a matter of arithmetic, this Government have a couple of weeks less than four years to run. Let me just run through her points.

The right hon. Lady's first point was about a debate on a Government motion. There has been no conspiracy, but I will ask my right hon. Friend the Secretary of State for Culture, Media and Sport to ask the BBC whether its results can be made available earlier. In the case of quoted companies it is important for the times at which results are announced to be kept to exactly, but as the BBC is a public corporation with no share price to worry about, I see no particular reason why the information should not be available to the House in advance. I will do my best.

The right hon. Lady's second point concerned the debate on armed forces personnel. First, there are, quite properly, five debates a year on different aspects of the armed forces. Secondly, a problem for the Chamber, with which we all have to deal, is the intensive activity of Select Committees, which means that their members are often abroad. I do not honestly think it is possible to programme debates to take account at all times of whether Select Committee members are abroad. I experienced the same problem with foreign affairs debates. I should have preferred members of the Foreign Affairs Committee to be present for those debates, but sometimes it simply was not possible.

Let me say parenthetically that we shall have to do something about the fact that Select Committees are increasingly meeting exclusively on Tuesdays or Wednesdays. That is affecting attendance in the Chamber, and putting disproportionate pressure on the facilities of the House. I hope that the Chairman of the Liaison Committee will be prepared to talk to me about it.

As for job cuts in the national health service, the right hon. Lady knows that, in a context in which spending on the health service has more than doubled, there are some temporary difficulties in the management of budgets. I wish that she and her colleagues would stop scaring patients in their constituencies, and implying that a golden age existed when the Conservatives were in power. She knows that to be completely untrue.

The right hon. Lady mentioned the Windsor, Ascot and Maidenhead health forum. That is fine, but why did she not mention that in her area, which is covered as a whole by Thames Valley strategic health authority, there has been an increase of 2,700—22 per cent.—in the number of nurses and a 40 per cent. increase in the number of doctors? There is no way in which marginal, temporary reductions in the overall level of spending will take away from patients in the right hon. Lady's area, and in every other area in the country, that dramatic increase in the number of doctors and nurses, and the huge increase in levels of health care for the right hon. Lady's constituents.

The right hon. Lady went on to talk about rail fares. Although her comments were rather opaque, I understood her to be complaining, root and branch, about the consequences of rail privatisation. I know that she was not in the House when the Railways Act 1993 was passed, but I gather that she would have supported railway privatisation. *[Interruption.]* I can read too, and what the right hon. Lady's newspaper says is wrong.

It is true that in the case of one or two privatisations we may not have got things entirely right, but we were absolutely right when it came to the method of railway privatisation. The fares have been changed as a result of decisions by the train operating companies, which the right hon. Lady and her colleagues set up under the rail privatisation deal. Let her explain that to her constituents, along with the fact that since 2001 we have more than doubled spending on the railways.

The right hon. Lady's last point concerned the Human Rights Act and the decision on control orders. I do not intend to comment on that, as it will go before the Court of Appeal shortly. All I will say is that I think that the right hon. and learned Member for Rushcliffe (Mr. Clarke), a former Chancellor of the Exchequer who now chairs the Conservatives' democracy group, was probably correct in describing the Leader of the Opposition's proposals in respect of the Human Rights Act as "xenophobic" and wrong-headed. *[Interruption.]* What is the Government's view? We have set it out.

Vernon Bogdanor was even more correct to say that, as the Leader of the Opposition's former tutor, he would have sent his most recent speech back to him had it been an essay, and asked him to rewrite it.

Mr. Jim McGovern (Dundee, West) (Lab): If the current World cup competition has confirmed anything for us, it is that the position of the ticket tout is stronger than ever. Ticket touting robs many people, especially people from poorer backgrounds, of the opportunity to experience live music and sporting events and to witness their heroes in action. Could we have a debate to formulate a strategy with a view to eradicating ticket touting completely, whether it takes place via the internet or people skulking around theatres and football grounds?

Mr. Straw: We would all like to see greater action on that issue. There are clear offences on the statute book, but the difficulty is getting them enforced properly, not only here, but across the world. I share my hon. Friend's great concern about ticket touts.

Mr. David Heath (Somerton and Frome) (LD): May I congratulate the Leader of the House on the signal distinction of being the answer to 10-across in the crossword in *The Daily Telegraph* yesterday? The clue however was

"Foreign Secretary no longer clutches at it",

which may be a description of his performance.

I thank the Leader of the House for his response on the BBC debate and I hope that that is a successful initiative. I ask him again for a debate on the national health service, although not in the expectation of hearing a long list of the extra investment, because we acknowledge that. If I acknowledge that, I hope that he will acknowledge that many parts of the country are seeing the closure of community health facilities, such as cottage hospitals and maternity units. The great concern is that those closures are taking place on the basis not of strategic planning, but of short-term financial expediency. A debate could discover whether the Government intend to have a quasi-market approach to provision, which would greatly disadvantage many parts of the country—not least rural areas such as my own—or a planned national health service, providing facilities for all of our constituents.

May we have a debate on the ombudsman? The Leader of the House will be aware of the battle over the refusal of the Department for Work and Pensions to accept the ombudsman's verdict on the payment of compensation to those who have lost their pensions. He will also be aware of the memorandum sent by Ann Abraham yesterday to the Public Administration Committee, which accused the Government of failing to address the basis on which she found that maladministration had occurred, making selective use of the evidence in her report and providing an unbalanced view of the role of Government. She said:

"I am concerned that the government's response to my report, together with what appears to me to be an emerging attitude amongst government officials and ministers in relation to my findings of maladministration, has serious implications for the constitutional position of my office."

That is a very serious matter, which requires debate.

Finally, what has happened to cross-cutting questions? I have asked this before and had no reply. We had a very good initiative of cross-cutting questions in Westminster Hall, which allowed hon. Members to ask questions on subjects that crossed several different departmental areas. Can that be reinstated? It would be easy to do so; because we would not need a range of Ministers when we could just have the cross-cutting Chancellor of the Exchequer to answer questions on everybody's behalf.

Mr. Straw: I am not good enough at crosswords to do the one in *The Daily Telegraph*, so I am grateful to learn that I was the answer to 10-across, which is much better than being the answer to 1-down. *[Laughter.]*

John Bercow (Buckingham) (Con): It wasn't that good!

Mr. Straw: It wasn't bad, either.

On the national health service, I am glad that the hon. Gentleman acknowledged that there have been improvements—and there is a long list of them—and I note that the hon. Member for North Southwark and Bermondsey (Simon Hughes) agrees. It would be good if the Liberal Democrats' recognition of the improvement in services in the NHS were accepted, even ungraciously, by members of the Conservative party. I do not accept that the short-term financial difficulties are a result of privatisation, as the hon. Member for Somerton and Frome (Mr. Heath) alleges: they are the result of trying to get a grip on total spending in the NHS in the context of substantial rises. I appreciate that there is great anxiety in areas where community hospitals are to close. My right hon. Friend the Health Secretary is very alive to that, and there are many opportunities—more than there used to be—to raise such matters on the Floor of the House or in Westminster Hall. Moreover, let us not forget that we recently had a full day's debate on the health service.

The ombudsman issue was raised in a debate of only two days ago on pensions. We do not accept what the ombudsman says about her constitutional position; we are acting with full respect for it. We have committed more than £2 billion to the financial assistance scheme to help those closest to retirement who have been worst affected, to cover the lifetime of the scheme.

On cross-cutting questions, I just say that I am happy to look at that again, and to consult the Chairmen of the Modernisation and the Procedure Committees.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will my right hon. Friend provide time for an urgent debate on the increasingly dangerous situation in the middle east, following the deplorable and despicable kidnapping of the Israeli corporal, Gilad Shalit, and the massive, and so far futile, Israeli response, which has, among other things, wiped out a power station, and which the Government have condemned? In view of the fact that the situation could reach a point of serious explosion, can we find time for a debate in which the Government can say what they are doing to put the road map back on course?

Mr. Straw: I understand the very serious concerns on this matter of my right hon. Friend and many other Members on both sides of the House. As I said at business questions last week, I hope—I continue to work on this—that it will be possible to find a slot for a foreign affairs debate before the summer recess.

Mike Penning (Hemel Hempstead) (Con): If the Leader of the House is lucky enough to come to Hemel Hempstead, he will see that there is a fantastic general and acute hospital, which I freely admit has received a great deal of investment in the last few years; it has a new cardiac unit, stroke unit and maternity birthing unit, and there has been a great deal of expenditure on new staff and facilities. Sadly however, that is now all wasted because the hospital is going to be knocked down as a consequence of Hertfordshire's deficit problem. Can we have a debate in which the Secretary of State for Health is brought before the House to explain to my constituents why this is the worst year ever for the health service in Hemel Hempstead?

Mr. Straw: I have always enjoyed my visits to Hemel Hempstead. The other day, I drove through the town that the hon. Gentleman represents and reflected on what a nice place it is. It used to be Labour, too, so it was even better in those days.

[Mr. Straw]

I understand the hon. Gentleman's concerns, but in respect of the area he represents, I just say that Bedfordshire and Hertfordshire strategic health authority has had an increase of 2,500—30 per cent.-plus—in nurses and a 30 per cent. increase in doctors. Comparing the situation today with that of 10 years ago—as the hon. Gentleman seeks to do—it is the case that, despite the difficulties, health care is significantly better than it was.

Mr. Chris Mullin (Sunderland, South) (Lab): Does my right hon. Friend agree that the 76-day summer recess brings this place and us into discredit with our constituents and that, as a matter of principle, it is not acceptable in a democracy to give a Government an almost three-month holiday from scrutiny? Does he recall that when our friend, the late Robin Cook, announced reforms to the parliamentary calendar, he promised that there would be September sittings? Indeed, they were introduced for a year, but the following year we were given the excuse that the security screen needed to be set up, and they disappeared. What is the excuse this year for not sitting in September, and does my right hon. Friend have any plans to do something about that?

Mr. Straw: When I inquired into the matter, the excuse that was given was that it was too late to do anything because the maintenance had already been planned for this year—that may or may not be correct. Personally, I am in favour of September sittings—which puts me in a minority among some colleagues, so it is a risky career move—but we are too late to do anything for this year; that is understood. However, it is my hope that there will be a vote of all Members early next Session on whether the House wishes there to be September sittings.

If we continue not to have September sittings, we will have to increase the number of sitting days in the rest of the year, because the deal that the late Robin Cook agreed with the House was that we would get half terms in return for sitting in September. However, folk are getting half terms and not sitting in September, which is certainly unacceptable to our constituents and active Members of this House.

Sir Nicholas Winterton (Macclesfield) (Con) *rose—*

Hon. Members: Hear, hear!

Sir Nicholas Winterton: I have not said a word. May I thank the Leader of the House for introducing debates on a substantive Government motion on important issues? We have had a debate on pensions, and we are about to have a debate on the BBC, both of which are very important subjects. Will he continue with this experimental initiative, but perhaps have a feed-in to the subject that will be available for debate on a substantive motion from Back Benchers as well as the usual channels, so that the House can be more involved in business, and issues of current importance can be debated at the initiative of Back-Bench Members?

Mr. Straw: I am grateful to the hon. Gentleman for that approbation, and, indeed, I am seeking to ensure that there are more debates on motions that can be voted on. In respect of the one on Tuesday, both sides agreed. In my judgment, the quality of debate is in general higher if there are motions that Members can vote in favour of or against. That is what this Chamber is for, so I hope that we can continue doing that.

On the issue of substantive motions at reasonable times of the parliamentary week balloted for by Back Benchers, the hon. Gentleman knows that we are considering that in the context of Modernisation Committee reports. That was available to Members until 1994; it was abolished as what was in my view an inadvertent consequence of the implementation of some of the Jopling recommendations. I think that it worked well, but I obviously must get others to agree.

Mr. Neil Gerrard (Walthamstow) (Lab): My right hon. Friend will know that in just a few minutes' time the report will be published of the public inquiry into the death of my constituent, Zahid Mubarak, in Feltham young offenders institution, and that that report is likely to have major implications for the Prison Service—it might be as serious for the Prison Service as the report of the Lawrence inquiry was for the police service. In that context, I must say that I am surprised that there is no statement today to the House on this matter from a Home Office Minister, and that it is being dealt with by a written statement. When my right hon. Friend takes a look at that report, I hope that he will agree that it is of sufficient importance that it ought to be debated and that Members ought to be able to question Ministers on its recommendations and on their intentions of implementing them.

Mr. Straw: I hope that I have the approval of the whole House in expressing our deep sorrow to the family of Mr. Mubarak, who was murdered in his cell some years ago, for his death and all the anxiety that they have suffered since then as the inquiries have ground through. A preliminary response by the Government is to be issued today by my right hon. Friend the Home Secretary.

I agree with my hon. Friend the Member for Walthamstow that the recommendations will have to be the subject of debate in this Chamber or Westminster Hall. I cannot promise a debate in this Chamber before the summer recess, although it may be possible for there to be one in Westminster Hall. But in any event, those recommendations will have to be followed through.

Dr. Andrew Murrison (Westbury) (Con): Will the Leader of the House provide for a debate in Government time on the iniquities of the Extradition Act 2003, which stands to allow the extradition of the so-called "NatWest three"? Would he also observe that at present the United States can apply for the extradition of UK citizens without prima facie evidence, and yet a reciprocal arrangement with the US, whereby the UK can apply for the extradition of US citizens, does not yet exist?

Mr. Straw: I am not going to comment on that case, Mr. Speaker, if you will excuse me. I do not, however, believe that the Extradition Act is iniquitous; it is sensible and proportionate in dealing with a situation in which much greater movement of people occurs than ever did when previous such Acts were introduced.

Kali Mountford (Colne Valley) (Lab): It was clear during Tuesday's excellent pensions debate that we are moving toward consensus in the House, but it was also clear that there is some way to go on certain issues. Will my right hon. Friend look at dividing up that debate so that we can examine specific issues, and particularly how pensions affect women? Given their broken work record and the caring responsibilities that they have to take on, if we can get the pensions issue right for them, all the other people with broken work records will also be helped.

Mr. Straw: Yes, I will do that. All of us are aware of the real concern that women have about a broken work record affecting their pension entitlement.

Mark Hunter (Cheadle) (LD):Can the Leader of the House find time for a debate on audiology services in the NHS? Literally thousands of my constituents—and, I am sure, those of many other Members—are waiting up to two years for an appointment for a hearing aid. I hope that the right hon. Gentleman agrees that that is totally unacceptable and merits this House's further attention.

Mr. Straw: I certainly acknowledge that some audiology waiting list times are unacceptable, and I will follow the matter up with my right hon. Friend the Secretary of State for Health.

Richard Burden (Birmingham, Northfield) (Lab): I welcome my right hon. Friend's efforts to find time for a debate on the Israel-Palestine issue, for which, as he knows, Members in all parts of the House have been pushing for some weeks. The situation is becoming urgent, particularly this week, when we should perhaps be celebrating the opportunity for Hamas and Fatah to reach an agreement on a two-state solution. Instead, we are dealing with the appalling kidnapping of a soldier, which my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) mentioned, and the appalling abduction of 20 Palestinian parliamentarians and seven Cabinet Ministers overnight. May I ask my right hon. Friend to make all possible efforts to have that debate at the earliest opportunity, and, if possible, to arrange a statement by the Foreign Secretary?

Mr. Straw: As I said, I fully understand the deep concern felt about this issue, and I am doing my best to ensure that a foreign policy debate covering the middle east takes place before the recess.

Mr. Bernard Jenkin (North Essex) (Con): May I echo the call of my right hon. Friend the Member for Maidenhead (Mrs. May) for fuller discussion in this House of the operation of the Human Rights Act 1998? I put it to the Leader of the House that the Prime Minister might be rather disappointed with today's business announcement, given that yesterday he said the following about my right hon. Friend the Leader of the Opposition:

> "He finally announced a domestic policy—his own Bill of Rights...Come on....I am happy to debate the right hon. Gentleman's policies".—[*Official Report*, 28 June 2006; Vol. 448, c. 254.]

When is the Prime Minister, or indeed the Leader of the House, going to provide time for a debate, which we earnestly want, on that Act—or is he too terrified about the mess that it is in?

Mr. Straw: We are providing the time: the 18th allotted day for the Opposition is in just 10 days' time. The hon. Gentleman is a man of very great influence in his party—let us have a debate, in Opposition time, on the Human Rights Act.

Mr. Speaker: I call Mr. John MacDougall.

Mr. John MacDougall (Glenrothes) (Lab): I am sorry, Mr. Speaker, but the last question—about the possibility of a debate on the Human Rights Act and its merits, or otherwise—was the one that I was going to ask. However, I also think it important to consider some of the claims that have been made publicly about a Bill of Rights without further consideration having been given to the wider legislative framework within which such a Bill would have to operate.

Mr. Straw: I am glad to know that my hon. Friend is supporting Opposition Members—some Opposition Members—in putting pressure on their Front Benchers to use their Opposition time sensibly. I have to say that they have squandered some Opposition days on the most eccentric subjects—

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Such as what? Give us some examples.

Mr. Straw: Such subjects certainly would not—and did not when we were in opposition— rank in my order of suitable subjects for debate on Supply days.

Michael Gove (Surrey Heath) (Con): As we approach the anniversary of 7/7, may we have a debate in Government time on a subject that I know is dear to the heart of the Leader of the House—how we can build a secure and tolerant multi-ethnic society? The need for a review of Government policy is urgent. The right hon. Gentleman may be aware that a recent freedom of information inquiry, which was passed to me, reveals that the Government have given a grant of £150,000 to the Muslim Council of Britain. He may not be aware, however, that its new chairman, Dr. Muhammed Abdul Bari, recently invited to Britain a Saudi cleric who called Jews "pigs and monkeys", and who also said that Hindus were idol worshippers to whom it would be wrong to talk sweetly. Dr. Bari was also involved in inviting a Bangladeshi cleric who has called for American troops to return from Iraq in coffins if they do not convert to Islam. May we have an opportunity to examine where Ministers have gone wrong in tackling extremism?

Mr. Straw: I of course wholly deplore the remarks attributed to those two clerics, as does the whole House. That said, I defend the Government's decision to provide some modest financial aid to the Muslim Council of Britain. I, as Home Secretary, was the Minister who first did that, and I accept my responsibility in that regard. It is a sensible organisation that faces its own difficulties in trying to hold together a very diverse community that is itself under pressure. As for a debate on communities, there will be a debate on aspects of that issue. A debate is coming up—I am not being disingenuous in pointing this out—on the Intelligence and Security Committee's annual report, which covers aspects of 7/7. That is an opportunity to raise some but not all of the matters that the hon. Gentleman referred to.

Jeremy Corbyn (Islington, North) (Lab): The Leader of the House will have heard yesterday's exchanges at Prime Minister's Question Time on Trident and its possible replacement, and on the legality of replacement within the terms of the non-proliferation treaty. Is the Leader of the House in a position to tell us when the relevant Select Committee reports will be available, and when the Government will make a statement on the cost and legality of replacing Trident, and on their strategy for fulfilling our obligations under the non-proliferation treaty? When, moreover, will there be a vote in this House, on a clear substantive motion, on whether we are to continue down the nuclear armament road?

Dr. Julian Lewis (New Forest, East) (Con): That will be on an Opposition day.

Mr. Straw: The hon. Gentleman says from a sedentary position that such a debate will be on an Opposition day. No, it will not; it will be on a Government motion. I must point out to my hon. Friend the Member for Islington, North (Jeremy Corbyn) that there is no issue of legality. I am happy to give him a seminar outside this Chamber—or inside it—on our obligations under the non-proliferation treaty, but of the five nuclear weapon states that are under that treaty, we are the one that has made the most progress in meeting our obligations. We have reduced our nuclear warhead systems from three to one. I led for the British Government at last May's revision conference, which sought to get an international consensus in order to make further progress. However, we were thwarted by other member states.

There will be a debate on this issue. As I told the House last week, I cannot anticipate at this stage the most appropriate form for that debate, but it will be one that shows proper respect for the House. My hon. Friend will excuse me if I remind him that he, as well as I, stood on Labour's manifesto at the last election, which said:

"We are...committed to retaining the independent nuclear deterrent".

Mr. Charles Walker (Broxbourne) (Con): Given the unsustainability of the imbalance of representation between England and Scotland and the worrying democratic deficit that that creates, may we have an urgent debate on the future shape of the constitutional settlement currently in place between these two great countries?

Mr. Straw: We have had plenty of debates on that issue. I shall just say two things to the hon. Gentleman. First, he and his party—which, as I reminded the House last week, was once called the Conservative and Unionist party—need to be extremely careful in pursuing the populist but wrong-headed line of suggesting that there is a contradiction between devolution to Scotland and the integrity of the Union. The second point that he needs to be aware of is that English MPs, of whom I am one, have overwhelming power over the Scottish Parliament in respect of one thing that is fundamental to all its operations: the allocation of money to it.

Ms Diana R. Johnson (Kingston upon Hull, North) (Lab): May I follow on from the comments of my hon. Friend the Member for Colne Valley (Kali Mountford) and ask for a debate in Government time on carers and the White Paper's good recommendations on pensions? Carers were rather sidelined during this week's pensions debate, and in fact we have a good strong message for carers.

Mr. Straw: I certainly understand my hon. Friend's concerns, and I hope that there might be an opportunity to pursue this matter before the recess in Westminster Hall or in an Adjournment debate, and after the recess, on the Floor of the House.

Pete Wishart (Perth and North Perthshire) (SNP): I am sure that the Leader of the House will want to join me in condemning the sickening hate mail received by Scottish tennis ace Andy Murray simply because he favours one football team over another. Do we not need a statement to remind fans, the media, commentators and pundits that football is just a game? Good-natured rivalry is what makes it so special around the world, so should we not make an appeal to stop all the cajoling and browbeating about who should support whom?

Mr. Straw: Everyone needs a sense of proportion about football. Bill Shankly famously said that some people believed that football was a matter of life and death, but that in fact it was much more important than that.

Kate Hoey (Vauxhall) (Lab): Will the Leader of the House arrange for a debate so that we might get cross-party support to try to change the ridiculously undemocratic system of Orders in Council? This is an urgent matter. Yesterday afternoon, the whole of the Northern Ireland education system was changed radically—and in my view, detrimentally—by the vote of a Committee. No amendments were allowed, and no costings were brought forward. That is outrageous. The Order in Council procedure will apply until the Assembly returns, and it must be changed.

Mr. Straw: I shall certainly pursue those concerns with my right hon. Friend the Secretary of State for Northern Ireland, but at the end of her question my hon. Friend acknowledged that the fundamental problem is that the Assembly has been suspended. If it had not been, the matter to which she refers would be one for the democratic representatives in Northern Ireland.

Mr. Greg Hands (Hammersmith and Fulham) (Con): May we have an urgent and early debate on our country's chaotic immigration system? Yesterday, the Minister for Local Government, who has responsibility for community cohesion, said that of course we needed to debate it, and two examples from my constituency prove that. In the first, a person who has applied for indefinite leave to remain received a letter from the Home Office saying that his name appeared on the UN list of individuals belonging to or associated with the al-Qaeda organisation, but then apologised for "any delay or anxiety" caused by consideration of his application. My other constituent works for the European Bank for Research and Development, and is

one of thousands of other Bulgarian nationals here on business visas who have been asked to produce 16 sets of additional documents within 28 days in order to prolong their stay. Surely our priorities are wrong if we are apologising to alleged al-Qaeda members yet harassing people with rare skills who are doing important jobs in this country in sectors such as international development?

Mr. Straw: I cannot comment on those individual cases, save to say that Bulgaria is one of those countries whose nationals need work permits in Britain. I am sure that the hon. Gentleman and other Opposition Members would be the first to complain if we did not conduct proper checks of people seeking work permits.

Mr. Lindsay Hoyle (Chorley) (Lab): Has my right hon. Friend seen early-day motion 2456, in my name?

[That this House notes with concern that representatives of Overseas Territories based in the UK are not invited to lay a wreath at the Cenotaph in London on Remembrance Sunday; recognises the huge contribution made by Overseas Territories to supporting the UK military both during war time and during peace time and the number of lives lost whilst serving on behalf of British forces; pays tribute to the residents of the UK's Overseas Territories for their loyalty to the British Crown; and calls upon the Government to allow one representative from an overseas territory to lay a wreath on behalf of all the Overseas Territories at the Cenotaph on Remembrance Sunday.]

It is supported by hon. Members of all parties, and deals with the recognition of overseas territories. It proposes allowing representatives from those territories to place wreaths at the Cenotaph, whereas at present, that is done on their behalf by a Minister. It is absurd that London representatives of those territories are not allowed to recognise their war dead. Those representatives, in rotation, should be allowed to place wreaths at the Cenotaph themselves.

Mr. Straw: I commend my hon. Friend on raising this important issue. I shall pass on his concerns to my right hon. Friend the Foreign Secretary, and to the Lord Chancellor, who is responsible for the Cenotaph ceremony.

John Bercow: Can we have a statement next week from the Home Secretary about his intended treatment of Rwandan genocide suspects? A number of such individuals currently reside in the UK, and at least one has been granted indefinite leave to remain. A statement by the Home Secretary would enable him to make it clear to the House whether he intends to deal with such people by extradition or by domestic prosecution. In particular, he would be able to underline the important point that asylum should be granted to people fleeing persecution, and not to those seeking to evade responsibility for their suspected persecution of others.

Mr. Straw: I do not think that a statement is necessary. I cannot comment on the cases to which the hon. Gentleman refers, as I do not have the facts. However, the fact that people have been granted asylum is not a bar to their being extradited. Article 1F of the 1951 refugee convention provides that asylum status can be withdrawn if there is evidence that the person involved has committed a serious crime—which, plainly, genocide is.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I draw my right hon. Friend's attention to early-day motion 2447.

[That this House calls for a Government-led detailed inquiry into the pricing policies of the private utility companies to ensure that the consumer can make informed decisions on the provider and that the process for changing provider is simplified, which should create a truly transparent and competitive market.]

The motion has cross-party support, and I hope that my right hon. Friend will draw it to the attention of his Cabinet colleagues. Does he agree that it is wrong that energy companies are allowed to make significant price increases that have a devastating effect on all our communities?

Mr. Straw: I agree that prices for energy and other utilities have risen very significantly. I understand my hon. Friend's concerns, and I shall certainly raise them with my right hon. Friend the Secretary of State for Trade and Industry.

Mr. Andrew Mackay (Bracknell) (Con): I commend the Leader of the House for adding, in a speech outside the House, to the debate on party political funding and on the democratic deficit illustrated by very low election turnouts. Does he agree that there needs to be a debate in the House on the matter quite soon? That would enable those of us with doubts about parts of his policy to cross-examine him about them. I am referring to the fact that trade unions are excluded from funding restrictions, yet the restrictions apply to political parties outside election times. That policy seems to benefit the Government, whichever party is power.

Mr. Straw: Of course there should be a debate on party funding. Whether it will be held before we get the report from Sir Hayden Phillips is a matter for consideration, but I accept the point that the right hon. Gentleman makes. Meanwhile, I invite him to read the chapter on donations in the Neill committee report published in 1998.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): May I offer an additional reason for a debate on the middle east? Other hon. Members have mentioned the high-profile issues, but every day the Israeli Government continue to annexe Palestinian land and expel Palestinians from Jerusalem. Effectively, Israel is closing off the possibility of a two-state solution in the area.

Mr. Straw: I am aware of my hon. Friend's concern and great knowledge of these matters. As I have said to other hon. Members today, I understand that concern and want there to be a debate, and I am doing my best to ensure that there will be one.

Mr. Desmond Swayne (New Forest, West) (Con): I ask the Leader of the House, for the third time in six weeks, when he will put on the Order Paper a motion to allow the European Scrutiny Committee to meet in public. Last time he said:

"we must not embarrass ourselves by setting up systems that subsequently fall into disrepute".—[*Official Report*, 8 June 2006; Vol. 447, c. 414.]

There is nothing more embarrassing than the idea of that critically important Committee meeting in secret. Nothing would do it more good than the fresh air of public scrutiny.

Mr. Straw: That is one point of view.

Mr. Philip Hollobone (Kettering) (Con): It is a good one.

Mr. Straw: Well, that depends. The other point of view has to do with the Committee's effectiveness in scrutinising documents that have otherwise not yet been made public.

John Bercow: Yours suffers from the disadvantage of being wrong.

Mr. Straw: The hon. Gentleman says that I suffer from the disadvantage of being wrong—but that is often the case. However, I do not think that I am wrong on this occasion.

Emissions Trading Scheme

12.18 pm

The Secretary of State for Environment, Food and Rural Affairs (David Miliband): With permission, Mr Speaker, I should like to make an announcement about the Government's proposals for the second phase of the EU emissions trading scheme. Today, we are announcing the level of our cap. In due course, we will be presenting to the Commission our full and formal national allocation plan.

The case for tackling climate change, and the human contribution to it, is overwhelming. The scientific consensus is wide and deep, and the political consensus is widening and deepening. The need for international and domestic action, across all aspects of economic and social life, is very strong.

In the UK, we can take pride in the fact that we are projected to cut our emissions of greenhouses gases by 23 to 25 per cent. from 1990 levels over the Kyoto commitment period—nearly double the Kyoto targets. However, UK emissions of carbon dioxide are rising. We remain on track to meet our Kyoto targets, but on current trends, we will fall short of our national goal of a 20 per cent. reduction in CO_2 emissions by 2010. Our challenge is to take action now to avoid the environmental and the economic and social costs of inaction.

The EU emissions trading scheme is the cornerstone of a Europe-wide drive to reduce emissions from highly energy-intensive sectors. It currently covers about 11,000 installations across Europe, and companies in the scheme in the UK account for some 45 per cent. of UK carbon dioxide emissions. The ETS gives a clear incentive to industry to invest in low-carbon technologies of the future, but achieves carbon reductions at lowest possible cost.

We are in the second year of the first phase of the scheme. The results from year one have provided a first opportunity to judge allocation against emissions, and most member states' caps for phase 1 do not provide the scarcity that the scheme demands. The UK cap was 245 million tonnes, and our system has worked well. The Government imposed the shortfall in allowances on the electricity supply industry, and all other sectors were allocated according to need. As intended, all but the electricity supply sector are living within their allocations.

The Commission has used the information from the first phase to assess what member states' caps should be for phase 2, and has set out indicative figures that require substantial cuts from member states. Phase 1 has been, and is, in many ways a trial period. Phase 2 coincides with the first Kyoto period—2008 to 2012—and states that do not take the measures necessary within that period to reach their Kyoto targets will either have to purchase Kyoto allowances and credits from other states or face penalties for missing targets.

In March, in our consultation on the draft national allocation plan, we set out a range of UK reductions of emissions during phase 2, from 3 million tonnes of carbon to 8 million tonnes. At the time of consultation, that was equivalent to a cap of 234 to 252 million

allowances a year, which, for the sake of clarity, I should explain represents 234 to 252 million tonnes of carbon dioxide.

I have to report to the House that there have been important changes since we published the draft national allocation plan. Our projections for emissions in 2010 have risen by 3 million tonnes of carbon for the UK as a whole—significantly, because of changes in household numbers—and by 1.1 million tonnes of carbon for the installations covered by the EU emissions trading scheme.

In those circumstances, we believe it is essential to make the maximum effort consistent with the range on which we consulted. In other words, that means reductions of 8 million tonnes of carbon per year below business as usual, which is equivalent to a reduction of 29.3 million tonnes of carbon dioxide. It may help the House if I say that that is roughly equivalent to the carbon emissions of 4.5 million households. This is now, since the change in projections, equivalent to an annual total allocation of 238 million allowances to UK installations covered by the scheme in phase 1. The figures may change slightly to reflect the expansion of the scheme and removal of the installations that emit the smallest amounts of CO_2.

We looked carefully at the possible effects on business and consumers before making our final decision. Our intention is that for industrial sectors, including those most open to international competition, allocations should continue to be on the basis of need. In respect of electricity supply, however, the sector is mainly insulated from domestic competition, and is domestically liberalised. That sector's allowances could therefore be set lower and be subject to auctioning.

Phase 2 of the EU ETS allows for a maximum level of auctioning of allowances of 10 per cent. We propose to set the level of auctioning in the UK at 7 per cent. Obviously, the final amount raised by the auction cannot be determined in advance—it depends on the price of carbon—but it will be substantial.

We will build on the trading scheme agreement and go further. We believe there is a major opportunity for the UK not just to invest in renewable energy, other non-nuclear, low-carbon technologies, and energy efficiency, but to build successful businesses in these fields. We will establish a new environmental transformation fund, held jointly by the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry, administered by my right hon. Friend the Secretary of State for Trade and Industry and myself, to grasp this opportunity. Final details of the scale and scope of the fund will be announced in the spending review for implementation, as in the ETS, in 2008.

The EU emissions trading scheme is also linked to a global carbon market and has been a major driver in its development. Project credits, which are credits generated in developing countries through the clean development mechanism, or in other developed countries by joint implementation projects, may be used to help meet the caps set for operators. The use of these credits provides a further driver for sustainable energy projects in the developing world and for technology transfer. However, member states need to ensure a balance between domestic and international effort. UK companies are already at the forefront of this market, and we want that to continue.

In the UK we are providing for the use of these credits to meet up to 66 per cent.—two thirds—of the effort in phase 2. In effect, that means that 5.3 million tonnes of carbon—19.5 million tonnes of carbon dioxide—from clean development and joint implementation projects can be used, which is equivalent to 8 per cent. of the total cap. All installations in the UK may use project credits to meet emissions up to 8 per cent. of their allocation.

The EU emissions trading scheme has an impact on electricity prices via the cost of carbon allowances, and we have looked at that carefully. It is very important to realise that the cost is driven by the cumulative effect of all member states' decisions, not by the decision of any individual member state for the citizens of that country. Many factors drive electricity prices, including global fuel prices and the weather, but our estimate is that the impact of the proposal, relative to the phase 1 cap, will be a one-off rise in industrial energy prices in the region of 1 per cent., and approximately half that for domestic users.

Our decision to set the cap at the top end of the range of effort on which we consulted sends a clear message that the emissions trading scheme is here to stay; that the Government are committed to making it work, providing clear, progressive rewards for a shift to low-carbon technologies; and that the UK is determined to maintain its leadership role on this issue. Today's decision will set us on course to deliver a 16.2 per cent. reduction in emissions against 1990 levels by 2010. We said when we launched the climate change programme review in March that it was not the last word, and we will use further opportunities, including the energy review and the environmental transformation fund, to help us move progressively towards our 2010 target.

EU member states are required to use emissions trading as a means to deliver their Kyoto protocol commitments. The level of ambition that individual member states set for the reductions to be made by the sectors covered by the emissions trading scheme will be an important element in the price of carbon. Now that member states will need to show that they are meeting their Kyoto targets, and with the Commission having phase 1 emissions data, the UK expects to see more stringent caps enforced in phase 2. We will therefore encourage and support the European Commission in its efforts to ensure, tough caps, to provide greater long-term certainty and to help smooth the running of the system to avoid potential competitive distortions. I spoke to Commissioner Dimas, the Environment Commissioner, this morning to emphasise that point.

Phase 2 also forms an important element in the broader consideration of our long-term carbon policy framework. My right hon. Friend the Trade and Industry Secretary, who is in Geneva today as part of the World Trade Organisation negotiations, will next month be reporting the findings of the energy review in which the Government is reviewing the UK's progress against the medium and long-term Energy White Paper goals, including our 2050 carbon reduction goals, and the options for further steps to achieve them.

My right hon. Friend the Prime Minister has made it clear that climate change is a global problem that requires a global solution. This target for phase 2 will

[David Miliband]

support the development of a global carbon market, and we will therefore continue to work with our EU partners to ensure that negotiations for future commitments under the Kyoto protocol make clear and convincing progress. We will continue to work through the Gleneagles dialogue, launched during the UK presidency of the G8, to search for consensus on practical measures for tackling climate change. The case for taking action is overwhelming; the speed at which the world responds to that case will determine the effectiveness and positive economic impact of our response. Today's announcement takes another step towards our long-term objective of a 60 per cent. reduction in CO_2 emissions by 2050. I commend it to the House.

Mr. Peter Ainsworth (East Surrey) (Con): I thank the Secretary of State for his statement and for prior notice of what is undeniably its hideously complicated content. As he said, the case for tackling climate change is overwhelming. It is the biggest environmental threat that we face; indeed, I would go further and say that it may well be the biggest threat that we face in our generation of politicians. We strongly support the European emissions trading scheme, and we are concerned to ensure that it works as effectively as possible.

I recognise that the Government have a difficult job in balancing the interests of United Kingdom industry with the need to cut carbon emissions. That becomes even more difficult and complicated in the context of the European Union, where we need to ensure fair competition across all member states and a fair allocation system that is robust and does not distort competition, but which also reduces carbon emissions. Nobody said that any of this was easy. In that context, does the Secretary of State agree that the plans recently set out by Germany for a 0.6 per cent. cut under its national allocation plan are a matter for concern? Will he urge the EU Commission to make Germany raise its game?

We have argued for the UK to set ambitious targets and we have advocated the greater use of auctioning in the allocation process. In that context, the Secretary of State's announcement provides some evidence of welcome progress. We are pleased that the Government have opted for the target of cutting 8 million tonnes of carbon, which is at the higher end of the range that they set out earlier this year. However, I note that, since March, the base case projection for business as usual has been revised upward. Does not that suggest that the range of emission cuts should have been revised upward proportionately?

I welcome the announcement that 7 per cent. of the UK's national allocation plan will be auctioned. It is the way in which the allocations were made in phase 1—the horse trading and deals done behind closed doors—that has led to many of the problems that we have already seen in the working of the emissions trading scheme, and it explains some of the volatility in the market. Auctioning is a good thing, which we support, but has the Secretary of State given any thought to how the money raised from that process might be used? For example, it could be used to compensate the industrial sectors that are particularly exposed to international competitive pressure as a result of the emissions trading scheme.

Will the Secretary of State confirm that under the arrangements for phase 1, the UK power sector made windfall profits of in the region of £1 billion? What plans does he have to address that unacceptable situation in phase 2?

I take note of the plan to establish an environmental transformation fund to encourage UK investment in renewable energy technologies and energy efficiency—an area in which we are sadly lacking in progress and lagging behind our international competitors. We certainly need to encourage effective action on that front and we look forward to seeing the details, but how will the new fund relate to the work already undertaken by the Carbon Trust, the Energy Saving Trust and others? Would it not have been possible to use one of those existing bodies to undertake the functions that the Secretary of State envisages for the new fund?

Does the Secretary of State agree that setting five-year targets causes industry problems in failing to provide the long-term framework that they need to justify the long-term investment that they are being asked to make in carbon technology? Will he argue in favour of longer-term commitments in future?

Does the Secretary of State agree that there is a need for a clearer and more regular reporting system in respect of national progress towards meeting the targets for delivering carbon reduction, which would help to avoid the destabilising volatility that we have recently seen in the carbon market? What plans does he have to promote a more open, transparent and visible means of measuring progress? He made no mention of the plan to include aviation in phase 2 of the emissions trading scheme, so I would be grateful if he updated the House on that issue.

Overall, I congratulate the Secretary of State on winning some of the arguments that his Department has had with the Department of Trade and Industry. His announcement today represents a step in the right direction. I wish him well in the vital effort that needs to be brought to bear to ensure that realistic, robust and equitable allocations are made across the whole of the EU.

David Miliband: I wholly concur with the hon. Gentleman that this is a complicated area and I thank him for his congratulations. I wish him equal success in his doubtless robust discussions with the right hon. Member for Wokingham (Mr. Redwood), whose views on environmental policy are well known, and who I note is not in his place today. The hon. Member for East Surrey (Mr. Ainsworth) is looking confused. He may have forgotten that the right hon. Member for Wokingham is leading the Conservative party's review of trade and industry policy.

Let me respond to the questions. The hon. Gentleman made an allegation about Germany, but he must be careful—I think that his information came from the BBC website. He said that the German reduction was 0.6 per cent. That is wrong and it is important to correct it. The phase 1 cap in Germany was 499 million tonnes. The proposed second phase cap constitutes a reduction of 17 million tonnes and then a further reduction of 8 million tonnes arising

from emissions in 2005. The Commission then said that the German Government will have to get down to 462 million tonnes. The Germans have already committed to a 3 per cent. to 5 per cent. cut and the Commission has suggested going further. I caution the hon. Gentleman to be careful about the 0.6 per cent. figure. New industries are included, but that does not invalidate the work being done. None the less, what I said in my statement holds true, and we are encouraging the Commission to take a robust approach with every single member state.

The hon. Gentleman asked about auctioning, but I believe that he was a little confused. As I mentioned in my statement, the auctioning figure is 7 per cent. The hon. Gentleman rather churlishly said that it was some evidence of progress, but given that the maximum was 10 and that the current level is zero, 7 per cent. is a pretty good whack at making the auctioning system work.

The hon. Gentleman also asked where the benefits will go. As I said in my statement, I view the environmental transformation fund as critical for non-nuclear carbon technologies of a range of different kinds. He made a perfectly valid point about ensuring that it is properly integrated with the excellent work of the Carbon Trust and other organisations. As I said, we will set out the details in due course in the spending review and we will certainly ensure that there is proper integration.

The hon. Gentleman then asked about compensation for the most internationally exposed sectors. As I tried to explain, our approach to the whole ETS system is that we allocate to internationally competing sectors on a business as usual basis. It is precisely because of the insulation of the electricity supply sector from international competition and the liberalised nature of the market, which is intended to drive down prices, that we have said that the burden of carbon reduction should be borne by that sector rather than by the internationally competitive sector. The compensation issue does not therefore arise.

Annual reporting is another issue. As the hon. Gentleman knows, my predecessor made a commitment to start it next year and then carry it out annually, so I can confirm that point. He legitimately asked about aviation. I had thought that the issues were complicated enough without getting into that matter, but it is very much on the table and the Government are fully committed to including aviation in the scheme. The Commission has made it clear that it wants to come forward by the end of the year with proposals for how to include the aviation sector in the scheme. It certainly represents a good step forward.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that, although it is a hideously complex area, it must be translated for general public as very good news for the environment? For anyone deeply concerned about global warming, it is indeed good news. Does the Secretary of State agree that seeing evidence of the DTI and DEFRA working together is also good news? Many in the environmental field hope that it means that they will work well together in other difficult areas such as the waste electrical and electronic equipment directive. Will he assure me that all this will not mean a lack of competitive equality between countries like ours that are leading and other countries that are lagging behind?

David Miliband: I can reassure my hon. Friend on all three points. It is good news for the environment and also for the economy. The opportunities for business development in renewables and other low carbon technologies are significant. We must not forget the importance of our manufacturing sector, but we also have a growing environmental technology sector. At the last count, I think that it was worth about 400,000 jobs. I certainly concur with my hon. Friend about that. As for co-operation with the DTI, I can assure him that we fully recognise how vital it is and that the whole Government are committed to it. The energy review, as well as my statement, will provide further evidence of that close co-operation.

Chris Huhne (Eastleigh) (LD): I thank the Secretary of State for giving us prior notice of his statement. There is indeed a cross-party consensus on the principle of the emissions trading scheme, but it seems from today's statement that there is a danger that a good idea will be undermined by poor implementation—not just here, I hasten to add, but in other EU countries, too. Only one EU country, Germany, seems likely to meet the legal deadline for the submission of its national allocation plan. Why is it that here in Britain, where the Government affect to believe that climate change is the greatest issue facing mankind—I certainly believe that it is—we are unable to meet the deadline for our own national allocation plan?

By raising the UK projection of business as usual emissions in 2008 to 1.1 million tonnes of carbon covered by the emissions trading scheme, the Secretary of State is implicitly weakening our commitment to cuts in emissions. Does not that raise the serious question of whether a more objective baseline in the past would have been more sensible than the business-as-usual projections, which have the disadvantage from country to country of being based on far-out projections, which are subject to considerable doubt about the assumptions.

Should not there be a more transparent and open process of peer review for each member state, perhaps with a voting procedure for approval, to ensure that countries make equal sacrifices? Are the reductions that our businesses are being asked to make in line with those elsewhere in the European Union? Are the reductions by business as great or greater than those implied for households and individuals by our Kyoto targets? Fairness, not only between our businesses and other businesses but between our businesses and households, is also important. The Secretary of State said that he had spoken this morning to Commissioner Dimas. Did he receive assurances about those matters?

The statement is silent on the scope of phase 2 and I welcome the Secretary of State's reassurance to the hon. Member for East Surrey (Mr. Ainsworth) that the Government intend to continue to press for the inclusion of aviation. I should be grateful to hear the Secretary of State's view on the inclusion of surface transport, especially freight and fleet transport, in the emissions trading scheme.

[Chris Huhne]

We welcome the commitment to auctioning. However, why did the Secretary of State select 7 per cent. rather than 6 per cent., 8 per cent., 9 per cent. or 9.5 per cent. instead of the maximum 10 per cent., which is a modest figure? It is also notable that the entire auctioning element will fall on the electricity supply sector, as it is sheltered from trade, as the Secretary of State explained.

We all understand that there is uncertainty and I note the presence on the Front Bench of the Financial Secretary, representing the Treasury's interest. I suspect that the Government have made projections—it would be appropriate for the Secretary of State to share them with us. Where will the revenue from auctioning accrue? What is his view of, for example, the proposal from some quarters for a revenue-neutral scheme? Does he believe that that might make the proposal more palatable and less prone to distort competition?

I would be grateful to know whether the Secretary of State or any of his colleagues who are involved in the process have had discussions with representatives of the nuclear industry on the matter. Will the likely incentives from the projection of the burden of auctioning on the electricity supply industry be enough to persuade nuclear generators to build new nuclear without further douceurs from the public purse or electricity consumers through higher tariffs?

David Miliband: Only someone with three PhDs and a background in journalism could read the statement and believe that it represents a weakening of our environmental commitment, as the hon. Gentleman alleged. Let me try to cut through the rhetoric—or perhaps the latest phase in his leadership election campaign—

Chris Huhne: What about yours?

David Miliband: We have a very good leader and we are happy with the next one, who is on his way. We are in a much stronger position than the hon. Gentleman.

Mr. Deputy Speaker (Sir Michael Lord): Order. It would perhaps help if we could stick to the questions.

David Miliband: I am grateful for your help, Mr. Deputy Speaker, in keeping me on the straight and narrow.

The hon. Gentleman asked about assurances from Commissioner Dimas. I refer him to the commissioner's public statements in his *Financial Times* article and his speech to the European Parliament. He repeated those assurances today.

The hon. Gentleman asked about the figure of 7 per cent. and why it was not 8 per cent. or 6 per cent. I am terribly sorry that the hon. Member for Bexhill and Battle (Gregory Barker) finds the subject dull—that was a large yawn. The continuing debate about the extra 20 million tonnes that we wanted as the cap in the first phase weighed with us in making the decision about the figure. The hon. Member for Eastleigh (Chris Huhne) is right to say that, in the end, there is maths and there is judgment. However, the issue that I mentioned was a factor in not going for the full 10 per cent. and opting for 7 per cent.

The hon. Gentleman asked what proportion of electricity supply industry funds would be allocated. I do not have the precise figure but I shall write to him later today. He asked about projected revenue and suggested that there were secret Government projections. Nothing secret or governmental is necessary—there are plenty of public projections. They depend on the price of carbon. If there is €15 a tonne price of carbon, that is worth £150 million.

Chris Huhne: What are the assumptions?

David Miliband: There are no assumptions built in, but we know that the market assumptions are based on a carbon price of between €15 and €20. A price of €15 a tonne would raise approximately £150 million from a 7 per cent. auction.

The hon. Gentleman asked about the scale and scope of the fund. As I said in the statement, that will be made clear at the time of the spending review. He asked about the nuclear industry—I have not had discussions with it about the matter. His final point about douceurs will have to wait until I consult my dictionary.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I will endeavour to call as many hon. Members as possible, but could we now have brisk questions and answers?

Colin Challen (Morley and Rothwell) (Lab): I welcome my right hon. Friend's statement. It is a truism that anyone who tries to be a leader or go first will be the first to be criticised. That was the case for the United Kingdom in the first phase of the scheme. All the other nations in the EU that followed us last time escaped criticism. I am pleased that that fact has now been recognised.

Will my right hon. Friend hold discussions with electricity suppliers to mitigate the increases in phase 2 of 0.5 per cent. for domestic customers, given that the suppliers made windfall profits in phase 1? They should use them to mitigate the costs on consumers in the second phase.

David Miliband: I think that I am right in saying that the electricity suppliers took advantage of the fact that the industry is vertically integrated to cushion some of the impact on domestic consumers in phase 1. However, I hear what my hon. Friend says and I am sure that the electricity suppliers do, too.

Mr. Michael Jack (Fylde) (Con): I welcome the statement, but I am sure that the Secretary of State knows that, under the first phase of emissions trading, the clean development mechanism generated many projects that offered credits. That, together with some of the longer-term projections of falling energy prices over the second phase, calls into question the price of carbon and thus companies' ability to fund the necessary investment to reduce their emissions. What steps can be taken at a European level to try to safeguard the necessary flow of investment to achieve the carbon reductions that are essential if ETS 2 is to be successful?

David Miliband: The first and most urgent priority is to ensure that the signal is given to business that the ETS is here to stay and that it will be stable and long term. That is one of the reasons why I stressed the 2050 goal. Business wants a long-term path. When the corporate leaders group met the Prime Minister and me, it emphasised, perhaps above everything, that it wants to know about the long-term commitment from the Government and the rest of Europe. In the next few months, under the Finnish presidency, we shall work to ensure the commitment to the ETS and therefore to business.

Joan Ruddock (Lewisham, Deptford) (Lab): I congratulate my right hon. Friend on the key elements of the statement—the 8 million tonnes, the auction and the environmental transformation fund. They are essential to our climate change programme.

My right hon. Friend referred to the corporate leaders group on climate change, which will be delighted with the announcement. He has united keen environmentalists such as me and leading members of industry. Will he meet the group again to discuss its proposals for hydrogen storage and wave and tidal electricity generation technologies, which could make us a world leader? I believe—and I think that the group does—that they are essential for dealing with the problems that the electricity generating industry faces.

David Miliband: My hon. Friend has an incredibly distinguished record in this field and I am grateful for her kind comments. I can certainly confirm that we are working with the corporate leaders group to establish a work programme to further our discussions. Her point about non-mature industries, such as tidal, was important; when we talk about a level playing field for different forms of renewable energy we must recognise that some forms of renewable energy are more developed than others, and make sure that they all have every chance to develop to the full.

Sir Nicholas Winterton (Macclesfield) (Con): The Secretary of State talked about the corporate leaders group. Could he indicate more accurately how much input there was from industry and commerce in the decisions that the Government have taken? As he may know, I am deeply concerned about the position of the UK manufacturing industry, because we are competing with countries that are not in the least interested in carbon emissions—China and India, for instance, which are our major competitors. How much input was there from industry and how concern is there about the impact of the changes on manufacturing industry and its competitiveness?

David Miliband: I can strongly assure the hon. Gentleman that the consultation in which the Government have been engaged since March has had wide and deep industry involvement. I shall write to him with the exact number of responses that we have received. The hon. Gentleman made some important points about manufacturing; I certainly understand his point about the tough nature of the global competitive market in which manufacturers are working, but I hope that he is reassured by two things in my statement. First, I confirmed that the Government will continue to insulate internationally competitive sectors within the ETS from the burden of carbon reduction—although I emphasise that the extent to which they can reduce their energy use will save them a lot of money, especially at a time of high energy prices. The second aspect of my statement that is relevant to the hon. Gentleman's legitimate concern about the role of manufacturing industry is that our calculations show a 1 per cent. base case impact on electricity prices of the decision, over the existing cap. One can live on 1 per cent., so one must not dismiss it as being the same as nothing, but given that it is 1 per cent. over the five-year period and not an annual increase, I think that we have struck the right balance both to grow the economy and protect the environment.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): In my right hon. Friend's statement, he said that as we build on the emissions trading scheme we shall create opportunities in the UK for investment in low-carbon technologies. Is he aware that Mitsui Babcock is producing supercritical boilers that are being fitted in China but not in this country? Will he discuss with his hon. Friend the Minister for Energy, who is sitting beside him, what we might do to encourage British generators to invest in that new technology?

David Miliband: My hon. Friend makes a profoundly important point. I think that I am right in saying that there has been an 85 per cent. shift in the UK boiler market towards condensing boilers, which is obviously good for the environment, but I realise that his point was about their production. I shall certainly talk to my hon. Friend the Minister for Energy about that and one or both of us will write to him about what the Government are doing in that regard.

Peter Luff (Mid-Worcestershire) (Con): In the Sellar and Yeatman "1066 and All That" sense there is no doubt that the ETS is definitely "a Good Thing", but it operates over quite short time scales, so can the Secretary of State reassure me that he is talking to his colleagues in the Department of Trade and Industry about how Britain can provide longer time frames for the mechanisms whereby carbon allocations should be set, to enable investors in low-carbon generating techniques the confidence to take informed investment decisions?

David Miliband: Yes, I can, and the work of the Finnish presidency in finalising the European Council's long-term view about the role of the ETS will be vital.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate my right hon. Friend on his statement and welcome the announcement of the environmental transformation fund. I am optimistic that it will indeed catalyse greater investment in non-nuclear, low-carbon technologies, energy efficiency and renewable energy. On the basis of the Select Committee inquiry into biofuels, which looked at related areas in terms of investment incentives for business, it seems clear that my right hon. Friend may need to ensure that the Chancellor of the Exchequer in 2008—who may be a different person from now—opens his cheque book wider than he did for other incentive schemes. Does my right hon. Friend the Secretary of State recognise that generous incentives will be needed to get business to invest, for the reasons given by the hon. Member for Mid-Worcestershire (Peter Luff)?

David Miliband: My hon. Friend tempts me into the future of farming, which I spend part of my time addressing, because his point about biofuels is important to the vision of a diversified farming sector—as it is, too, to the future of our environment. The decision of the former Secretary of State for Transport a few months ago, that by 2010, 5 per cent. of all petrol bought will come from a biofuel basis is an important step in the right direction.

Hywel Williams (Caernarfon) (PC): The Secretary of State said that allocations for industry will continue to be made on the basis of need. I think that is historical need, so what are his plans to review and reassess that need on a regional basis, given that manufacturing in Wales is a substantially larger part of the economy than elsewhere in the UK?

David Miliband: The hon. Gentleman makes an important point. We have two years to make sure that phase 2 of the scheme works well from 2008. We shall be working closely not only with industry but also with the devolved Administrations to ensure that the scheme appropriately recognises different needs around the country.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): If other European countries are to follow a lead set by the UK Government, they will be required not just to set tough national allocation plan targets but also to ensure that their own industries comply with those targets in a transparent way. What measures does my right hon. Friend think should be put in place to ensure that the European Commission can properly monitor the effectiveness of the schemes agreed and the implementation of the caps by all member states in the Union?

David Miliband: My hon. Friend raises a really important point about the difference between phases 1 and 2, which relates to a question put by the hon. Member for Eastleigh (Chris Huhne) that I forgot to answer. Phase 1 was characterised by much uncertainty about existing emission levels in different countries. We now have figures for emissions in every country and the European Commission has said that no country will be allowed to set a cap higher than its current emissions level. For starters, we are in a much, much stronger position. Secondly, my hon. Friend makes an important point about independent monitoring and reporting. Our strong view, which we are discussing with the Commissioner, is that we must do everything we can to strengthen the integrity of the monitoring and other systems.

Mr. Crispin Blunt (Reigate) (Con): Why did the Secretary of State not offer an explanation and an apology for the embarrassing shambles last year in the Department he now heads? Figures given to the European Union had to be corrected, but the Commission refused to accept the corrections and we were led into the embarrassing position of taking it to the European Court of Justice to put things right. What confidence can we have that his Department will be able to administer this otherwise thoroughly welcome scheme?

David Miliband: To say that there is grotesque embarrassment is a bit rich, given that we are recognised around Europe as playing a leading role in the emissions trading scheme; but if it is any consolation to the hon. Gentleman, we are working closely with the Department of Trade and Industry to make sure that the expertise of the two Departments results in the successful operation of the scheme.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): Major industries in my constituency, such as Corus Engineering Steels, are concerned about the impact of the scheme on their ability to compete. If we are helping to create a genuinely global carbon market, will it be likely to draw in the countries that initially stayed out of the Kyoto process, such as the United States?

David Miliband: My hon. Friend makes an important point. Fortunately, the Minister for Energy is sitting next to me and assures me not only that he is also responsible for steel but that he is a man of steel as well. He recently met Corus to discuss the point raised by my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) and other issues. Obviously, questions about environmental regulation, the role of climate change agreements and the role that we have set out for the insulation of internationally competitive sectors from the burdens imposed by the scheme are all part of the calculation that we and industry have to make to ensure that we achieve the right balance not only between the economy and the environment, but also between different parts of the economy. My hon. Friend's commitment to a strong manufacturing sector is shared on both sides of the House and certainly by the Government.

Adam Afriyie (Windsor) (Con): Through my work on energy in the Science and Technology Committee, it is clear to me that the energy production industry is ready to trade carbon emissions for the next 20, 30, 40 or 50 years ad infinitum. The challenge is that there is no long-term framework, so will the Secretary of State let us know why he omitted the longer-term framework from his statement, and will he confirm the admission that the Government are on track to miss their target of carbon emission reductions by 2010?

David Miliband: I would have been happy to give an hour-long lecture on all aspects of energy policy, but today's announcement was about phase 2 of the scheme, and it might have tried Members' patience if we had gone further. However, in answer to the question, we have said that we are very clear about the 2050 goal as the guiding line for policy, we are very clear about the need for the EU and all its leaders and Governments to set a clear indication of the longterm direction and we are determined to do that as quickly as possible.

Dr. Alan Whitehead (Southampton, Test) (Lab): I welcome, with other colleagues, the great step forward represented by today's statement in terms of carbon saving. Can my right hon. Friend confirm whether there will be a special good-quality combined heat and power sector in the second phase of the NAP? If there is to be a good-quality CHP sector, under the new entrants holdback will he be able to provide new CHP entrants with 100 per cent. of the spreadsheet calculation within that sector?

David Miliband: To answer questions about spreadsheets I am going to have to get my PowerPoint out—[HON. MEMBERS: "Excel."]—or even my Excel. But my hon. Friend the Minister for Climate Change and the Environment assures me that CHP will be in the scheme. The only thing I would say is that, as I stressed in my statement, there are strong links between the statement today and the energy review, and the energy review will be looking right across the piece at energy need and how to meet it.

Mr. Charles Walker (Broxbourne) (Con): At a more granular level, the Rye house power station in my constituency is one of the UK's top 100 producers of emissions. How is the Secretary of State working with organisations like that to encourage them to burn their fuel more efficiently in the creation of electricity?

David Miliband: The ETS is one way. My right hon. Friend the Secretary of State for Trade and Industry and I had a very useful meeting with the UK Business Council for Sustainable Energy, where we talked about the challenges that are faced by the sector but also the commitment of the sector to ensure that it works in a much more energyefficient way. Two weeks ago I was up in Warrington, looking at a major production facility that is now using 30 per cent. biofuels to help ensure that emissions are curbed as much as possible. Maybe there is something for the hon. Gentleman's constituents to learn from that.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): The Secretary of State may be aware that, in my capacity as secretary to the all-party steel and metals group, I have led deputations to the Minister responsible for steel on issues arising from phase 2, not least the dramatic reduction in carbon allowances that will be made. The industry maintains that both for blast furnaces and electric arc furnaces the spreadsheets on which the calculations have been based are incorrect and have not been drawn up in consultation with the industry. What steps is the Minister taking to ensure that in the consultation with the industry we arrive at targets that will deliver on our overall national target but not compromise the longterm viability of the steelmaking industry in this country?

David Miliband: I do know that my hon. Friend has been a doughty campaigner on behalf of not just his constituents but the steel industry throughout the country and has met my hon. Friend the Minister responsible for steel. I can assure him that if there are disputes about facts, we shall use the forthcoming period to get to the bottom of them and ensure that there is an agreed evidence base on which decisions are made.

Mr. Philip Hollobone (Kettering) (Con): Is phase 2 open to European countries that are not members of the European Union, and given that China, India, Brazil and the United States continue to splurge out carbon dioxide at an increasing rate, what progress is being made towards the establishment of a global carbon market?

David Miliband: The hon. Gentleman raises a very interesting point, not just in respect of China and India but perhaps also the 248 US cities that have now committed themselves to the Kyoto targets under something called the Seattle declaration led by the mayor of Seattle, some of which have expressed an interest in joining the scheme. The latest legal advice is that it is not open to non members of the EU. However, I am pleased to report that I hear that there are moves afoot to try to replicate the successes of the EU scheme in other regions of the world.

Mr. Peter Bone (Wellingborough) (Con): Is the Secretary of State at all concerned that the EU will not operate the scheme in the way that he thinks it should be operated, given that, when the EU gas liberalisation happened, our continental colleagues completely failed to follow it and householders in this country paid £186 a year extra because of that failure?

David Miliband: I am sure that my hon. Friend the Minister for Energy is still pressing on the gas liberalisation issue—the hon. Gentleman raises an important issue. However, I can say to him that I felt in my discussions with the European Environment Council on Tuesday in Luxembourg that there was widespread recognition that we absolutely had to make the ETS work, because it is the lowest cost way of driving down carbon emissions, and that view was shared not just by member states but in the Commission. We shall be working very hard to ensure that they live up to that commitment.

Point of Order

1.5 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): On a point of order, Mr. Deputy Speaker. May I get your guidance on the speed with which written questions are answered, especially in the Department for Work and Pensions? On 19 December 2005 I tabled a question on the cost of departmental Christmas cards, which was answered on 14 June 2006—some six months later—at a cost of about £3,000. I hope that they are more prompt in getting out their Christmas cards than they are in getting out their parliamentary answers.

Mr. Deputy Speaker (Sir Michael Lord): The hon. Gentleman must be aware that the speed with which Ministers answer written questions is not a matter for the Chair. He might, however, like to read yesterday's Adjournment debate, which was very much about these matters; he might find that of interest.

Orders of the Day

Commons Bill *[Lords]*

As amended in the Standing Committee, considered.

New Clause 1

VEHICULAR ACCESS

'Section 68 of the Countryside and Rights of Way Act 2000 (c.37) shall cease to have effect.'. —*[Barry Gardiner.]*

Brought up, and read the First time.

1.6 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Barry Gardiner): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss Government amendments Nos. 110 and 111.

Barry Gardiner: The amendment repeals section 68 of the Countryside and Rights of Way Act 2000—the CROW Act—in line with the discussion in Committee. Amendment 111 is consequential; the long title of the Bill must itself be amended because section 68 applies to some land other than common land and town or village greens, so its repeal falls outside the scope of the present long title. Section 68 was enacted during the passage of the CROW Act. It was designed to deal with a problem that had arisen through case law for householders who accessed their homes by vehicle over areas such as commons or greens. Section 68 has now become redundant for legal reasons, and repealing it will avoid any mistaken impression that the section has a residual role. We consulted publicly about doing this and will publish a report in due course on the findings of that consultation.

Mr. James Paice (South-East Cambridgeshire) (Con): I confess that I am puzzled by this group of amendments. Obviously I am very familiar with the debates that we have had on the issue of access over common land and village greens, and the work that was done by my right hon. Friend the Member for Bracknell (Mr. Mackay) and others to try to resolve the problems, but I am puzzled about why it is necessary to abolish section 68 of the CROW Act. I hope that the Minister can clarify the reason.

I am very much aware of the House of Lords judgment in Bakewell Management Ltd *v.* Brandwood and it is my understanding that it is on that basis that the Minister has been advised that section 68 should be repealed. However, it has been put to me that if we remove section 68 and the possibility of being granted a statutory easement thereunder, we are in effect reverting to the old arrangements involving a ransom payment, which were precisely what section 68 of the CROW Act was intended to overcome, because, as a result of the repeal, the landowner might then be in a better position than before to make a charge for a house owner driving over the land to gain access to his property, and might take all necessary steps to stop an

easement being acquired over it, in order to keep his options open. That was not the intention of the Government, or indeed the Opposition, when section 68 of the CROW Act was enacted and I do not understand why we need to repeal it now.

The Minister said that the section has become redundant for legal reasons, but we do not know what those are. Indeed, it has been put to me that there are no legal reasons for abolishing it. Not impossibly, a householder might actually prefer, notwithstanding having made a payment, to have the grant of a statutory easement under section 68 than to have it prescribed under common law, because of the problems of producing evidence of the use and of getting his title right. To remove that possibility is also unhelpful to householders.

It has been put to me that if we remove section 68, we are in effect reverting to what I understand was called the Hanning *v.* Top Deck Travel era—with the illegality bar removed—when, for example, a commercial company claimed to have acquired the prescriptive right to drive a double-decker bus over a common, but without being able to do anything effective about it. It is important to remember that section 68 was enacted precisely to address that sort of situation by providing that there should be no vehicular easement to drive over common land, except as provided by section 68. That is an important protection for common land. Why does the Minister want to abolish section 68? What is it about the case to which I referred—Bakewell Management *v.* Brandwood—that he believes makes it unnecessary?

The argument is that a House of Lords judgment cannot abrogate a statute that this House has passed; it can only interpret it. When we enacted section 68, the House decided that a payment should be made and that there should be no free easement in situations in which Parliament has resolved that there should be a payment. I do not think that anything has occurred to alter Parliament's view. Following that logic, section 68 is not redundant. The House of Lords does not have the power under the constitution to abrogate a statute. Section 68 of the CROW Act was, in any case, not a pleaded issue in Bakewell Management *v.* Brandwood. It was not even part of the case. The observations of the House of Lords in that reported judgment, as far as section 68 and the CROW Act are concerned, did not form part of the ratio decidendi—the argument at the end of the case. The contention is that section 68 is not therefore redundant. In fact, it constitutes the only means that the House has provided whereby an easement can be acquired to drive over a common. I hope that the Minister will come back with some more information as to why he believes that what he wants to do is necessary. We all agree with what we were originally trying to achieve, but I am unclear about why it is necessary to abolish section 68 to try to do that. By abolishing section 68, the Minister might be creating more problems than he thinks.

Barry Gardiner: I am glad to have the opportunity to respond to the hon. Gentleman's questions, because it is important that these matters are clarified. The section and the regulations made under it were enacted because of the impact of the 1993 judgment known as Hanning *v.* Top Deck Travel. Before that case, it had been thought that home owners who had, for a sufficiently long period, driven across land such as common or green to gain access to their property had acquired a legal right to continue doing so by virtue of prescription or long use. The Hanning case held that that was not the position, on the ground that a legal right to continue doing something cannot be acquired by virtue of actions that involve committing an offence, and road traffic legislation makes it an offence to drive without lawful authority on land that is not a road. In the wake of that case, a significant number of householders around the country were asked to pay large sums of money to continue to drive to their own property over areas such as commons or greens.

Section 68 was brought about, late in the passage of the CROW Bill, to provide a means by which the payments necessary to secure easements for this purpose could be capped. I want to stress that. Section 68 was not enacted to prevent prescriptive claims of rights of way. It was enacted to cap any payments that, under previous case law, were required to establish an easement. The subsequent House of Lords ruling in the Bakewell Management case in 2004 overruled the Hanning judgment. It confirmed that in circumstances in which the owner of a common or green could, by granting permission to a householder, have made their use of the land for vehicular access lawful, there is no bar on the householder relying on their actual use, without such express permission, to establish the prescriptive right of access.

The reason for enacting section 68, therefore, has disappeared. Where long-standing vehicular use has taken place on land, it is usually the case that the landowner could have given permission for the use so as to prevent its constituting an offence. In such a case, the use would equally be sufficient to create a prescriptive right independently of section 68. If in a particular case, because of some other legislation, it would be an absolute offence to drive across a common or green or to do so in a particular way and the owner has no power under the legislation to grant permission for that use so as to disapply the offence, a right of vehicular use cannot be created at all. We believe that such cases are exceptional, but, where they arise, section 68 has never assisted a householder who has unlawfully been using the common or green for vehicular access and therefore its repeal will not make any difference to that position.

1.15 pm

Even on village greens, where a residual role for section 68 was initially alleged following Bakewell, we have concluded that there is no circumstance in which the section can help a householder to regularise his use of a vehicular track to his house over common or other land. If the particular driving does not cause injury to the green and the owner of the land could lawfully give permission to drive over the land in the way that the householder has done in past, such use will have been capable of creating a prescriptive right under the Bakewell principle. We do not consider that any special provisions are needed for greens. Section 12 of the Inclosure Act 1857 and section 29 of the Commons Act 1876 are both concerned with injury to the green. In our view, whether or not driving across a green in a particular way contravenes those provisions would be a

matter of fact and of degree to be decided on the circumstances of individual cases. If driving does cause injury to the green, section 68 does not reduce the strict protection greens enjoy, which would prevent an easement from being granted at all. I hope that that clarifies the matter and satisfies the hon. Gentleman.

Mr. Peter Atkinson (Hexham) (Con): I apologise to the Minister, because I have been troubling him quite a lot in the past few days, but will he clarify the situation of my constituent whose house is on the edge of a village green and who has created a driveway across the village green? Some years ago, before the CROW Act, he was in considerable difficulty, because the parish council nominally owned the green and was seeking quite a large sum of money to allow him the right of way. Would the fact that he has built a drive across the green constitute damage and would he get any relief from the changes?

Barry Gardiner: I hesitate to pronounce from the Dispatch Box on an individual case without knowing the specific circumstances. If the hon. Gentleman cares to write to me with the specifics, I will do my best to give him a written response that may be helpful.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 2

STOCK PROOF FENCES

'Occupiers of land used for any purposes adjacent to commons on which there are grazing rights must provide and maintain a stock proof fence against the common.'. — *[Mr. Roger Williams.]*

Brought up, and read the First time.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I beg to move, That the clause be read a Second time.

It is within the law that an owner of livestock is responsible for that livestock and any damage that that livestock causes. However, there has been a practice—certainly in the areas that I represent—that people who occupy land that is adjacent to and surrounding commons should be responsible for erecting a stock-proof fence and maintaining it in such a condition as to prevent stock leaving the common and gaining access to the land that those people occupy. There is some case law to support that, including a case involving a lady who had a cottage and garden that adjoined a common. Stock entered the garden from the common, causing some damage, but it was found that the owner of the livestock was not responsible for the damage because the lady should have erected a stock-proof fence and maintained it in good enough condition. I think that the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) will raise another case.

We have particular concerns about the situation that arises when forestry land abuts a common. The owner of a forestry might think it prudent to maintain a fence during the time that the forest and trees are becoming established, but when the trees reach a size at which they should not be damaged by livestock, he or she might allow the fence to become derelict. That would obviously put the owners of livestock on the common at a huge disadvantage because the livestock could stray over a great area. We believe that there have been examples of the owner of a forestry selling it on without putting a duty on the future owner to maintain the fence. The situation is causing great aggravation.

The situation does not affect only forestry land. Quite properly, and with appropriate planning permission, industrial land sometimes adjoins a common. The fact that livestock can enter industrial premises and go on to industrial land, where lorries might be moving, is obviously unsatisfactory.

Many people believe that it is a legal duty to fence against a common. We have tabled the new clause to find out the Minister's attitude to the situation and determine whether anything in the Bill could clarify the situation and ensure that people can use and graze commons quite properly with the guarantee that their livestock would not cause damage, or be damaged, by straying.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): The hon. Member for Brecon and Radnorshire (Mr. Williams) has detailed the concerns that are prevalent in many parts of Wales—and, indeed, beyond. However, the problem is perhaps more obvious in Wales because it has many urban commons. Such commons, in valley areas at least, immediately abut large population areas.

One of the problems was brought home to me quite forcefully earlier this week when I visited Blaenau Gwent and met a group of farmers. This point will be of no conceivable political use because voting is taking place today, but I feel obliged to mention what I was told and will do so, albeit with your permission, Mr. Deputy Speaker. The group farms the upland common; with valleys being valleys, people tend to live on the bottom part. People—young people in the main—go up the hills with little 4x4 tractors and scrambling bikes. They pull down fences to gain access, and that is the root cause of the problem because it obviously allows sheep to stray. However hard the farmers try to maintain stock-proof fences, they are unable to do so because as soon as they carry out work, another unauthorised gap appears further down. The farmers face a terrible situation. Some of them told me that they now send far fewer sheep up the hill than before, which is to their own detriment, because of the vast number of problems that occur. However, the public see the situation as a nuisance because straying sheep are a nuisance.

The Labour party's answer to the problem is:

"Hit irresponsible farmers where it hurts—in the pocket!"

According to the leaflet that it has produced in Blaenau Gwent, the Labour candidate suggests that farmers who own straying sheep should be given fixed penalty fines on the spot. Of course, farmers always walk with their sheep wherever they are—that just shows how much that particular candidate knows about farming! However, having made that cheap political point, I will move on to a more substantial one.

Mr. Atkinson: That will swing it.

Mr. Llwyd: I hope so.

The hon. Member for Brecon and Radnorshire highlighted another serious point. More and more stands of trees are being sold on by the Forestry Commission. The commission had a responsible attitude to fencing in, but some of the commercial concerns to which the trees are sold do not quite have the same feeling about their responsibility to fence. As the hon. Gentleman rightly said, such stands are often sold on without an obligation to fence, so once the new owners have taken the trees away, or even before then, they do not bother to carry out maintenance.

One particular owner that is slow at coming forward to deal with its legal responsibilities on fencing—it is probably the worst that I know of—is Railtrack. Railtrack must be named and shamed every time one wants a fence to be put back. It will do anything to avoid spending on fencing, yet we know how many sheep are killed each year on railway lines, which can often cause serious accidents. A further problem arises due to the fact that redundant coal pits and steelworks often abut common land.

I am grateful to the hon. Member for Brecon and Radnorshire for raising such a serious matter—I was pleased to sign up to the new clause. Mr. William Jenkins and the other farmers in Blaenau Gwent were anxious for the matter to be raised. I told them that it was a bit late in the day, but we should discuss such a substantial point and receive a response to it.

I hope that the Minister will respond in due course because the situation is not only difficult for the commoners, but an animal welfare matter, given that the animals that stray often get killed. I hope that he will be able to give us some comfort about whether any aspect of the Bill could assist commoners who are in such a position. They do not want to receive telephone calls telling them that their sheep are straying, but, with the best will in the world, if their fences are knocked down, what choice do they have? As for the Labour candidate, Mr. Smith, who said that we need on-the-spot fines, any fool knows that we have existing legislation to cover that—the Animals Act 1971. I ask the Minister to address the long-standing problem, as I am sure that he will do in his usual manner.

Barry Gardiner: New clause 2 would impose a general requirement on the owners of land adjacent to a common to fence against the common, which is to maintain an effective boundary to prevent stock from straying from the common on to their own land. Let me begin by saying that I have a good deal of sympathy with the objectives of the new clause. A worthwhile issue has been raised and I am happy to respond to the points that have been made.

In our view, the new clause is not far from representing the existing position in common law. I believe that the hon. Member for Brecon and Radnorshire (Mr. Williams) was alluding to Egerton *v.* Harding, a case in the Court of Appeal in 1974, in which it was found that it was perfectly proper that a customary right to fence may exist. It is perfectly probable that on most commons in England and Wales, there is a customary law for adjoining property owners to fence against the common. Customary law is the custom of a locality that has existed since time immemorial. The courts will enforce such law, if it can be proven. Typically in such a case, several elderly farmers would be brought before the court to testify that they and their forebears had always considered it to be the practice to fence against the common. Indeed, nearly all our upland commons are surrounded by stone walls, some of which are of a considerable vintage, that have long been maintained by the owners of the adjoining land.

Of course, the hon. Gentleman would say that it can be expensive to prove the custom in court and that few people might be likely to take up the challenge. I acknowledge, too, as he suggested, that in recent years, some landowners, especially the owners of land that is no longer in agricultural use, tend to presume the contrary view and believe that it is the responsibility of commoners to stop their stock from straying off the common and on to adjacent land. That can sometimes give rise to ill-feeling in local communities when sheep get into householders' gardens. Such problems are especially acute in parts of south Wales and the valleys where the adjoining land is, or was, in industrial use and the old customs are difficult to enforce.

With specific and, I hope, non-party political reference to the comments made about Blaenau Gwent, I understand that there appears to be a problem there. As I understand it, that partly relates to a minority of farmers allowing fences to deteriorate where there is a question over the ownership or responsibility for the fencing. There is also the matter of the fencing being cut by illegal motor cyclists who are trying to get access to open spaces. There is a lack of clarity about the extent to which off-roaders and farmers are therefore responsible for straying animals.

1.30 pm

Blaenau Gwent is dealing with stray sheep and, I think, horses, by impounding them, identifying them and contacting owners to collect them. The council is not legally obliged to do this, and it is a financial burden. With this in mind the council is proposing a byelaw to deal with straying sheep. I understand that no definite measures have been decided upon to date. Nor are we clear what powers would be used to make the byelaw or, indeed, whether it would be ultra vires.

It often happens that people move into a rural community. They are unaware of customs and traditions and take objection when they wake up in the morning and find local sheep grazing at their front door. They naturally assume that the farmer must be at fault. On most commons, it is not the farmer who is responsible for fencing against strays. Responsibility lies with the householder.

As I have indicated, I have considerable sympathy with the purpose of the amendment. The difficulty is that while customs are believed to be widespread and perhaps commonplace, it cannot be assumed that they are universal. The new clause, if accepted and implemented, would be unfair in relation to common land where there is no such custom. We have no way of distinguishing where the custom applies and where it does not. That is not our role: it is the role of the courts.

Mr. Llwyd: The hon. Gentleman is responding in the manner that I hoped he would, which is reasonably and with a great deal of thought.

[Mr. Llwyd]

I am a lawyer. Court proceedings are expensive and sometimes take a long time. Is there something within the Bill that would allow a forum to be established, if and when individual cases should be almost evaluated, whether or not there is a custom, et cetera? Does the Minister understand the point that I am making? I am talking about an ex officio court or a forum of some sort, that would allow for disputes to be settled within the ambit of the Bill.

Barry Gardiner: I understand the hon. Gentleman's question.

Commons councils, as I hope that we will get to call them if Government amendment No. 17 is agreed to, may be given the function of establishing and maintaining boundaries under clause 31(3). If a council is given this function, it will not become liable to maintain fences around the common. The provision will enable commons councils to establish fences where they are needed, providing that consent is obtained. The provision will enable a council to maintain fences where adjacent owners are absent or are creating management difficulties by not keeping fences in good condition.

Commons councils will also have powers to do things ancillary to their functions. We would expect a council to be able to bring an action to enforce a custom to fence if necessary. Fundamentally, I believe that there is a distinction between the legislature and the role of the courts. It is the role of the courts to establish whether custom applies in given circumstances.

I cannot accept the amendment, but I hope that the hon. Gentleman will receive what I have said as a helpful statement of our view of the law.

Mr. Roger Williams: I thank the Minister for his response and the way in which he expressed it. There is a difficulty in engaging in legal activity based on custom and practise. There is also the expense that that would entail. The aim behind the new clause was to rule out doubt and to give those who own property adjacent to a common notice that they would have responsibility, perhaps through a search before purchasing the property. I understand the Minister's difficulty.

The Bill is about the best use of commons and greens, including grazing. Some commons and some commoners find it difficult to exercise their rights and graze commons because of lack of fencing and given the expense that establishing fencing on their own would incur. The Minister has made it clear that on a number of commons people could establish the duty of adjacent landowners to erect fencing. That will give some comfort to commoners and commoners' associations in future. Given the Minister's reply, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 5

Land to which Part 1 Applies

Barry Gardiner: I beg to move amendment No. 1, in page 3, line 6, leave out paragraph (c).

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government amendments No. 2 to 4, and Government amendment No 11.

Amendment No. 116, in page 9, line 17 [Clause 16], at end insert—

> '(cc) the effect of any release or exchange in conjunction with the effect in relation to that land of any other release or exchange land for which consent has previously been given;'.

Government amendments Nos. 12, 13 and 15.

Barry Gardiner: Government amendment No. 1 is a consequential change that is necessary because of amendments that we are making to schedule 2, which we shall come to shortly. The amendment ensures that part 1 of the Bill will apply to land exempted from registration by order under section 11 of the Commons Registration Act 1965. The amendment will have no immediate effect on the excepted commons, which cover about 1,000 hectares and which are listed in the annex to the explanatory notes. However, it will ensure that excepted commons may be brought on to the registers under amendment No. 95, and so help to ensure that the registers are properly comprehensive on what is and what is not common land.

Government amendments Nos. 2 to 4 and No. 11 make some minor amendments to clarify references to land in part 1. They ensure that in each place where an amendment is made—clauses 7, 15 and 16—a reference to land is taken to mean the land in England and Wales other than in the New forest, Epping forest and the forest of Dean. This approach is consistent with similar references elsewhere in the Bill.

Without the amendments, there was a small risk that an application to register a green under clause 15, to vary a right of common under clause 6, or for exchange under clause 16, could cause land to be put forward for registration which was actually already unregistered common land in the areas exempted from registration under clause 5. These amendments resolve that risk.

Government amendment No. 12 is a minor and technical provision that secures greater consistency. It removes a redundant reference to part 1 of the Commons Act 1899, which is a form of words not used elsewhere in the Bill.

Government amendment No. 13 clarifies that the powers to correct mistakes in the register under clause 19 extend to mistakes made under the Commons Registration Act 1965. Given the many mistakes which occurred under that Act, it seems sensible to put the matter beyond doubt.

Government amendment No. 15 clarifies that an application duly made under various provisions in part 1, which otherwise complies with any requirements imposed in the Bill or under regulations, must be granted. It makes it clear that registration authorities do not have a discretion to refuse an application other than on the criteria set out in the Bill or in regulations. The amendment does not apply to schedule 2 because the provisions in the schedule already put the requirement beyond doubt.

Mr. Roger Williams: I will speak briefly to amendment No. 116, which stands in my name and in those of my hon. Friends.

The purpose of the amendment is to ensure that when land is released or exchanged that is not done in such a way as to hamper the de minimis element of the Bill. a build-up of release or exchange could take place that could hamper the quality and the values that people put on a particular green or common. We have debated the issue in Committee. However, it is pertinent at this stage because there is an issue whereby the nature and character of land could be changed by consequent and subsequent exchanges or releases.

Mr. Paice: I welcome the Government amendments, but I would be grateful if the Minister clarified something. In the helpful letter that he sent to most hon. Members—and certainly Committee members—he referred to the changes necessary to deal with the point I made in Committee about common land that was not registered but was common land by virtue of another enactment. Parcels of land have been classified as commons since the 13th century, but for one reason or another, some of them were not registered after the Commons Registration Act was passed in 1965. In Committee, we debated the fact that, as the law stands, they cannot be registered subsequently. Will the Minister confirm that when the Bill receives Royal Assent, all those commons, with the exception of the three that he named, can be registered under the 1965 Act as commons, so there is no doubt about their legal status in future?

Barry Gardiner: Government amendment No. 95, which we will debate later, addresses the point made by the hon. Member for South-East Cambridgeshire (Mr. Paice). Turning to amendment No. 116, clause 16 enables a common or green to be removed from the register on application, usually with the provision of replacement land to take its place. That procedure will replace the current statutory exchange process under section 147 of the Inclosure Act 1845. When the national authority determines such applications, subsection (6) requires that it have regard to the interests of the legal interests in the land, the interests of the neighbourhood, the public interest, and any other matter considered relevant. The amendment would add a requirement for the authority to have regard to the cumulative effect of the proposed release or exchange, taken in conjunction with any release or exchange that has previously been consented to.

We would resist the amendment, simply because it is unnecessary. If there is such a history of deregistration affecting the land, the national authority will want to consider whether that is relevant to its determination of a new application. It will, of course, have regard to that as

"any other matter considered to be relevant",

under clause 16(6)(d). Inserting the words in the amendment would not make any practical difference to the outcome, but I am pleased to confirm to the hon. Member for South-East Cambridgeshire that such matters will be fully taken into account when an application is considered. I hope that with that explanation, the hon. Member for Brecon and Radnorshire (Mr. Williams) will not press his amendment to a vote.

Amendment agreed to.

Clause 7

VARIATION

Amendments made: No. 2, in page 4, line 1, after 'land' insert—

'to which this Part applies'.

No. 3, in page 4, line 3, after first 'land' insert—

'to which this Part applies'.—*[Barry Gardiner.]*

Clause 13

SURRENDER AND EXTINGUISHMENT

Mr. Paice: I beg to move amendment No. 112, in page 6, line 41, after 'greens', insert 'as attached to land'.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment No. 113, in page 6, line 41, at end insert—

'in consequence only of a disposition purportedly affecting a severance of that right in contravention of section 9(2).'.

Mr. Paice: These amendments deal with commons that have been partially developed, and I tabled them for two reasons. First, we were concerned that there was a drafting error, but people who know far more about legal jargon than I do agree that there is no such error. Secondly, there is a point of principle. In Committee, in a debate on the apportionment of rights, we discussed carefully what happens when a dominant tenement is sold or split and is partially developed. Indeed, we discussed an example in which one piece of land is developed and lots of individual houses are built on it. The legislation, as drafted, would give all those houses an apportionment of the rights.

1.45 pm

On reflection, I question whether that is right, so the principal purpose of the amendments is to challenge the Government to explain why the right of common should endure if part of the dominant tenement is no longer used for an agricultural purpose. Commons rights were originally attached to agricultural land, as we discussed in Committee—I shall not repeat all those debates today. Former agricultural land could be completely developed and the rights apportioned so that, for example, there is one sheep per house in a new housing estate. Is that logical?

The Minister may well respond that those people will clearly not exercise their right to own a single sheep, and I accept that that may be so, given all the bureaucracy that the Government have imposed on sheep owners. Rights can be transferred under schedule 1—we will come on to that later—but if the owner develops the dominant tenement and decides not to transfer the rights but to apportion them among the properties, difficulties could arise. As the Minister said, we will come on to discuss the establishment of statutory associations—I agree that they should become councils—which brings the issue of rights into play. The logic of the Bill is that all those individual

owners, with perhaps one or two rights each, will all have a voice even though, in reality, they do not have any agricultural interest.

We have discussed many times in the House—indeed, the Minister referred to it himself a few minutes ago—the issue of people who move into a rural area without understanding anything about it. In the example that I gave, however, they could have a significant voice, as they would have to be consulted on the establishment of an association and, indeed, they would become part of it. A welcome later amendment would give preferential treatment to people who utilise their rights but, nevertheless, the occupants of all those houses in the example that I gave would have a say in the establishment of the association, its running and, of course, the management of the commons. I question whether that is right, which is why, despite clarification of the drafting, I tabled the amendments. It is a little late to ask the Minister to go away and think about the issue again, but I urge him at least to reflect on it, and tell the House how he will address the problem that I have identified. When rights are fragmented and many rights owners involved, how can that be dealt with by the management systems and the associations established by the latter part of the Bill? It would have been far better to use a de minimis arrangement to extinguish rights of common in those circumstances.

Mr. Atkinson: I was baffled when we first debated the issue, because those 50 houses might not simply have the right of grazing but other rights, such as rights of turbary. Instead of one commoner having access to peat on the land, 50 of them would have access, which would substantially change the physical appearance of the common.

Mr. Paice: My hon. Friend is right. Our debates in Committee and on Report have inevitably dwelt on grazing rights on commons, but there are many other rights. If, for example, everybody had rights of turbary to cut peat, a whole common could be destroyed by householders digging.

The situation is unfair for graziers, because in theory they must individually approach all the house owners to lease back their unused grazing rights that would otherwise revert to them automatically by the operation of the common law extinguishment. That is not in the interests of the commons or of the normal users of the rights of common.

The Minister needs to reflect on the matter. I hope that he will accept the amendment, but if he is not minded to do so, will he think through what can be done by regulation to deal with the situation that I have described?

Barry Gardiner: The amendments relate to clause 13, which abolishes the principle by which rights of common may be extinguished at common law, except where rights of common are surrendered in accordance with the prescribed procedure. They are intended to ensure that the abolition of that principle is confined only to an unlawful attempt to sever rights of common attached to land.

The hon. Member for South-East Cambridgeshire (Mr. Paice) has raised the question how rights of common could be apportioned between numerous houses developed on a dominant tenement. It is certainly conceivable that a right of common may be apportioned between numerous dwellings. For example, the commons register may show that farm A has the right to graze 50 sheep. If farm A were sold to a developer, who in turn sold off 50 plots, each of which had a house built on it, each of those house owners would have the right to graze one sheep. We see nothing improper about that outcome. Certainly the owners of those houses are unlikely to exercise those rights, and the constitution of any statutory commons council established under part 2—this important point goes some way to answering the concern raised by the hon. Member for South-East Cambridgeshire—may well give preference to active commoners against inactive householders. So long as the householders are entitled to the right to graze to one or more animals, they will be entitled to exercise it.

The hon. Member for South-East Cambridgeshire has also raised the issue of ensuring that rights of common cease to apply where the dominant tenement is developed. In our view, it is correct to say that the development of the dominant tenement so that it can no longer be used for agriculture would at common law extinguish the rights attached to the land.

Clause 13(3) abolishes that principle, and we believe that that approach is both fair and consistent with present practice. The approach is fair, because it would be invidious for registration authorities to decide whether a dominant tenement had ceased to have an agricultural use. Would a house with a grazing paddock qualify to retain the rights? And what if a large garden could be converted back to grazing? The approach is consistent, because the effect of registration under the Commons Registration Act 1965 was inadvertently to break the link between the number of animals which could be grazed on the common and the capacity of the dominant tenement to over-winter the same animals—the principles of levancy and couchancy. It would be absurd to provide that a 1 hectare smallholding could have any number of rights attached to it, but that the same dwelling with only a small garden could have none.

I do not accept that that change disadvantages the owner of the common. The common will remain subject to registered rights of common, irrespective of changes affecting the dominant tenements to which rights are attached, which is a perfectly reasonable outcome. Of course, if the dominant tenement is developed for housing, it is most unlikely that the rights will continue to be exercised, which will often be to the common owner's profit. With many lowland commons now under-grazed, the preservation of such rights will also help to ensure the retention of mechanisms through which grazing could be introduced if required.

One of the merits of the registration of rights of common under the Bill is to deliver certainty on the existence of those rights. In our view, it is not helpful if a registered right can be challenged on the grounds of some event happening off register, which means that the right has ceased to exist, although it may remain on the register. I hope that that explanation encourages the hon. Member for South-East Cambridgeshire not to press the amendment to the vote.

Mr. Paice: I am grateful to the Minister for his explanation. I am sure that he has read all the papers and knows that Conservative Members support the Bill's objectives and its approach to apportionment. I was merely trying to identify a particular problem. I am not entirely persuaded that it is perfectly reasonable for all those individual houses to have the right to graze one sheep. Although I readily accept that it is unlikely that people will want to exercise those rights, they may resist going through the paperwork to lease them to somebody who wants to exercise them. On the Minister's point about over-grazing and under-grazing, if the rights are to be used, the owner must lease the rights to somebody else in order to lose them, which would be a lot of paperwork for one sheep.

I accept the general point, to which we shall return on the next group of amendments. The Minister has rightly identified the issue of the creation of the association, and we may press him further when we reach the amendment on the balance between those who exercise their rights and the dozens, if not hundreds, of people who do not.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 15

REGISTRATION OF GREENS

Amendment made: No. 4, in page 7, line 30, after 'land' insert—

'to which this Part applies'.—*[Mr. Watts.]*

Barry Gardiner: I beg to move amendment No. 5, in page 7, line 33, leave out 'local inhabitants' and insert—

'the inhabitants of any locality, or of any neighbourhood within a locality,'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following amendments:

Government amendments Nos. 6 to 9

Government amendment No. 10, in page 8, line 7, at end insert—

'(4A) Subsection (4) does not apply in relation to any land where—

(a) planning permission was granted before 23 June 2006 in respect of the land;

(b) construction works were commenced before that date in accordance with that planning permission on the land or any other land in respect of which the permission was granted; and

(c) the land—

(i) has by reason of any works carried out in accordance with that planning permission become permanently unusable by members of the public for the purposes of lawful sports and pastimes; or

(ii) will by reason of any works proposed to be carried out in accordance with that planning permission become permanently unusable by members of the public for those purposes.'.

and amendment (a) to the proposed amendment, at beginning of paragraph (b), leave out 'construction'.

Barry Gardiner: Government amendments Nos. 5, 6 and 8 respond to the recent judgment of the House of Lords in the Trap Grounds case. In that judgment, their lordships defined clearly and unambiguously the effect of the form of words that we originally used in the Bill to describe the type of inhabitants whose long use of land may warrant its registration as a green. That original form of words, which was taken directly from the current definition in the Commons Registration Act 1965, was

"the inhabitants of any locality, or of any neighbourhood within a locality".

Lord Hoffmann's judgment stated that

"'Any neighbourhood within a locality' is obviously drafted with a deliberate imprecision which contrasts with the insistence of the old law upon a locality defined by legally significant boundaries...The fact that the word 'locality' when it first appears in the current definition must mean a single locality is no reason why the context of 'neighbourhood within a locality' should not lead to the conclusion that it means 'within a locality or localities'."

That interpretation accords well with the intention behind clause 15.

On Report in the House of Lords, we simplified this wording to refer simply to "local inhabitants", because at that point there were some doubts about the likely interpretation of the original phrasing. Now that the Law Lords have resolved those doubts, we think it best to revert to our original formulation, which will ensure that this criterion for registration is understood.

Government amendments Nos. 7, 9 and 10 respond to the residual concerns expressed in Standing Committee, and since, about the impact of a new registration on any development that may have begun on the same land. Members will recall that in Committee, in response to a point raised by Conservative peers, we introduced clause 15(4)(d) to rule out registration of land as a green if the land had already been built on at 18 April 2006—the date of the amendment—despite a previous long period of use "as of right" by local people.

2 pm

The hon. Member for South-East Cambridgeshire (Mr. Paice) suggested that the scope of our amendment might be too narrow. He pointed out that a situation might arise whereby a significant construction project had begun on the specified date, so that the parts of the development constructed after that date would not be exempted from registration and might be rendered unlawful if the land became registered. My ministerial predecessor, who is now the Minister for Schools, asked for some real-life examples of such a situation, but to date none has been produced. Nevertheless, we agree that it is probably best to avoid any possibility of such an outcome arising, so wherever construction works had begun on land by the date of tabling the new amendments—23 June 2006—that will rule out registration of any land that is, or will become, permanently unusable for public recreation because of works carried out under the same planning permission. That will prevent registration of the land as a green regardless of whether the initial construction works were on or off the alleged green, because planning permission might cover both the alleged green, and adjoining land that no-one claims is a green.

Mr. Paice: I am not surprised that the Government have tabled the Trap Grounds amendments, which I

[Mr. Paice]

naturally support. I welcome the other amendments, which are the Government's response to representations that I made in Committee. I regret that the Minister has not been given the concrete examples that he and the hon. Member for South Dorset (Jim Knight) asked for. I have spoken to the individuals and businesses who originally made representations to me, who said that notwithstanding the assurances given by the Minister and his hon. Friend, they were concerned about commercial confidentiality and therefore felt unable to provide examples. I do not necessarily endorse that stance, but that is why it did not happen.

I am particularly pleased that the Minister tabled the amendments, despite not having those examples—I know what they are, but it would be improper to describe them—because they represent a significant step forward. They deal with situations such as those that I described in Committee, whereby a development may have been started but not completed. There could be serious financial consequences for the developer if it was unable to complete a project that was a complete package, particularly if it had laid infrastructure or designed an estate, for example. I do not know whether the Minister has taken advice on this, but I suspect that the amendments will relieve him of the risk of claims for substantial damages from such developers if that had happened. That may have been another factor in persuading him to table them, but whatever his reasons, they are welcome.

I tabled amendment (a) because I should like the Minister to clarify for me, and for my hon. Friend the Member for North Shropshire (Mr. Paterson), the precise meaning of the word "construction". In Committee, we had a discussion about the meaning of the word "building". Although amendment No. 10 initially refers to "construction works", paragraph (c) refers to "works". Most of us can understand what "works" means, but some people might argue that "construction works" can mean physical walls, steel uprights, and so on. Would it include ground works such as digging foundations, the laying of drains, or the construction of security fencing around a site, which is, sadly, an essential precursor to developing a site nowadays? It might cover a whole raft of things. The Minister is conscious of the Pepper v. Hart dictum, which at this stage in the proceedings of a Bill is about all that we can rely on. I hope that he will explain exactly what he means by "construction works" and how restrictive that might be in the interpretation of the wider group of amendments, which in principle I wholly support.

Paddy Tipping: Several of us said in Committee that we were keen on the creation of more village greens, and clause 15 allows that to happen. As the Minister said, the Trap Grounds case has held up some applications, but that judgment is now through.

I want to talk about a case that I mentioned in Committee—that of Keenwell in Calverton in Nottinghamshire. Local people in Calverton made an application for registration of that new green at the back end of last year. The commons registration authority, Nottinghamshire county council, decided not to pursue the registration at that stage as it was awaiting the outcome of the Trap Grounds judgment. That judgment is helpful, as is clause 15(4), which suggests that local inhabitants have a claim if they have used the land lawfully for sports and pastimes for more than 20 years. That condition is met. I know Keenwell extremely well; it is a site of some value bordered by an ancient village track.

Within the last month, the registration application has been made, and it is a case of "so far, so good". However, the owner of the land, Langridge Homes, recently said that it had an outstanding planning permission that has lain dormant since 1972—so dormant that the planning authority, Gedling borough council, was unable to find it. A struggle has been going on in Calverton between the local people who made the application to the registration authority and Langridge Homes. That may be the kind of example that the hon. Member for South-East Cambridgeshire was looking for. Langridge Homes now wants to start developing that land to block the application.

Mr. Paice: I am puzzled as to how a planning consent that old is still extant—I should have thought that it would have expired. I was not thinking of that sort of example but of what the word "construction" means in the context of people having already started a development.

Paddy Tipping: The planning permission is still relevant precisely because it is so old—new legislation that has been passed since then would mean that nowadays such an application would fall. As it is, there is an understanding that there is an existing planning application. It seems to me that clause 15(4), which allows an application where there has been 20 years' usage, is ineffective because planning permission in respect of this land was granted before 23 June 2006. There is real tension and conflict between local people who feel that they have a just claim and a developer that has come along with a planning consent going back 30 years.

There is a subplot to this. Although at the moment the story is "so far, so good", it is thought that the developer, Langridge Homes, does not really want to build houses on the site. It really wants to drive a road through the site, across the ancient track, Dark lane, to gain access to a more valuable piece of land, where it hopes to get a large planning consent for housing.

I was pleased with clause 15 and subsection (4), but I am not so pleased with amendment No. 10 and proposed new subsection (4A). I want to advocate strongly the case of people in Calverton for registration of Keenwell as a village green. It has been used as a village green, and is being used as one today. If amendment No. 10 is accepted, those people's aspiration to establish it as a village green for all time falls. I think that that is disappointing. They would describe it in stronger terms.

Mr. Owen Paterson (North Shropshire) (Con): It is a great pleasure to follow the hon. Member for Sherwood (Paddy Tipping). I am sorry that I shall put an individual case that goes the other way and that has major implications for brownfield sites. I have been lurking in the undergrowth on this Bill for the past few months, having private discussions with the Minister's predecessor, the hon.

Member for South Dorset (Jim Knight), and sending quite a lot of information, I think, to the Minister. I am grateful to my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice), who has put my point of view. I am pleased by his amendment (a) to Government amendment No. 10, which I nearly welcome entirely—my only worry is that it does not go far enough.

If you will permit me, Madam Deputy Speaker, I shall go into some detail on the case of the town of Oswestry, which has major implications for brownfield sites across the country. Oswestry's population is 37,308, which has grown dramatically by about 11 per cent. in the past 15 years. It has four wards with the highest population density in the whole of Shropshire. On several criteria in the deprivation indicators index, they do not do well. For children's income deprivation, Carreg Llwyd and Gatacre are in the bottom 30 per cent. in Shropshire. For older people's income deprivation, Cambrian, Gatacre, Castle and Carreg Llwyd are in the bottom 30 per cent. Carreg Llwyd falls into the lowest 20 per cent. nationally for education, skills and training. I do not want to paint a terribly black picture of Oswestry, but there are opportunities for land development to have a major impact, particularly with regard to health.

As I said, I nearly welcome entirely amendment No. 10, but there is one project that it could jeopardise completely. There used to be an Oswestry and district hospital, which was built by benefactors in the 1930s and sadly closed, and many of the promises made about the services carrying on were not met. The primary care trust, when it was formed, had a meeting with me, and set up an inquiry into Oswestry's health needs, which was widely welcomed. A most ambitious project emerged to build an enhanced primary care centre, which received overwhelming support by a show of hands at a packed public meeting organised by the then leader of the council, Councillor Betty Gull. The centre would collect together all the basic NHS services offered in Oswestry, but additional services would be provided. At the time, there was controversy about a maternity unit closure, but that would be brought into the town. There was also a proposal, which I called phase 3, to build a 60-bed nursing home, which would also benefit the town hugely.

The site involved is known as the Five Acre site, right in the middle of Oswestry, which used to be the shunting sidings and approach to Oswestry station. Oswestry had been the headquarters of the Cambrian railway, which closed in the 1960s. It had had substantial workshops, and it was one of the town's major employers. The site has been a ghastly derelict eyesore ever since. It is on the main approach to Oswestry, and there are a lot of self-seeded willows and elders, as well as a large amount of scruffy rose bay, willow herb and substantial amounts of rubbish, litter and supermarket bags blowing around. Since the railway closed, however, the site has been used by the inhabitants of Oswestry as a place to walk. The issue of what should happen to the land has been one of real controversy.

2.15 pm

The proposed development, which involves the local regional development agency, Advantage West Midlands, would be very significant. I have given some background information about the town. The RDA has already spent £2.4 million regenerating the station building, and intends to spend about £2 million on remedial work on the Five Acre site, with a further £1.3 million of transport works attached to the site. The primary care centre would cost £5 million, and the nursing home, which would also have free-at-the-point-of-use maternity and community beds would cost about £8 million. Extra housing costing about £3 million would be provided, as well as live-and-work units worth £1 million. The cream on the cake is a plan to revive the old Cambrian railway as a heritage railway, which would cost about £11 million. That brings the total to nearly £34 million without even trying. If the railway took off, bringing in a conservative estimate of 60,000 visitors, it would involve spending of about £2 million a year. Bridgnorth, for instance, brings in £8 million a year, and Minehead apparently brings in £6 million.

Madam Deputy Speaker (Sylvia Heal): Order. I have been fairly lenient with the hon. Gentleman. We have a reasonable amount of background, and perhaps he could now relate it to the amendment.

Mr. Paterson: I was wondering when I might test your patience, Madam Deputy Speaker, but I thought that it would be helpful for the Minister to have the maximum amount of information.

The point is that the whole project, which would be of enormous significance to the town of Oswestry and the surrounding area, depends on the status of the Five Acre site. It was the subject of a village green application in August 2004, which went to a public inquiry last October. The inspector rejected the application based on current law. That whole exercise involved more than £100,000 in legal costs. Clearly, until we clarify exactly how clause 15 will emerge from our deliberations, and what effect amendment No. 10 will have on it, there is some uncertainty. I cannot help adding that the people who put in the application are splendid—they are some of the greatest campaigners for health services, who have been out in wet, filthy weather collecting petitions. On this issue, sadly, they have been terribly misguided. However, we have a wonderful iron age fort called Old Oswestry to go and walk on.

If the project is stalled, the worry is that the primary care trust will be under tremendous pressure from other parts of Shropshire, including parts of my constituency, and that the money will go elsewhere, a chain reaction will set in, and all the projects will fall. Advantage West Midlands is seriously concerned that a precedent could be set for other brownfield sites across the country. It makes a good point that such sites are often in areas of heavy contamination and deprivation, which are often the last to be developed. Therefore, they are also the ones with the longest record of use by local residents for casual recreation, dog walking and so on. The problem is that those sites cost tens of thousands of pounds to investigate, and remedial work such as removing contaminants and preparing sites for construction can cost hundreds of thousands of pounds.

In that regard, I would really like to hear the Minister's definition of what is meant by "construction works" in amendment No. 10, paragraph (b). I would also like an explanation of why we cannot revert to the wording of sub-paragraphs (i) and (ii), under paragraph (c), which would be the effect of my hon.

[Mr. Paterson]

Friend's amendment (a) in removing the word "construction". Do remedial works and clearing trees, rubbish and detritus of 50 years count as the beginning of construction? Does building a security fence, which is the prerequisite of any construction site, count as the beginning of construction works? Does carrying out an archaeological survey count? In some parts of the country, it would be unconscionable to start developing a site without carrying out serious archaeological investigations. Surely, those are an integral part of the whole construction process. If clause 15 does not allow those processes, bluntly, it will make development of those sites across the country considerably more risky and unlikely to happen.

Let me give the House an idea of the strength of feeling locally. The current leader of Oswestry borough council, Councillor David G. Lloyd, told me this morning:

"The weed-strewn, abandoned railway land in the town of Oswestry has been an economic and visual blight on the town's landscape for decades.

The town and borough is crying out for improved health care provision and the disused railway land is the perfect location to accommodate a modern GP practice and a 50 bed nursing/care facility for which outline planning consent has been given and which would also be the hub for other essential medical and community care services.

It has the backing of the public who are frustrated by the delay caused by a handful of people who are opposed to the project.

New residential development for which planning has already been given plus a modern health village together with the former Station Building refurbished at a cost of more than £2 million would provide an attractive gateway to the town rather than the eyesore that exists at present and which has meant that some businesses bring clients into the town via an alternative route."

Councillor Lloyd was referring to himself at that point. I know that when he takes potential investors into Oswestry he does not take them past that site because it is so off-putting—or was, until a large wooden fence was built around it.

Similarly, Oswestry borough council's regeneration officer has said:

"when one looks at the benefit to the whole borough it would be unthinkable that this area was left to go back to the wilderness it once was. In fact since it has been cleared the vandalism in that area has decreased enormously and personally I feel if the area was regenerated it would boost civic pride, improve the main artery into the town from the North which currently such a would be investor would come along, just promotes an area of misery and poverty not one of vibrancy and vitality."

I should like the Minister to explain why the word "construction" is necessary. It makes the definition unnecessarily narrow, unless preliminary work of the kind that I have described—clearing a site, building a security fence and carrying out environmental tests and preparatory work—counts as part of the construction process. Most people would interpret construction in the same way as my hon. Friend the Member for South-East Cambridgeshire: starting with bricks and mortar, and laying foundations. In this instance, that is the easy bit. By far the most difficult part of the project has been getting all the interested parties together. I have attended more than 15 meetings—every two months—as well as meetings here.

Madam Deputy Speaker: Order. I think that we are well aware of the importance of the site to the hon. Gentleman's constituents, but I ask him now to relate and confine his remarks to the amendment.

Mr. Paterson: Thank you, Madam Deputy Speaker. I am trying to tease out of the Minister a definition of "construction". The Construction (Design and Management) Regulations 1994 lists

"the preparation for an intended structure, including site clearance, exploration, investigation (but not site survey) and excavation"

as one of its criteria.

What I am saying is in complete contrast to what was said by the hon. Member for Sherwood. I have described a site that has been derelict and a complete mess for 30 or 40 years, but which according to custom has been used for casual dog-walking, and which a small number of people—I think 30 signed the petition—consider should be designated common land. That is against the interests of the 37,000 people living in the area who desperately want improved health care, job opportunities, and the regeneration that would result from tourism projects. I should like the Minister to explain clearly what he means by "construction works". If he cannot give us an assurance, would he be prepared to accept amendment (a) and remove the word "construction", leaving just the word "works"? He has already done that in subparagraphs (i) and (ii).

Barry Gardiner: The hon. Member for North Shropshire (Mr. Paterson) and my hon. Friend the Member for Sherwood (Paddy Tipping) have given textbook examples of the difficulties that Ministers experience in having to reach decisions of this kind.

I was grateful for the way in which the hon. Member for South-East Cambridgeshire (Mr. Paice) phrased his speech. I was grateful for his clear acceptance of the progress that has been made since Committee, and of the two development-related concessions that are already in clause 15 in response to proposals of his. Each has addressed the specific problems raised. His amendment (a) seeks a third concession in relation to development interests.

Our starting point is that clause 15 strikes a carefully crafted balance between development interests and the interests of local people who have used land for recreation "as of right" over a long period. Having acted to protect construction works that have already begun by 23 June, we are now asked to weaken the requirement still further so that if works of any description have been carried out by that date, the land cannot be registered.

The hon. Member for South-East Cambridgeshire referred to a potential inconsistency, but I do not believe that that exists. He spoke of the word "construction" and the use of the word "works". If the construction has begun by 23 June, any subsequent works—not necessarily construction works; they could be repair or remedial works—in pursuance of the planning consent would exempt the land in question if incompatible with recreational use. "Construction" carries its everyday meaning here in relation to building works. "Construction works" is intended to signify that something must have started to be built as part of the

development, but it would exclude mere preparatory work such as excavating a trench for foundations or ancillary works such as putting up a security fence around the site. That answers a specific question from the hon. Member for North Shropshire.

Mr. Paice: I realise that the Minister is working from several different sets of notes—I know how it is; been there, done that—but can he clarify exactly what is within and what is outside the definition of "construction" as he understands it? It might be helpful for the record if he could give any examples of cases in which the word "construction" has been defined in law.

Barry Gardiner: I shall be as clear and precise as I can, because the hon. Gentleman is right: this is crucial. I wanted to reinforce the difference between the use of the words "construction works" and the use of the word "works" on its own. "Works" would apply, under a later provision in the Bill, to repairs and maintenance rather than specific construction.

Our amendments are not about making planning consents automatically prevail over the ability to register land as a green. I hope that this goes some way towards answering the point made by my hon. Friend the Member for Sherwood. They are simply intended to ensure that registration does not constitute an effort to turn back the clock when construction works have already begun. There is a big difference between those two approaches.

It would be quite wrong for us to change clause 15 in a way that gave developers carte blanche to build houses on existing greens. That would be throwing the baby out with the bathwater. Land is only registrable in the first place under the clause if local people have genuinely used it for their recreation without permission, without force and without secrecy for at least 20 years. That is the kind of land that our ancient law of custom treats as a town or village green. It would be wrong for planning consent automatically to override that customary arrangement. That is not something changed by provisions in the Bill; it is something that is already part of the law of the land. Whether land has become a green in this way is outside the scope of the planning consideration, and is purely a matter of law.

2.30 pm

Paddy Tipping: I am following my hon. Friend's speech carefully and I know that people living on Rennals way in Calverton will follow it even more carefully, because they have used that land for 20 years for recreation and sport. They accept, reluctantly, that there is an existing planning permission, going back to 1972. Is my hon. Friend now saying that that planning consent does not automatically overturn the application for a village green?

Barry Gardiner: That is exactly what I am saying.

Paddy Tipping: Hurrah!

Barry Gardiner: While it always gives me great pleasure to provoke hurrahs from Labour Back Benchers, I am aware that my response does not necessarily spread sweetness and light in North Shropshire. I assure the hon. Member for North Shropshire that I understand the seriousness of his concerns about the way in which major infrastructure developments, affecting many people, could be delayed, or put off altogether, by this situation. I understand that emotions run high—

Mr. Paterson: I wish that the Minister could give me the same satisfaction as he has given the hon. Member for Sherwood (Paddy Tipping). In my case, the vast majority of local inhabitants regard the land as wasteland, which has been used by custom. Outline planning permission has been granted for the project by the relevant planning authority and substantial works have been carried out. All the surface has been cleared down to clinker, and a large security fence has been built. Substantial legal fees have been paid and archaeological and environmental tests have been carried out. I would have thought that that would mean that construction had begun, because all those activities are prerequisites of the construction process. Putting the foundations and the bricks and mortar in is the easy bit. The difficult bit is what has been done so far. Can the Minister confirm that what I have described is indeed the beginning of the construction process?

Barry Gardiner: I am genuinely sorry to disappoint the hon. Gentleman, because I understand the concerns of his constituents which he has explained so well this afternoon. Were he from another party I might have accused him of putting together material for a "Focus" leaflet, but it is clear that he has worked hard on the issue in pursuit of his constituents' interests. However, the Bill will not change the legislative landscape in that area and to do what he is asking would be to go too far.

The change would mean, for example, that a developer who had dug an exploratory hole in the middle of the land by the date could press the registration authority to reject any future application for registration out of hand, on the basis that at some point in the future the planning consent over the land might be implemented. Even if local recreational use appeared to meet all the tests in clause 15, there could be no viable application to register the land because that single hole had been dug. We do not think that that can be right. Nor did we feel when we looked at this issue that we could exempt land from registration only if the pre-construction works had been substantial. We did consider including an indicator such as "substantial", "significant" or some such wording. However, using such language would clearly reduce the clarity of the clause, and we have not had drawn to our attention any real-life cases where substantial pre-construction works have in fact been undertaken on land that is likely to be eligible for registration as a green based on past use.

On a previous occasion, my hon. Friend the Member for High Peak (Tom Levitt) has spoken about two particular cases in his constituency where areas that have been given planning consent—at Fairfield and New Mills—have been subject to local controversy over applications to register the land as a green. The hon. Member for Ludlow (Mr. Dunne) has spoken of a similar controversy in his own constituency. Today, we have heard the hon. Member for North Shropshire on the subject of land at Oswestry. I therefore understand

[Barry Gardiner]

that such cases provoke powerful and conflicting emotions and that a real sense of frustration can be felt by those seeking to promote developments, whether for social purposes or for business reasons. But I have a responsibility to strike the right balance in this clause, and I believe we have done that.

I am grateful to the hon. Member for South-East Cambridgeshire for acknowledging the concessions that we have made so far. What we cannot do is to provide, in effect, that planning permission overrides in all cases the ability to register land as a green even if the requisite use has taken place. I therefore ask the hon. Gentleman not to press his amendment.

Mr. Paterson *rose—*

Mr. Paice: Given that my hon. Friend the Member for North Shropshire (Mr. Paterson) wishes to challenge the Minister, it might be helpful if I were to allow him to intervene on me—

Madam Deputy Speaker: Order. I am afraid that the hon. Gentleman has already spoken on this group.

Mr. Paice: I was not suggesting that my hon. Friend made a speech: I was offering to give way to him.

Madam Deputy Speaker: My point is that you cannot make a further speech, so there is no opportunity for the hon. Gentleman to intervene. The Minister had sat down, so no one can intervene on him.

Mr. Paice: On a point of order, Madam Deputy Speaker. I am a bit lost. We have been debating a group of amendments with an amendment to an amendment. I could not move the amendment to the amendment until the Minister had moved his amendment. Having done so, I assumed that I would have an opportunity to reply to the Minister's response to amendment (a), which could not have been the lead amendment.

Madam Deputy Speaker: That amendment is in the group that is under discussion and therefore it was included in that group. I apologise, but I can do nothing further to help the hon. Gentleman.

Mr. Paice: Further to that point of order, Madam Deputy Speaker. Perhaps you could give me some guidance. If an amendment to an amendment cannot be moved before the principal amendment is moved, how is it possible to move an amendment to an amendment or even to withdraw an amendment to an amendment? It stands to reason that if one wants to move an amendment to an amendment, one needs to have the opportunity.

Madam Deputy Speaker: I remind the hon. Gentleman that he spoke immediately after the Minister moved the amendments, at which time he had the opportunity to raise the points that he wishes to raise now.

Amendment agreed to.

Amendments made: No. 6, in page 7, line 38, leave out 'local inhabitants' and insert—

'the inhabitants of any locality, or of any neighbourhood within a locality,'

No. 7, in page 7, line 44, after 'applies' insert '(subject to subsection (4A))'.

No. 8, in page 8, line 1, leave out 'local inhabitants' and insert—

'the inhabitants of any locality, or of any neighbourhood within a locality,'.

No. 9, in page 8, line 5, leave out from 'paragraph (b)' to end of line 7.

No. 10, in page 8, line 7, at end insert—

'(4A) Subsection (4) does not apply in relation to any land where—

(a) planning permission was granted before 23 June 2006 in respect of the land;

(b) construction works were commenced before that date in accordance with that planning permission on the land or any other land in respect of which the permission was granted; and

(c) the land—

(i) has by reason of any works carried out in accordance with that planning permission become permanently unusable by members of the public for the purposes of lawful sports and pastimes; or

(ii) will by reason of any works proposed to be carried out in accordance with that planning permission become permanently unusable by members of the public for those purposes.'—*[Barry Gardiner.]*

Clause 16

DEREGISTRATION AND EXCHANGE: APPLICATIONS

Amendment made: No. 11, in page 9, line 6, at end insert—

'(aa) the replacement land must be land to which this Part applies;'.—*[Barry Gardiner.]*

Clause 17

DEREGISTRATION AND EXCHANGE: ORDERS

Amendment made: No. 12, in page 10, line 38, leave out 'Part 1 of'.—*[Barry Gardiner.]*

Clause 19

CORRECTION

Amendment made: No. 13, in page 11, line 35, at end insert—

'and it is immaterial for the purposes of this section whether a mistake was made before or after the commencement of this section'.—*[Barry Gardiner.]*

Clause 24

APPLICATIONS ETC

Barry Gardiner: I beg to move amendment No. 14, in page 13, line 38, after 'Schedule 1' insert—

'(ba) paragraph 1A or 1B of Schedule 2'.

Madam Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 16 and 95 to 108.

Barry Gardiner: We have made it clear that we are not prepared to countenance an unrestricted reopening of the registers under the Bill. We had an interesting discussion in Committee, and subsequently, on whether there should be a review of inflated rights registered under the Commons Registration Act 1965. Schedule 2 makes limited provision both to add land to the registers and to remove land; that is a careful balance, which the new Government amendments maintain.

Government amendment No. 95 will enable additions to the register of land that Parliament has recognised as common land, or town or village greens. It follows from an amendment tabled in Committee by the hon. Member for South-East Cambridgeshire (Mr. Paice), which we might call the "Pumfrey" amendment. The hon. Gentleman was concerned that land could have been omitted from registration under the 1965 Act, even though, by virtue of some statutory provision, it was beyond doubt common land or green. Our amendment enables those omissions to be rectified.

Government amendment No. 95 also enables the registration of land that has been statutorily allotted as recreation grounds under 19th-century enclosure awards—a facility that I am sure will appeal to my hon. Friend the Member for Sherwood (Paddy Tipping) and his correspondent, Mrs. June Perry. For example, in cases where an earlier statute may have defined the extent of a common in a plan deposited with the House authorities during the passage of the corresponding Bill through Parliament, part, or all, of the lands defined in the plan were overlooked and not registered under the 1965 Act. I believe that just such a case—at Monken Hadley common, in Hertfordshire—was identified by Mr. William Pumfrey in correspondence with the hon. Member for South-East Cambridgeshire. The amendment would provide an answer in similar cases.

Government amendment No. 14 amends clause 24 so that we have the power to restrict applications, under Government amendment No. 95, to persons defined in regulations. That might be useful where the land has since been developed.

Government amendments Nos. 100, 104 and 107 provide a further or alternative mechanism to enable the deregistration of buildings and the curtilage of buildings, where they have been present since before the land was registered. We have learned that some large commons may have been registered so as mistakenly to include cottages or gardens abutting the common, even though there was an inquiry into the registration. It seems that the error may have gone unnoticed, or that the commissioner was unable to correct the error if no timely objection had been made. It may not be possible to deal with such mistakes under paragraphs 4 or 5 of schedule 2.

These amendments enable the deregistration of such land, but only if it can be shown that the land was covered by buildings, or the curtilage of buildings, at the time of the original provisional registration and continuously up to the date of determination of the application. The amendments provide the right balance in enabling long-established homes and gardens to be deregistered, without calling into question the registration of common land generally, where the registration was properly inquired into by a commons commissioner.

Government amendment No. 107 is consequential on Government amendments Nos. 100 and 104, and deletes from existing paragraph 5 a criterion for deregistration of greens, which is now essentially replicated in new paragraph 4A to schedule 2.

Government amendments Nos. 96 to 99, 101 to 103, 105, 106 and 108 enable changes to the register under schedule 2 on the initiative of the commons registration authority itself, rather than in response to an application. That approach is consistent with the way things are dealt with elsewhere in part 1. It will enable local authorities to deal with problems of which they are already aware, and in respect of which it would be in the public interest to act, regardless of whether an application is made by, for example, the landowner.

Government amendment No. 16 is purely consequential. It applies clause 24 to proposals made by registration authorities under schedule 2, so that regulations may be made about the process to be applied to a proposal.

Mr. Paice: I support this group of amendments and I simply want to thank the Minister for accepting what he described as the "Pumfrey" amendment. As he knows—I am sure that he has read all the paperwork—Mr. Pumfrey has been an assiduous follower of our proceedings and has come up with a number of amendments, one of which we have already debated. Amendment No. 95 is especially important, as it applies to the common in which Mr. Pumfrey has a particular interest. I apologise to the Minister for my earlier, slightly senile moment, when I discussed that amendment in connection with an earlier group. That happened because of confusion between the amendment numbers that the Minister gave in his letter to me, and those that appear on the Order Paper.

I am grateful to the Minister for tabling amendment No. 95, which will enable the registration of many commons—including some in my own constituency—that were established by virtue of their own legislation. Some were not registered post-1965 because it was believed—wrongly—that to do so was unnecessary as they had their own legislation. The amendment rectifies that situation and I am extremely grateful to the Minister for tabling it.

Paddy Tipping: I point out briefly to the Minister, and more particularly to his officials, that the amendments will be welcomed by Mrs. June Perry, who, on Sunday in Nottingham, will lead an annual walk around 130 acres of land, consisting of three miles-worth of public walks and five public paths that are allotted recreation land.

The serious point is that Mrs. Perry could not understand why the land was not going to be registered under the Bill. She entered into correspondence, and the response from the Department's officials has been extremely helpful. I am delighted, and it is clear that the new regulations, when they are ready, will enable Nottingham city council to register the land as common land.

Once again, thanks—and hurrah!

2.45 pm

David Maclean (Penrith and The Border) (Con): I rise to support the amendments, but I want to press the Minister about the need in due course to produce regulations dealing with submitting notification of transfers and keeping the registers up to date.

At present, the registers record the existence of common rights, but not who owns them. If the rights were not registered in 1965, they have ceased to exist. The problem is that there is no register of who owns common rights. The registers reflected the position in 1965 but they have not been updated since, and numerous transfers and sales of rights have taken place.

The Bill does not really improve the situation. After reflecting and consulting widely on the matter, I entirely accept that we cannot reopen the registers. Like his predecessor in Committee, the Minister is right about that. Although there are many injustices because the registers were not reopened, I am now convinced that as many new injustices would arise if we reopened them and tried to correct the mistakes. Too much time has passed, and it is no longer possible to do anything about it.

However, in respect of notification, the Government assert that, if information on ownership is required, it is a simple matter to search the dominant tenement, as detailed in the registers of common rights. That search can be carried out at the Land Registry, but I stress to the Minister—I think that his officials know this already—that that is a very cumbersome process for several reasons. First, the field numbers detailed in the commons registers are no longer used, so it is difficult to identify the dominant tenement without considerable research. Secondly, numerous searches of the Land Registry would have to be made, one for each entry on the commons registers with rights attached to land. Thirdly, searches of the Land Registry would have to be repeated every time that a list of owners was required, as there is no process for keeping the "live" register updated. Finally, the costs of collating information would be burdensome on the party that needed it. Sometimes, that would be the Minister's Department, but on other occasions it would be English Nature when it was undertaking conservation work, or commoners wishing to enter agri-environment schemes or form commons associations.

The Government argue that there can be only one definitive record of ownership. If there were more than one record of that, they ask, which would take priority if there were inconsistencies between the Land Registry and the commons register entries? Their reasoning is undoubtedly correct, but that should not prevent them from making it a requirement that transfers of rights must be notified to the relevant local authority, perhaps accompanied by a certificate from the Land Registry. The commons registers would not be proof of ownership—only the Land Registry documents could provide that—but they would at least be worthwhile, because they would contain useful documents about where ownership truly lay.

The problem is that, without up-to-date records of the ownership of rights, the proper management of commons is very difficult. Owners cannot be consulted on entry to agri-environment schemes, breaches of rules cannot be identified easily, and consultation on works such as construction or fencing cannot be undertaken properly. Moreover, the lack of up-to-date records makes consultation on the formation of statutory commons councils or associations very difficult.

In conclusion, I want to make the following suggestion—that the regulations that I hope that the Minister will make will encourage the notification of transfers. The Land Registry will continue to be the bible of who owns what, but I hope that the Minister will assure the House that he will bring in regulations providing for some sort of notification system when rights are transferred. That notification could then be placed in the commons registers, so that we would have a more up-to-date record of who owns the land. That would make consultation, and all the other things that I have mentioned, much easier.

I hope that the Minister will be minded to do what I suggest. I am not looking for firm guarantees today, but I also hope that he does not give me a firm put-down. I accept that this matter is not the top priority, and that he may have other regulations to make first, but I hope that he will say that he at least sees the merit of my proposal and considers that it could be worthwhile. I should like a guarantee that he will consult about it in the next year to see whether it has legs. If he finds that it does have legs, I shall give him my full backing—even though he can run a lot faster than I can these days.

Mr. Llwyd: I am sure we all share in the joy of Mrs. Perry and Mr. Pumfrey. This will be a great weekend for them.

The right hon. Member for Penrith and The Border (David Maclean) has worked hard on this issue, and I fully support what he said. There would be a problem if we reopened, wholesale, previous bad registrations but I should like to detail one burning issue, a matter I raise not just now, having done so on Second Reading and, with others, in Committee.

Like the hon. Member for South-East Cambridgeshire (Mr. Paice), I support the Bill. There is much to commend it. But I think it misses one or two points.

One bad example of a situation that the Bill cannot rectify—the Minister will correct me if I am wrong on this—is the case of common land CL 79, relating to Melinbarhedyn, near Machynlleth in mid-Wales, an example given to me by the National Farmers Union of Wales. Because of the Countryside and Rights of Way Act 2000, the Countryside Council for Wales was responsible for mapping common land and open-access land. The CCW took the information held by Powys county council on the common land register. The mapping exercise, when completed, allowed the divisional office in Llandrindod Wells to overlay the common land maps on the integrated administration and control scheme—IACS—information that it held for subsidy purposes for farmland.

As a result, farmland that had been bought and sold as freehold land for hundreds of years is now showing up as registered common land. That land is enclosed and has been improved by the owners. Over the years, many farmers have received agricultural grants to improve it, grants that were not available for use on common land. The farmers concerned hold title deeds, of course, and official searches were carried out showing when

ownership had changed. None referred to common land. They did refer to "open sheepwalk" and "open sheepwalk, now fenced".

In the 1960s, when the commons register was reviewed, it appears that the Ramblers Association registered the area as common land, and as no one objected the registration stood and remains on the register today. I understand that the Ramblers Association registered a lot of land in this way, and if the claim was challenged, the association withdrew the registration without opposition. I know that to be true because I was in practice when the Commons Registration Act 1965 was having its impact in mid, north and south Wales and in Shropshire. The question is why the landowners did not object to registration. The common-sense answer is that they had no reason to do so, because their title deeds gave them absolute, unfettered ownership without encumbrance.

In 1987, some landowners, by now aware of the registration, appealed to the commons commissioners to establish their ownership, and that was granted on 6 February 1987. It appears that they did not then apply—if they could have done so—to have the land removed from the commons land register. The farmers concerned have seen their financial assets devalued, and under the Countryside and Rights of Way Act 2000 the public now has full access to the land. In future, no doubt, boundary walls—dry-stone walls—will have to come down to allow as much access as is necessary.

The important point is that as agricultural subsidies move to hectarage payments, as we know they are, the loss of that farmland is affecting payments. The farmers have no rights registered in the land, so no headage is attributed and no payments are offset by the divisional office on the land. Yet the farmers ask why they should register rights for commons in the circumstances that I have described. The divisional office required sight of the deeds; it has been done and there has been no change.

I understand, incidentally, that Powys county council has used the term "sheepwalk" as an indicator of "waste of the manor", which it uses to determine common land. The farms concerned were all part of the same estate and had grazing on the same part of the sheepwalk, which was an open upland area. As I have already said, it was enclosed prior to the current ownership. One farm has more than 46 hectares. It follows from what I have said that the current arrangement is a great problem, conundrum and a matter of great concern to the relevant landowners. It appears that the land was incorrectly registered and unless there is an opportunity to deregister, the land itself will be undervalued and, more importantly, there will be a massive loss of subsidy in the future.

Four families are involved in this particular case: Mrs. Jones of Barhedyn, Mr. Morris of Ty Coch, Melinbarhedyn, Mr. Lewis of Cefnbarhedyn and Ms Jones of Rhiwgreafol. *Hansard* will no doubt enjoy that. I should not really say it, but I see that there is a Welsh speaker taking notation for *Hansard*, which, in the circumstances, is a jolly good thing! It is a serious matter, however. I have to say that both the Minister and his predecessor have been very helpful with the Bill. It was useful to serve in Committee because reasonable arguments were put on both sides, and I believe that people listened to them.

My one remaining grouse—if I may use the word in connection with moorland and uplands—is that the circumstances of this case are fairly prevalent. I am not saying that it goes on everywhere, but there are many other examples. The farmers are not in a position to go to the High Court; in these circumstances, it would not be the right avenue to follow. I am not sure, though, what possible avenue they have. In other circumstances, there is the option of going to the High Court for some form of rectification, but it is not appropriate in this case. I urge the Minister to reflect on whether anything in the Bill will assist these people, who are desperately worried—and understandably so. I am sure that in due course the Minister will provide his reasoned response to my plea.

Barry Gardiner: First, I wholeheartedly agree with my hon. Friend the Member for Sherwood (Paddy Tipping) when he thanked my officials for the way in which they have dealt with all matters relating to the Bill. His words were greatly appreciated by me and, I am sure, by them.

At risk of placing my own position in peril, may I say that I often see merit in the words of the former Opposition Chief Whip, the right hon. Member for Penrith and The Border (David Maclean) and that I am not averse to seeing merit in what he said on this occasion? I do not know whether the right hon. Gentleman has seen the briefing on the Commons Bill, which identifies the ownership of rights of common. I hope that it explains, to some extent at least, why we cannot adopt wholesale and simply the approach that he has commended this afternoon.

The issue of the register failing to show who can exercise rights of common is an important one. Traditionally, rights of common are attached to land, typically a farm, and those rights may be exercised by the landowner. That means that most commoners have strong connections with the common, because they occupy farms that neighbour it. The Bill preserves and reinforces that connection by banning severance and by providing that the registers are conclusive evidence of the attachment of the rights to land.

The Bill does not enable owners of such land to register their personal entitlement to exercise rights, because that entitlement is the inevitable consequence of their owning the land. Ownership of land can be demonstrated by registration of ownership in the Land Registry, as the right hon. Gentleman acknowledged. However, we acknowledge that it would be helpful if the register showed who is entitled to exercise rights.

3 pm

We will enable commoners to enter a supplementary note on the register, declaring their entitlement to exercise rights. The declaration would not be conclusive but may be informative. We are also exploring the possibility of providing in regulations that a commoner need not be consulted on any matter affecting the common unless he has declared his entitlement to those rights, thus giving him an incentive to do so.

David Maclean: I am grateful to the Under-Secretary for giving way—he is customarily courteous. I am largely content with what he has said. I agree that a declaration can be only informative, not conclusive. However, could he make declaring entitlement the

[David Maclean]

default position so that adding supplementary information would be the norm? Perhaps he cannot make it compulsory or insist on it in every case, but if the matter is left so that a commoner may attach the information if he feels like it, it will not happen. If he can somehow make it the default position, we would all be content.

Barry Gardiner: I recognise the strength of the right hon. Gentleman's argument. I was trying to explain that we are considering whether to provide in regulations that the commoner need not be consulted on a matter affecting the common if personal rights have not been registered. That is a powerful incentive. It is not simply asking people to register, but providing a carrot. I am not committing the Government to that now but we are considering it. We shall give it further consideration when we frame the regulations. I hope that that goes a long way to answering the right hon. Gentleman's points.

The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) spoke with great passion and knowledge about the case of many of his constituents and the errors resulting from the Commons Registration Act 1965. As he acknowledged, it is impossible to say how many errors the registers contain, not least because there is currently no legal mechanism to deal with them and therefore no obligation on the registration authority to record them systematically.

However, the mapping of open country and registered common land for the purposes of the statutory right of access under the Countryside and Rights of Way Act 2000, which the hon. Gentleman mentioned, has brought into the open hundreds of alleged errors, some of which have been taken to appeal under the Act, although it is not possible for appeals to deal with wrongful registration. That is why schedule 2 provides for deregistration of some wrongly registered commonly land. I cannot say whether those provisions will apply in the specific cases that he has described—that would be for a tribunal to judge in due course. It would be imprudent and wrong of me to try to make a judgment. However, if he wishes to write to me with details of those cases, I shall try to be as helpful as possible.

Mr. Llwyd: I am extremely grateful to the Minister for that response and I will take up his invitation. The exchange has been helpful and we might be able to consider together whether the Bill contains a solution.

Barry Gardiner: With that, I simply ask hon. Members to accept amendment No. 14 and the others in my name.

Amendment agreed to.

Amendments made: No. 15, in page 13, line 41, at end insert—

'( ) An application made for the purposes of any of—

(a) sections 6, 7, 10, 11, 12, 13 and 15, and

(b) paragraph 1 or 3 of Schedule 1,

shall, subject to any provision made by or under this Part, be granted.'

No. 16, in page 14, line 6, after 'section 19' insert ', Schedule 2'.—*[Barry Gardiner.]*

Clause 26

ESTABLISHMENT

Barry Gardiner: I beg to move amendment No. 17, in page 15, line 15, leave out 'association' and insert 'council'.

Madam Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 18 to 22, 24 to 75, 81, 82, 84 to 91 and 109.

Barry Gardiner: I trust that I shall be able to dispatch this group of amendments in even less time than it took you to read them, Madam Deputy Speaker.

The amendments change the name of commons associations to commons councils. There is cross-party support for such a change, and support from stakeholders. The proposed changes are numerous. We have weighed up their impact at such a late stage of the Bill's proceedings, but the changes are purely presentational and do not in any way alter the functions of the bodies or the way in which they will operate, so I commend them to the House.

Mr. Paice: I welcome this group of amendments unreservedly. As the Minister knows, I proposed them in Committee so I am delighted that the Government have come round to that way of thinking, especially because, as the hon. Gentleman rightly says, it is also the view of the stakeholders. The purpose was to get rid of the confusion that would have occurred between statutory and voluntary associations, and although a variety of terminology was bandied about, the obvious word was councils. A commoners council already works successfully on Dartmoor, so I welcome the proposal.

One of the Government's reservations about my proposal was that it would require the large number of amendments to which you referred, Madam Deputy Speaker, and that the Opposition might at a later date use that to accuse the Government of not getting their legislation in order. I hope that my hon. Friend the Member for Romford (Andrew Rosindell), the Opposition Whip, will record that on this occasion I promise not to chide the Government for tabling such a large number of amendments, because they concur entirely with those I tabled in Committee and I welcome them.

Mr. Roger Williams: I, too, welcome the amendments. As the hon. Member for South-East Cambridgeshire (Mr. Paice) said, they get rid of the confusion that could arise between the statutory bodies to be set up under the Bill and the voluntary associations that the Minister's predecessor anticipated would continue to have purposes and functions in the future. The amendments will be an excellent resolution of that problem; they will give people greater clarity about what is a statutory and what is a voluntary body, which can be only to the good and will simplify the management of commons.

Mr. Atkinson: I join the welcome for the change, but will the Minister give a little more explanation of amendment No. 23? It is slightly different, in the sense that it inserts the words

"and in particular persons exercising rights of common".

I should be interested to know—

Madam Deputy Speaker: Order. Perhaps I can help the hon. Gentleman. There are many amendments in the group, but Government amendment No. 23 is not one of them.

Mr. Atkinson: I beg your pardon, Madam Deputy Speaker. I shall come back to it later.

Amendment agreed to.

Amendments made: No. 18, in page 15, line 16, leave out 'association' and insert 'council'.

No. 19, in page 15, line 17, leave out 'association' and insert 'council'.

No. 20, in page 15, line 18, leave out 'association' and insert 'council'.

No. 21, in page 15, line 19, leave out 'association' and insert 'council'.

—*[Jonathan Shaw.]*

Clause 27

PROCEDURE FOR ESTABLISHMENT

Amendment made: No. 22, in page 15, line 22, leave out 'association' and insert 'council'.—*[Jonathan Shaw.]*

Barry Gardiner: I beg to move amendment No. 23, in page 15, line 37, after 'common' insert

'(and in particular persons exercising rights of common)'.

The amendment addresses Opposition concerns that, when the national authority is considering whether there is substantial support to establish a commons council, representations from commoners actively exercising their rights should carry greater weight than those who are inactive, or who are not exercising their rights.

On some commons the number of inactive commoners exceeds the number of active commoners. There is concern that opposition by a large number of inactive commoners might be enough to prevent a council being established. Although any views expressed by inactive commoners will undoubtedly need to be considered, the amendment ensures that the national authority must pay particular regard to the views of those commoners actively exercising their rights as they are the people who are actually making use of the common. Commons councils will have functions relating only to the management of agricultural activities, vegetation and common rights. The views of those actively exercising rights of common are extremely important as they are the persons able to influence the management of the common. Our amendment will require the Secretary of State, or the National Assembly in Wales, to attach more weight to the views of active commoners when considering representations from those with common rights.

Mr. Paice: As I suggested in an earlier discussion, I welcome the amendment, together with most of these groups of amendments, because they are all positive Government responses to representations made by myself and other hon. Members in Committee. Amendment No. 23 is extremely sensible. It shifts the balance, as the Minister said.

It might help, however, if the Minister would say precisely how he envisages the provision operating. I do not think that he intended those using the rights to have a right of veto, but has he had any discussions about how he would apportion more weight to them, particularly—I shall not reopen an earlier debate—given that non-users but holders of rights may vastly outnumber those who exercise their rights? There may only be two or three people who exercise their rights; there could be dozens or—as in the example of development that I used earlier—tens if not hundreds of people who hold rights but do not exercise them. It would be useful if the Minister explained in more detail how he envisages that balance working out, bearing in mind what could be a considerable numerical imbalance.

Mr. Atkinson: Now that we are on the right amendment I shall ask the Minister a few questions, although my right hon. Friend the Member for Penrith and The Border (David Maclean) has shot most of my foxes. Like my right hon. Friend, I would like an idea of how the Minister or the Government will interpret this provision. I raise this particularly because in my constituency I have a large number of grazed commons, and at the moment they are extremely well organised. One of the biggest, Allandale common, has a stintholders—people with common rights—committee, and they run the common extremely efficiently, despite some difficulties that Natural England or English Nature have been presenting them with recently over the issue of fencing.

The stintholders are anxious to know whether their stintholders committee would simply be seen to continue to exist in its current form as a committee, or whether it would be preferable for it to translate itself into a council; and whether, if it translated itself into a council, people other than the stintholders—those who have direct common rights—would have a right to be involved in the management of that council--that is, other local organisations, or ramblers, who might consider that they have a right to access that common. A fuller explanation of how the Government intend to work this would be appreciated.

David Maclean: Amendment No. 23 is an important amendment and I congratulate the Minister on listening to the representations made in Committee. It is important that those who earn a living from the land should have more say on how the commons are managed than those who are just living in the area. There is an increasing tendency these days, as farming declines and particularly some of the small farms at the foot of the hills decline, for them to be bought out by offcomers like myself, as they would say in Cumbria—a large number of people who do not earn a living from the land but are buying up farmhouses or farms; and suddenly, one discovers that one has some extraordinary rights of common.

I think—I can only say "think" because I am not certain; it is my negligence—that for the past 10 years I owned some rights to cut peat on Mungrisdale common. I did not exercise them and I have sold that house now, so I shall not be exercising them, but it is not too far-fetched to imagine a situation where so many of us who are not practising farmers buy houses

[David Maclean]

default position so that adding supplementary information would be the norm? Perhaps he cannot make it compulsory or insist on it in every case, but if the matter is left so that a commoner may attach the information if he feels like it, it will not happen. If he can somehow make it the default position, we would all be content.

Barry Gardiner: I recognise the strength of the right hon. Gentleman's argument. I was trying to explain that we are considering whether to provide in regulations that the commoner need not be consulted on a matter affecting the common if personal rights have not been registered. That is a powerful incentive. It is not simply asking people to register, but providing a carrot. I am not committing the Government to that now but we are considering it. We shall give it further consideration when we frame the regulations. I hope that that goes a long way to answering the right hon. Gentleman's points.

The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) spoke with great passion and knowledge about the case of many of his constituents and the errors resulting from the Commons Registration Act 1965. As he acknowledged, it is impossible to say how many errors the registers contain, not least because there is currently no legal mechanism to deal with them and therefore no obligation on the registration authority to record them systematically.

However, the mapping of open country and registered common land for the purposes of the statutory right of access under the Countryside and Rights of Way Act 2000, which the hon. Gentleman mentioned, has brought into the open hundreds of alleged errors, some of which have been taken to appeal under the Act, although it is not possible for appeals to deal with wrongful registration. That is why schedule 2 provides for deregistration of some wrongly registered commonly land. I cannot say whether those provisions will apply in the specific cases that he has described—that would be for a tribunal to judge in due course. It would be imprudent and wrong of me to try to make a judgment. However, if he wishes to write to me with details of those cases, I shall try to be as helpful as possible.

Mr. Llwyd: I am extremely grateful to the Minister for that response and I will take up his invitation. The exchange has been helpful and we might be able to consider together whether the Bill contains a solution.

Barry Gardiner: With that, I simply ask hon. Members to accept amendment No. 14 and the others in my name.

Amendment agreed to.

Amendments made: No. 15, in page 13, line 41, at end insert—

'( ) An application made for the purposes of any of—

(a) sections 6, 7, 10, 11, 12, 13 and 15, and

(b) paragraph 1 or 3 of Schedule 1,

shall, subject to any provision made by or under this Part, be granted.'

No. 16, in page 14, line 6, after 'section 19' insert ', Schedule 2'.—*[Barry Gardiner.]*

Clause 26

ESTABLISHMENT

Barry Gardiner: I beg to move amendment No. 17, in page 15, line 15, leave out 'association' and insert 'council'.

Madam Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 18 to 22, 24 to 75, 81, 82, 84 to 91 and 109.

Barry Gardiner: I trust that I shall be able to dispatch this group of amendments in even less time than it took you to read them, Madam Deputy Speaker.

The amendments change the name of commons associations to commons councils. There is cross-party support for such a change, and support from stakeholders. The proposed changes are numerous. We have weighed up their impact at such a late stage of the Bill's proceedings, but the changes are purely presentational and do not in any way alter the functions of the bodies or the way in which they will operate, so I commend them to the House.

Mr. Paice: I welcome this group of amendments unreservedly. As the Minister knows, I proposed them in Committee so I am delighted that the Government have come round to that way of thinking, especially because, as the hon. Gentleman rightly says, it is also the view of the stakeholders. The purpose was to get rid of the confusion that would have occurred between statutory and voluntary associations, and although a variety of terminology was bandied about, the obvious word was councils. A commoners council already works successfully on Dartmoor, so I welcome the proposal.

One of the Government's reservations about my proposal was that it would require the large number of amendments to which you referred, Madam Deputy Speaker, and that the Opposition might at a later date use that to accuse the Government of not getting their legislation in order. I hope that my hon. Friend the Member for Romford (Andrew Rosindell), the Opposition Whip, will record that on this occasion I promise not to chide the Government for tabling such a large number of amendments, because they concur entirely with those I tabled in Committee and I welcome them.

Mr. Roger Williams: I, too, welcome the amendments. As the hon. Member for South-East Cambridgeshire (Mr. Paice) said, they get rid of the confusion that could arise between the statutory bodies to be set up under the Bill and the voluntary associations that the Minister's predecessor anticipated would continue to have purposes and functions in the future. The amendments will be an excellent resolution of that problem; they will give people greater clarity about what is a statutory and what is a voluntary body, which can be only to the good and will simplify the management of commons.

Mr. Atkinson: I join the welcome for the change, but will the Minister give a little more explanation of amendment No. 23? It is slightly different, in the sense that it inserts the words

"and in particular persons exercising rights of common".

I should be interested to know—

Madam Deputy Speaker: Order. Perhaps I can help the hon. Gentleman. There are many amendments in the group, but Government amendment No. 23 is not one of them.

Mr. Atkinson: I beg your pardon, Madam Deputy Speaker. I shall come back to it later.

Amendment agreed to.

Amendments made: No. 18, in page 15, line 16, leave out 'association' and insert 'council'.

No. 19, in page 15, line 17, leave out 'association' and insert 'council'.

No. 20, in page 15, line 18, leave out 'association' and insert 'council'.

No. 21, in page 15, line 19, leave out 'association' and insert 'council'.

—[Jonathan Shaw.]

Clause 27

PROCEDURE FOR ESTABLISHMENT

Amendment made: No. 22, in page 15, line 22, leave out 'association' and insert 'council'.*—[Jonathan Shaw.]*

Barry Gardiner: I beg to move amendment No. 23, in page 15, line 37, after 'common' insert

'(and in particular persons exercising rights of common)'.

The amendment addresses Opposition concerns that, when the national authority is considering whether there is substantial support to establish a commons council, representations from commoners actively exercising their rights should carry greater weight than those who are inactive, or who are not exercising their rights.

On some commons the number of inactive commoners exceeds the number of active commoners. There is concern that opposition by a large number of inactive commoners might be enough to prevent a council being established. Although any views expressed by inactive commoners will undoubtedly need to be considered, the amendment ensures that the national authority must pay particular regard to the views of those commoners actively exercising their rights as they are the people who are actually making use of the common. Commons councils will have functions relating only to the management of agricultural activities, vegetation and common rights. The views of those actively exercising rights of common are extremely important as they are the persons able to influence the management of the common. Our amendment will require the Secretary of State, or the National Assembly in Wales, to attach more weight to the views of active commoners when considering representations from those with common rights.

Mr. Paice: As I suggested in an earlier discussion, I welcome the amendment, together with most of these groups of amendments, because they are all positive Government responses to representations made by myself and other hon. Members in Committee. Amendment No. 23 is extremely sensible. It shifts the balance, as the Minister said.

It might help, however, if the Minister would say precisely how he envisages the provision operating. I do not think that he intended those using the rights to have a right of veto, but has he had any discussions about how he would apportion more weight to them, particularly—I shall not reopen an earlier debate—given that non-users but holders of rights may vastly outnumber those who exercise their rights? There may only be two or three people who exercise their rights; there could be dozens or—as in the example of development that I used earlier—tens if not hundreds of people who hold rights but do not exercise them. It would be useful if the Minister explained in more detail how he envisages that balance working out, bearing in mind what could be a considerable numerical imbalance.

Mr. Atkinson: Now that we are on the right amendment I shall ask the Minister a few questions, although my right hon. Friend the Member for Penrith and The Border (David Maclean) has shot most of my foxes. Like my right hon. Friend, I would like an idea of how the Minister or the Government will interpret this provision. I raise this particularly because in my constituency I have a large number of grazed commons, and at the moment they are extremely well organised. One of the biggest, Allandale common, has a stintholders—people with common rights—committee, and they run the common extremely efficiently, despite some difficulties that Natural England or English Nature have been presenting them with recently over the issue of fencing.

The stintholders are anxious to know whether their stintholders committee would simply be seen to continue to exist in its current form as a committee, or whether it would be preferable for it to translate itself into a council; and whether, if it translated itself into a council, people other than the stintholders—those who have direct common rights—would have a right to be involved in the management of that council--that is, other local organisations, or ramblers, who might consider that they have a right to access that common. A fuller explanation of how the Government intend to work this would be appreciated.

David Maclean: Amendment No. 23 is an important amendment and I congratulate the Minister on listening to the representations made in Committee. It is important that those who earn a living from the land should have more say on how the commons are managed than those who are just living in the area. There is an increasing tendency these days, as farming declines and particularly some of the small farms at the foot of the hills decline, for them to be bought out by offcomers like myself, as they would say in Cumbria—a large number of people who do not earn a living from the land but are buying up farmhouses or farms; and suddenly, one discovers that one has some extraordinary rights of common.

I think—I can only say "think" because I am not certain; it is my negligence—that for the past 10 years I owned some rights to cut peat on Mungrisdale common. I did not exercise them and I have sold that house now, so I shall not be exercising them, but it is not too far-fetched to imagine a situation where so many of us who are not practising farmers buy houses

[David Maclean]

or land—we buy our quaint little bit of old England—and then we want to freeze things in aspic. We do not want to let modern farming practices continue and we do not want to see sheep around, breaking into the garden. We do not want grazing. We do not want this or that. It is important that the minority, in some cases, who may be actually carrying on the practice of farming the commons, and managing them and keeping them in their current condition, have a much greater say in how they are run than those people who just buy a bit of land and suddenly find that they have a grazing right, a peat-cutting right or a heather-burning right and do not intend to do anything with it.

Again, I know that the Minister cannot be specific about what weight he will attach to five representations from one side and 10 from the other. He cannot be formulaic about it, but we need assurances on the mechanics of how he will listen more to the views of practising commoners, rather than those who have merely acquired a piece of land. That is probably going to be an increasing problem that we face in rural England in the management of commons over the next few years.

3.15 pm

Mr. Llwyd: I also agree that the amendment is important. It redresses the balance that appeared to be out of kilter in the initial wording—according to one view, at least. Many people will welcome the amendment. As the right hon. Gentleman said, it is vital that the voice of people who make a living from the common be heard clearly. Of course, it is a balancing exercise, because many other interests are involved. The amendment redresses what was perceived to be an imbalance at the beginning. I would be interested to hear the Minister's response to the various points that have been raised, but I welcome the Government's amendment.

Barry Gardiner: First, I would like to address the remarks from the hon. Member for Hexham (Mr. Atkinson), who raised the issue of voluntary associations. The Bill has no effect on existing voluntary associations. Where such a body is working well, there is no need for any change. However, where a commons council is established on a single common or a small number of commons, we would expect that the council might replace any existing voluntary association. That would be a decision for those running the voluntary association and not one that would be taken by the national authority.

Where a larger commons council is established—for example, covering several commons in an area—it is entirely possible that voluntary associations might continue to exist and to have a role in the day-to-day work on an individual common. Rules about management would be made by the statutory body and the voluntary association would have to abide by those rules in carrying out its operations. Dartmoor is a good example. Voluntary commoners associations exist on many of the commons, but management of the commons is governed by rules made by the Dartmoor commoners council. I envisage that as the sort of relationship that could and should develop.

The wider questions were about trying to give a feel to how one would arrive at the judgments and the relative weight that would be given to the active and inactive commoners. Primarily, I am here as Minister for biodiversity. The Bill is about land management and the improvement of our common lands. When considering whether to establish a commons council, the national authority will consider the local circumstances. Where there are numerous inactive commoners, with no interest in the common, the national authority will pay greater regard to any active commoners. Similarly, the inactive commoners would be given few—or fewer—voting rights, compared with the active commoners.

We need to retain the flexibility to respond to local circumstances. On an agriculturally active common, it would not make sense for inactive commoners to be given an equal say in whether a council should be established, or equal voting rights if one were. However, where there is no agricultural activity on a common, it may be right for inactive commoners to have a stronger representation. The amendment will retain that flexibility, which I believe is inevitable and right, but will ensure that, where they exist, active commoners will have a greater role and that the national authority will be able to look to the essential purpose—

Mr. Llwyd: Would I be right in presuming that the actual framework will be subject to regulation? The Minister refers to a differential in voting rights. Will there be some guidance on that in regulations? I will not press the point at this immediate moment, so if he cannot give me an answer now, no doubt he can do so in writing at a later date. I do not want to put him on the spot, but how will the process that he is describing be rolled out, to use a modern term?

Barry Gardiner: I am grateful to the hon. Gentleman for the wonderful way in which he extended his remarks until my inspiration came. There will be guidance, but there will be no regulations except the establishment orders, which will be brought forward on a case-by-case basis. I hope that that is helpful.

Amendment agreed to.

Clause 28

STATUS

Amendments made: No. 24, in page 16, line 3, leave out 'association' and insert 'council'.

No. 25, in page 16, line 5, leave out 'association' and insert 'council'.

No. 26, in page 16, line 7, leave out 'association' and insert 'council'.—*[Jonathan Shaw.]*

Clause 29

CONSTITUTION

Amendments made: No. 27, in page 16, line 11, leave out 'associations' and insert 'councils'.

No. 28, in page 16, line 13, leave out 'association' and insert 'council'.

No. 29, in page 16, line 16, leave out 'association' and insert 'council'.

No. 30, in page 16, line 21, leave out 'association' and insert 'council'.—*[Jonathan Shaw.]*

Clause 30

CONSTITUTION: SUPPLEMENTARY

Amendments made: No. 31, in page 16, line 33, leave out 'association' and insert 'council'.

No. 32, in page 16, line 37, leave out 'association' and insert 'council'.

No. 33, in page 16, line 38, leave out 'association' and insert 'council'.

No. 34, in page 16, line 39, leave out 'association' and insert 'council'.

No. 35, in page 16, line 41, leave out 'association' and insert 'council'.

No. 36, in page 17, line 21, leave out 'association' and insert 'council'.—*[Jonathan Shaw.]*

Clause 31

FUNCTIONS

Amendments made: No. 37, in page 17, line 24, leave out 'association' and insert 'council'.

No. 38, in page 17, line 27, leave out 'association' and insert 'council'.

No. 39, in page 17, line 30, leave out 'an association' and insert 'a commons council'.

No. 40, in page 17, line 32, leave out 'association' and insert 'council'.

No. 41, in page 17, line 33, leave out 'association' and insert 'council'.

No. 42, in page 17, line 37, leave out 'association' and insert 'council'.

No. 43, in page 18, line 3, leave out 'association' and insert 'council'.

No. 44, in page 18, line 4, leave out 'association' and insert 'council'.

No. 45, in page 18, line 7, leave out 'association' and insert 'council'.

No. 46, in page 18, line 11, leave out 'association' and insert 'council'.—*[Jonathan Shaw.]*

Mr. Roger Williams: I beg to move amendment No. 122, in page 18, line 20, at end insert—

'( ) Where a commons council consists of two or more voluntary commons associations the powers given to councils by this legislation and by regulation can be conferred to those associations.'.

Madam Deputy Speaker: With this it will be convenient to discuss amendment No. 117, in page 26, line 18 [Clause 45], at end insert—

'(4) Where subsection (1) applies and a commons association established under Part 2 does not exist in relation to the land, a local authority may assume and exercise any of the rights of management of the land which would otherwise be held by the owner, until such time as a commons association exists or the owner is identified.'.

Mr. Williams: We tabled amendments Nos. 122 and 117 so that we could address the fact that there will be not only voluntary associations in the future, but statutory councils, as the Minister has said. In Committee, the then Minister, the hon. Member for South Dorset (Jim Knight), was reasonable and said that voluntary associations will be able to carry out their functions very much as they do today, in the sense that they will be able to enter into agreements on management that would attract funds and subsidies to allow them to fulfil their potential for biodiversity.

Some commons will want to remain as voluntary associations, while others will want to set up statutory councils. Sometimes, voluntary associations might even want to come together to form a council that would thus encompass more than just one association. In such a case, the powers in the Bill will give such councils a worthwhile way of ensuring that the management of agriculture is of a high standard, that there is a high standard of conservation of nature and archaeological features, and that promoting access is of a high standard. However, it might be more convenient if the associations that formed the council could interpret those principles locally, because one common might require different management from another to achieve the same goals. Amendment No. 122 thus explores the possibility of ensuring that smaller and more local associations would able to carry out such management within the statutory council that encompassed them.

Amendment No. 117 addresses the situation that arises when there is no known owner of a registered common. The Bill will give local authorities the power to act when someone commits an offence on such a common. The amendment would give local authorities the power to act more positively to promote better management, rather than merely preventing or dealing with offences that may occur. The amendments are probing, but I will be interested to hear the Minister's response to them because they reflect matters that cause people concern.

David Maclean: I am rather nervous about amendment No. 117. It may be giving powers to local authorities to exercise functions for which they are not fully up to speed. My local authorities are skilled in many things and they perform the functions currently conferred upon them reasonably well. The idea that they would be able to manage commons, even ones that are not claimed and are not currently identified, and perform some of the functions of the commons associations, with the proper skills and knowledge that some of those associations must have, is rather stretching the point. If the councils in my constituency had to undertake the function and had to get up to speed, I shudder to think of the cost involved in employing the experts that they would no doubt bring in, along with hundreds of consultants, to run a common.

Mr. Roger Williams: I reflect upon the point that the right hon. Gentleman is making. The amendment refers to where there is no owner or commons council or association that is in existence. The threat that a local authority might come in and start to manage a common might trigger the formation of an association or council. I do not think that the graziers would want that intervention to take place. The point of the amendment is to provide a safeguard rather than a continuing process.

Clause 38

PROHIBITION ON WORKS WITHOUT CONSENT

Mr. Paice: I beg to move amendment No. 114, in page 21, line 36, at end insert—

'(2A) Subsection (2)(a) does not include works for the purposes of—

(a) the safety of users of the Common; or

(b) animal welfare; or

(c) conservation;

Provided that they are either

(i) necessary for immediate reasons whilst consent is obtained under subsection (1); or

(ii) constructed for a limited period as may be specified in Regulations made by the appropriate national authority.'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following:

Government amendments Nos. 76 to 80

Amendments No. 121, in page 43, line 35 [Schedule 4], leave out

'on or after 28 June 2005 but'.

Mr. Paice: I welcome the Government amendments that deal with the issue of the National Trust. Again, we referred to that matter in Committee, where I tabled those amendments. In Committee, the Minister said that the amendments were not necessary, so I am glad that this Minister has acceded to them. Ministers often say, "It is not necessary to include such and such provision, because it is implicit somewhere else", which usually leads Opposition Members to argue, "If it is not going to do any harm, why don't you put it in the Bill for clarity?" Ministers usually resist such moves, but this Minister has not done so on this occasion, which is welcome.

Amendment No. 114 concerns works on commons, which we debated at some length in Committee and about which the Minister and I have had further discussions. I suspect that the Minister will argue that clause 38 is similar to existing legislation, so there is not a problem. However, I suggest that we should take this opportunity to make sure that there is not a problem in the future. There are obviously far more users of commons than there used to be, including not only graziers, but pedestrians and dog walkers.

The amendment is straightforward. It is designed to eliminate the problem of people, organisations and commons councils having to apply to the national authority for permission to do temporary or urgent works. The three purposes for which it would be possible to carry out such works are human safety, animal welfare and conservation. However, those purposes would not be sufficient in themselves, because the second part of the amendment adds two further provisos—first, that the works must be urgent, and, secondly, that they must be temporary.

We debated temporary works in Committee. The hon. Member for Sherwood (Paddy Tipping) will recall that we discussed electric fencing to keep livestock off roads during the grazing season, and there was some debate about how long is "temporary". I have not tried to specify the period of time and suggest that the matter could be dealt with by regulation, which would allow the Minister to consult before drawing a conclusion. The circumstances in which I envisage the issue of urgency arising involve, for example, floodwater rendering part of a common dangerous for children. There are town commons in my constituency where people roam, and much of my constituency is fenland, which, because it is close to sea level, is prone to flooding. It might be sensible to erect emergency fencing, even if it is that dreadful orange plastic stuff that is used around roadworks, to keep children out of deep water.

Other commons may have old pit shafts where ground could suddenly collapse as a result of torrential rain, again creating a need for emergency safety provisions for children and livestock. It is by no means unknown for sheep to fall down into such places. In terms of conservation, there may be a wild plant that is flowering and should be protected until it has set its seed, or a wild bird such as a hen harrier or other bird of prey that is nesting on the ground and needs to be protected for a short period.

I find it incredible that in all the examples that I have cited it should be necessary to apply to the national authority—in England, the Secretary of State—for permission to act. I would be very surprised if someone was able to get that permission in a matter of hours, yet a situation involving floodwater or the collapse of old mine workings is certainly an emergency, and there should be an ability to erect something very quickly.

I cannot pretend that I am standing here in huge anticipation that the Minister will welcome and accept my amendment with open arms, but it concerns a genuine issue. I have bent over backwards in devising it to make it as minimal as possible in addressing the concerns that his predecessor expressed in Committee. It is limited to specific examples but would reduce the need for councils or landowners to seek consent from the national authority without good cause. It defies belief that a council should have to go through this procedure in an emergency, thereby creating a period of risk for perhaps several weeks while the relevant authorities carry out all the necessary deliberations and consultations before a decision is reached. I am not trying to circumvent the need to apply for consent, but merely to allow for a temporary arrangement in an emergency while it is being sought.

This requires a sense of proportion and common sense. The Government rightly and understandably want to protect the rights of commons users other than graziers, such as walkers and people using the open access provisions, but I am trying to protect them as well. They could be at risk from some of the situations that I described, and it should be possible to protect them as soon as that is necessary. The same applies to the conservation of flora or fauna.

There is no need for me to speak at any greater length. I think that the case is clear, and I hope that I have made it so. I tried to devise an amendment that the Minister would find acceptable and that is relatively minimal while addressing the fundamental problem. It has received support from outside organisations such as the National Farmers Union. I hope that the Minister will understand its importance and be prepared to accept it.

Paddy Tipping: I am pleased to follow the hon. Member for South-East Cambridgeshire (Mr. Paice), who stressed the importance of managing the different interests, needs and conflicts in the countryside. I want to press that line of thinking with the Minister.

Government amendments Nos. 77 and 78 provide a discretionary power to ensure that clause 38 does not revive contracts that ceased under section 194 of the Law of Property Act 1925. The Minister wrote helpfully to all members of the Committee on 23 June 2006. He said that he felt that the amendments were necessary because of one example—Warcop military training estate in Cumbria, in the constituency of the right hon. Member for Penrith and The Border (David Maclean). I know Warcop common, which is an attractive, exciting piece of countryside, and he will know that the MOD manages it well, but there is potential conflict between the MOD's purposes and the desires of walkers and ramblers in the north Pennines. I ask the Minister to put on record what he put in his letter—that if this discretionary power is used, there will be full consultation by MOD estates. The conflict of interest can be resolved and it is important to do that.

3.45 pm

Another conflict of interest is dealt with by my amendment No. 121. Members will be familiar with the issue, which has run throughout the course of the Bill. When the Bill was first published, 28 June 2005 was not mentioned—the date was inserted in the other place in Grand Committee. The purpose of this part of the Bill is to give people the right to argue that unlawful works should be removed. That is important in the context of the Countryside and Rights of Way Act 2000, which has been mentioned today.

One of the Government's achievements has been the gift to working people of the right to roam freely over open country. All over the country, however, there is unlawful fencing. As I understand the present position, people can make an application for unlawful works and fencing erected after 28 June 2005 to be removed. I know from my direct experience, however, that there is fencing all over the country that precedes that date. For the life of me, although I know why the date of 28 June 2005 has been inserted, I do not understand the principle behind it.

It is important that the Government are clear about their intent. It has taken landmark legislation to allow people to walk freely in the countryside. That access is being restricted by unlawful works. It cannot be right that people such as me can apply for those unlawful works, which prevent access to parts of the country, to come down if they were erected after 28 June 2005, but not if they were erected prior to that. The Bill has been improved, and its balance is generally right. On that aspect, however, the Government have got it wrong—badly wrong.

David Maclean: I support my hon. Friend's amendment No. 114.

In relation to Warcop, before I get too far out of order, Mr. Deputy Speaker, may I pay tribute to the wonderful job the Ministry of Defence does in managing that range for wildlife purposes? When I hear people whinge about the MOD owning land and so on, I know that the best places for wildlife protection in my constituency are on the live firing ranges at Warcop, with tanks blasting off 120 mm shells a few yards away from where wildlife is happily existing. I am happy to put that on record.

There is no great issue of principle between us on what we are seeking to achieve. I pay great tribute to the hon. Member for Sherwood (Paddy Tipping), and when we discussed the matter in Committee, I could not help but conclude that when he thinks of commons it is of the Wimbledon commons of this world and smaller village greens, where it would be absolutely atrocious for people to put up miles of barbed wire fencing. I, however, tend to think of 10,000 acres of moorland in Cumbria, where we sometimes need a wee bit of fencing.

Paddy Tipping: I think of those wild open spaces in the north Pennines. That is why I praise the Government for what they have done to allow people like me, from ordinary backgrounds, to experience it after a century of campaigning. I want that to continue; I do not want unlawful fencing to stand in its way.

David Maclean: I entirely agree. We do not want unlawful fencing. We do not want those wild open spaces to be cordoned off so that people cannot use them, we do not want miles of barbed wire so that people get tangled up in it—but we do not want people to fall down holes.

The simple examples that I shall give the Minister are not original; I gave them in Committee. But if the Bill were already law, by this time of the year the Minister would probably have 1,000 applications on his desk from Cumbria alone. Why? If I read the law correctly, at this time of year the bulk of those applications would be for permission to put up a few gates for a few days—a few weeks at most—to separate the sheep from the lambs. Sheep may now be out on the fells with the lambs. They may be nearer to the in-bye land. Farmers will not drive them all into the sheds to separate them; what they will do, at times, is take out a few gates, wooden or steel, put up a temporary pen, and then do some separation work. They will do it when they are doing the lug-tagging—putting the ear tags on. They will find a corner where two stone walls come together, and put up a temporary pen there. That happens every day of every week of the year in Cumbria, and no doubt in other sheep areas.

Those pens do not stay up permanently. The common is not fenced off. The pen provides a little sheep fank in which a farmer can work with his sheep for a day, or a couple of days. Then he will take the pen down and move on. That is happening all over Cumbria.

We have thousands of miles of stone walls in Cumbria, all built in the 19th century. Some of them look splendid, but most are teetering and a great many have fallen down. Every day of the year a bit of stone wall falls down on some Cumbrian common. If the commoners—the farmers—do not have time to fix the wall immediately, they will stick 10 ft of sheep netting or electric fencing around it. Over a period of two or three weeks they will rebuild the wall, a bit at a time, each day when they are checking the sheep. Those farmers are law-abiding people, but there is no way

[David Maclean]

they are going to write to a national authority saying "A bit of my wall has fallen down; may I please have permission to stick up 6 ft of electric fencing?" That is just not going to happen, and those people will be breaking the law.

A wet hole may suddenly appear on a common. Again, we are not talking about a village green; we are talking about tens of thousands of acres of moorland and rough fell—some of the wildest, roughest land in the country. There are little bogs and hollows. Sheep fall in, so a farmer will try to fence off a circle around the hole, perhaps 10 or 20 ft in diameter. Given the right-to-roam provisions—which we all welcome—what is the legal obligation? If a farmer goes out one morning and finds a dead sheep in a little hole in a boggy bit of land, does he do nothing to fence it off? Some of the stone walls are very high, particularly when the banking beneath them has been undermined. If a farmer suddenly finds that a stone wall is about to fall down, does he do nothing about it? Or does he go to the farm office, eat his morning snack and start applying to the Minister for permission to fence off the bit of wall for a period? That ain't going to happen.

Mr. Llwyd: The right hon. Gentleman is presenting a powerful argument. If a stone wall is known to be dangerous and a passer-by is injured, the farmer's insurance policy will be worthless if he has not taken steps to do something about it.

David Maclean: The hon. Gentleman is absolutely right. In the management of thousands of acres of common, hazards are posed daily to the farmer, to his animals and to walkers every day. Anyone who walks on the Cumbrian commons will find little pockets in which fencing has been put up around hazardous areas. That is the way in which the land is managed, and, with the best will in the world, those who manage it are not going to apply for notification from the Minister.

We do not want whole swathes of common to be fenced off. We do not want to hear the excuse "The whole common is boggy: we had better fence off 1,000 acres in case someone gets stuck in it." Of course that will not wash. But we do need a de minimis requirement. We cannot invent the details—as Opposition Members, we do not have access to all the lawyers—but I think the Minister should draw up regulations that would permit fencing for human safety purposes, animal welfare purposes and conservation purposes.

If there is a fire on the heather, it will need reseeding, and a farmer will fence off a few hundred yards for the spring, until the grass grows in the summer. That keeps the sheep off the area and gives it a chance to recover. Those are all day-to-day management practices, and they will continue whatever we say here. I just do not want those simple everyday tasks to be a crime or illegal, because farmers will not apply for licences to do what has been done for hundreds of years.

We do not want to drive a coach and horses through the Bill, and the amendment would not do that. It tries to set a minimum standard, and would allow small works for a short time for certain defined purposes. I am sorry that the Government have not tabled an amendment on this point, and I hope that there is scope in the Bill somewhere for de minimis regulations to set a threshold so that farmers can carry out such tasks without having to apply for permission or a licence to do so. Otherwise, the Minister will be a very busy man.

Mr. Atkinson: I echo the remarks made by my neighbour and right hon. Friend the Member for Penrith and The Border (David Maclean). Our constituencies are very similar in landscape and share a military training area. I can also vouch for how well Defence Estates manages the Otterburn training ranges. They are a first class example of good conservation.

The Minister may have an escape route, which he will need, because clause 38 is very prescriptive and could cause problems. Clause 40, however, will allow the introduction of regulations, and I hope that he will introduce regulations that will advise on this point. As my right hon. Friend has just said, the everyday activities of hill farmers would put them in breach of some of the restrictions in clause 38. As the hon. Member for Sherwood (Paddy Tipping) knows, the north Pennines are riddled with underground shafts, left by the lead mines. Indeed, one can still travel four or five miles underground in old tunnels, if one knows the way, that were carved in the rock by the lead miners. Sometimes the old shafts open up and are clearly a danger both to livestock and to people who have the right to roam in the area. It is reasonable for a farmer, therefore, to put up some fencing around it. Similarly, there is often bad weather at lambing time, so people put up temporary lambing sheds, either polytunnels, which are not very attractive, or old containers, which are even less attractive—that is farming in the hillsides. It is nonsense to suggest farmers would be in breach of this legislation if they were to do that.

The question also arises in connection with the maintenance of paths and roads. The north Pennines have a wide network of tracks, some of which get very boggy. On the more heavily used tracks, such as the Pennine way, people divert around the boggy patch and spread the path wider and wider. A farmer may dump some spare stone at that point to create some hard standing and stop the widening of the path, which damages the surrounding landscape, and protect the delicate turf.

All the examples that the House has heard today are important to day-to-day management of the land. At the moment, local farmers have to get consent if they want to put up some fencing, and the procedure is extremely cumbersome. In one case, an application to put up permanent fencing to stop animals straying on to an increasingly busy road went through the whole planning procedure and was eventually determined by a planning inspector in Bristol. That sort of thing takes months. I hope that the Minister will be able to frame regulations under clause 40 to introduce a de minimis criterion so that farmers who do sensible things in the normal course of their activities are not impeded or placed on the wrong side of the law.

Mr. Llwyd: This is an important debate. We had a similar debate in Committee, and if nothing is done to amend the clause, the Bill could come into disrepute. As the clause stands, it will impede the natural husbandry of common land and, more importantly, it

will pose several problematic legal conundrums. I referred to one in an intervention in the remarks by the right hon. Member for Penrith and The Border (David Maclean). Clearly, no farmer could with any confidence rely on an insurance policy if there was an imminent danger that he knew of and did nothing about. The example given was to do with a stone wall that might be on the verge of collapse, but there are many others, such as to do with disused mine shafts or holes that appear in bogs, all of which are daily occurrences on the uplands.

4 pm

The hon. Member for Hexham (Mr. Atkinson) has ingeniously given the Minister what appears to be a lifeline. The point raised is important. In debate in Committee with the Minister's predecessor—who, I might be so bold as to say, was also a reasonable man—he would not accede on this, which I could not understand because just using the words de minimis without some force behind them does not take us very far. What was said was that the offeader could be investigated and taken to court and then the case would be thrown out. That is all well and good, but what about all the time, money and effort that are put into bringing that person to court before it was thrown out because it was de minimis? That is a scandalous way of looking at things. We are making law here; we are making law that will probably last for the next 50, 60 or more years.

I urge the Minister to consider the good sense of the arguments in this case. He has to do something—through regulation, or however else he might do it. Otherwise, there is a potential problem in this part of the Bill, which, as I have said, would bring it into disrepute. That would be a great shame, because I, along with other Members in all parts of the House, commend much of the Bill, but this is a flaw that we will all come to regret, as with the dangerous dogs legislation.

Barry Gardiner: This group of amendments has certainly provoked much very interesting debate and raised important questions that we must grapple with.

Amendment No. 114, tabled by the hon. Member for South-East Cambridgeshire (Mr. Paice), would exempt works on common land from the part 3 consent requirement if they are for the purposes of user safety, animal welfare or conservation, and are either urgent and necessary while a consent application is under consideration or will be on the land for not more than a limited period to be prescribed by regulations. Although I fully understand the aim behind the amendment, it would pre-empt the thorough consideration we wish to give to whether any particular types of works on common land, over and above those already described in clause 38(6), should be exempted from the normal requirement for consent under the Bill.

Clause 43 allows us—subject to the negative resolution procedure—to make such exemptions by order for a range of specific purposes; essentially, they are use of the land for access, recreation or sporting purposes, exercise of rights of common, nature conservation or heritage preservation. These grounds would between them be likely to embrace most of the practical scenarios that amendment No. 114 would address. In addition, we will have power under clause 40 to prescribe fast-track procedures for certain types of works or particular circumstances, if we conclude that that makes sense. During animal health crises, there are also emergency powers that may in any event override the need for consent under the Bill, and there may be other statutory powers to act in emergencies that would exempt necessary works from the consent requirement.

We intend to consult fully—I take on board the point of the hon. Member for Hexham (Mr. Atkinson)—about our approach to the use of the exemption power. It is important to be able to draw on a full range of views and experience before we make decisions on this important issue. We have already indicated that any exemptions we make by order under clause 43(1) are likely to relate to works of a minor or temporary character. Beyond that, we do not want to prejudge the issue by including further provision in the Bill about what is to be exempt.

May I just correct an impression that might have been given by the right hon. Member for Penrith and The Border (David Maclean)? There is no question that crimes would be committed. The breach of clause 38 is not an offence; it is a matter for civil enforcement through the civil courts. In the 80-odd years since the enactment of section 194 of the Law of Property Act 1925, there have been no problems with sheep fences—an issue to which one Member referred earlier. Having made those points, I hope that the hon. Member for South-East Cambridgeshire will withdraw his amendment.

Mr. Paice: The Minister thinks that the gist of my amendment is covered in the powers contained in the fast-tracking procedure and in clause 43, which deals with the power to exempt, but can he clarify one point? According to my reading of clause 43(1), the Minister will be able to exempt only

"the carrying out by a specified person of specified works on specified land".

Although subsection (b) widens that to include "any land", the fact remains that the clause refers to the carrying out of such works

"by a specified person, or a person of a specified description, of works of a specified description".

Does the Minister really believe that that creates the flexibility to deal with the issues that my hon. Friends and I have been discussing this afternoon? The examples of what are to be exempted are highly specific, rather than general. It is obviously impossible to say who should erect an emergency fence to protect children from falling into a mineshaft, for example, or to specify particular works. If one tried to list the circumstances in which an emergency might arise, one would be bound to miss some because, by their very nature, such circumstances are unforeseeable. My concern is whether the Minister has sufficient flexibility in clause 43 to do what he suggests he could do.

Barry Gardiner: The hon. Gentleman puts a question that is absolutely to the point, and the answer is yes, we do believe that clause 43 will give us the flexibility that we require. But in framing subsequent regulations, we will obviously take very careful note of the view expressed by the House this afternoon, and of the potential pitfalls to which we have been alerted.

Government amendment No. 76 echoes a similar provision in clause 43(5). It enables an order to be made by the national authority, exempting certain land from the controls on works in clause 38. An order

[Barry Gardiner]

could be made under this amendment only in relation to land to which the controls on works under section 194 of the Law of Property Act 1925—the predecessor provision to clause 38—have already ceased to apply. So this amendment and the existing clause 43(5) merely give us the option to preserve the exemptions that are already in place, and we see that as entirely proper.

Generally, section 194 of the 1925 Act applies to land that was subject to rights of common in 1926. Where all rights of common have since been acquired under any statutory power, such as a power of compulsory purchase, section 194 will cease to apply to that land. It is in those circumstances that we would have the discretion to make an order under this amendment.

It will not surprise Members to learn that we have in mind a particular case: Warcop military training area, which is a firing range in Cumbria. The rights of common there were acquired in 2003 following a public inquiry, and the controls on works under section 194 therefore ceased to apply at the same time. There is uncertainty about Warcop's status, and I share the concern of the Under-Secretary of State for Defence, my hon. Friend the Member for West Bromwich, East (Mr. Watson), that clause 38 could re-impose those controls. Government amendment No. 76 will enable us to address the issue at Warcop. My hon. Friend and I are committed to consulting at a later date—I give that commitment, as my hon. Friend the Member for Sherwood (Paddy Tipping) asked me to do—on how best to address the problem in the light of this amendment, so that there is no interference with the delivery of our armed forces' training needs. It might help if I add that my Department is not aware of any other site where the circumstances would enable an order to be made using the powers conferred by this amendment.

I turn now to Government amendments Nos. 78 to 80, which deal with the National Trust. The House will recall from earlier debates that the trust was concerned about the impact of the Bill on the National Trust Acts. I have since met Fiona Reynolds, the trust's chief executive, and am pleased to say that we have been able to reassure the trust that the arrangements for improved management of commons set out in part 2 of the Bill do not represent any practical threat to its excellent management of its very extensive common land holdings.

However, Fiona Reynolds has also pointed out that the power in clause 44(2) to amend local or personal legislation by order

"for the purpose of making provision about works"

may be too broad. The trust is concerned that it would allow such an order to repeal relevant powers taken by it under the National Trust Acts. Of course, that is not our intention, and the amendments that we consider necessary to those Acts are already set out in paragraphs 3 and 4 of schedule 4.

Government amendment No. 78, which builds on an amendment proposed to us by the National Trust, addresses that matter. It makes it clear that the purpose of the power is simply to enable any existing consent criteria or procedures for works carried out under local or personal legislation to be made consistent with the criteria and procedures set out in part 3 of the Bill. The amendment does this for both the current subsections (2) and (4) of clause 44, and obviates the need for subsection (5). Government amendments Nos. 79 and 80 are consequential.

As I understand it, the National Trust supports the generality of the Bill's provisions, and the tabling of Government amendment No. 78 leaves it content that the Bill will not prejudice its interests.

Amendment No. 121, tabled by my hon. Friend the Member for Sherwood, stems from an amendment that we made to the Bill on Third Reading in another place. That Government amendment concerned section 194 of the Law of Property Act 1925 which, as I have already said, is the current statutory provision about consent for works on commons. The Bill will repeal section 194 in due course, but paragraph 6 of schedule 4 makes transitional provision about enforcement under the section until it is repealed.

Originally, paragraph 6 of schedule 4 provided for any person or organisation to seek enforcement action, in the county court, against works undertaken without authority under section 194 of the 1925 Act. Our amendment in the other place said, in effect, that that did not apply to works undertaken before the Bill was introduced into the House of Lords last June—hence the date. In such cases, the status quo would prevail: that is, that only the district, county or unitary council—in Wales, the county, borough—the lord of the manor, the owner or others with a legal interest in the land should be able to seek an enforcement order from the county court. Amendment No. 121 would reverse that change, so that any person could seek enforcement, even against "old" works.

We are committed to the principle that, if works are unlawfully undertaken on common land after the introduction of this Bill, anyone should be able to ask the court to take action. I think that that is common currency between me and my hon. Friend the Member for Sherwood. Everyone now has a direct interest in keeping commons open and unspoilt, thanks to the Government's historic achievement in giving people legal access rights over commons throughout the country. So for the first time, the Bill extends the power to seek enforcement action against unlawful works to any person or organisation.

My hon. Friend the Member for Sherwood has a distinguished record of personal interest in open space protection and public access, and I fully understand why he has proposed amendment No. 121, but it is about the past, not the future. The issue that it raises really boils down to this question: should any person or organisation be able to go to the court and ask it to enforce against unlawful works that were undertaken before the Bill even began its passage through another place?

In practice, the question is not that simple. The Limitation Act 1980 rules out enforcement against works undertaken more than 12 years ago. Moreover, as I am sure my hon. Friend the Member for Sherwood is aware, the effective window for action tends in fact to be much narrower than that, because the courts look very critically at any suggestion that they should make any type of order against works that are more than a few years old.

In reality, there is likely to be a limited number of cases in which the amendments would make a practical

difference to the enforcement position. Our view is that where works were undertaken within the narrow time window and without consent it would not be right for us to open the scope for anyone to seek enforcement action. In the end, those responsible for such works did what they did on the basis of the more limited enforcement regime that then applied. Paragraph 6 as it stands strikes the right balance, and we do not think that it would be just to allow any person to apply to the county court for enforcement action in pre-Bill cases. The situation may, however, be different for future changes to unlawful old works. I hope that that gives my hon. Friend the Member for Sherwood a glimmer of hope.

4.15 pm

Paddy Tipping: Will the Minister explain in plain words why the Government changed their mind on the date? The original Bill was satisfactory. Why was it changed in another place?

Barry Gardiner: In our view, unless national authority consent is obtained, any person will be able to seek enforcement action against the maintenance or extension of unlawful old works. If the practical effect of the new work would be further to impede access, compared with the position before the new work was undertaken, the situation is as set out in the letter I wrote on 11 May to members of the Standing Committee. The letter is in the Library, but I might helpfully quote from it on maintenance of works:

"There appears to have been some confusion about this issue during debate so I thought it might be helpful to set our intentions as to whether consent under clause 38(1) will be required for maintenance to existing works. Works of any description will require consent only if they take place on the common, not if they stand on land adjoining the common, for example on neighbouring farmland. The physical boundaries separating the common for adjoining land, for example the wall between the common and the in-by or enclosed land, is customarily the responsibility of the occupier of that land and not part of the common."

So, works of maintenance could not require consent.

"New works on the common will not require consent if they are merely maintaining original structures that are lawfully there, provided that maintenance does not create any greater practical impediment to access than the original structure".

Examples might be structures that receive consent under section 194 of the Law of Property Act 1925 or those where such consent was never needed initially, perhaps because the original works were undertaken before 1926 or under statutory powers.

"New works on the common will not require consent if they are merely maintaining original structures that are lawfully there"—provided that maintenance does not create any greater practical impediment to access than the original structure.

If the original works were unlawful when originally constructed, then the situation is a little more complicated. Firstly, if they remain unlawful nothing in the Bill will change that and maintaining them will require consent as for any other works which restrict or impede access. Indeed the original works themselves will continue to require consent. We have clarified the fact that the appropriate national authority will be able to entertain a 'restrospective' application and this is set out in clause 39(7) of the Bill.

If the original works are no longer unlawful (because the time in which enforcement action could have been taken under the Limitation Act 1980 has expired) consent will be needed for maintaining them in the same way that it would be needed for other lawful works. This is where only if doing so creates any greater practical impediments to access than the original structure.

Any new works that would increase the size or footprint of previous works, and thereby the degree of impediment to access, will always require consent whether or not the original works had consent. This is because they are not works of maintenance, but works which themselves prevent or impede access."

I hope that that is helpful and provides light at the end of the tunnel for my hon. Friend the Member for Sherwood. Notwithstanding the cut-off date referred to in amendment No. 121, access authorities have powers under chapter 3 of part 1 of the CROW Act to provide means of access on access land. That would provide a way in which access could be promoted, whatever the status and age of the fencing.

My hon. Friend the Member for Sherwood asked what is, on the face of it, a very simple question—why did we change? I have not yet answered it. It has been evident today that the Government have changed a great deal since the Bill was introduced. On the whole, I believe that the changes have improved it. We have had to reflect on the balance of arguments presented to us both in Committee and in the other place. The consensus and compromise that we have sought to bring will enable us to achieve the intention that we all share—to improve the management of our common lands. That is what prompted us to change our views, so I ask my hon. Friend not to press his amendment.

Mr. Paice: I am grateful for the Minister's remarks on amendment No. 114. It was clear from the comments of all hon. Members that they supported my aim. If I may put words into the Minister's mouth, I do not think that he entirely disagreed either, but he thought that he could achieve that aim in other ways. Ministers always say things like that. The principle remains that we do not want, and it would be unwise were it to happen, the national authority—in this case, the Minister—to be besieged by thousands of very minor requests to create works that could be dealt with more simply.

We will look carefully at the regulations and I hope that the Minister is right about the flexibility in clause 43, which he mentioned in response to my earlier intervention. I hope that he is also right about the ability to make exemptions and about fast-tracking. I was proposing not just fast-tracking, but no tracking, in that people should be allowed to use their initiative where appropriate in cases of emergency. We will study what the Minister comes up with. I know that he meant it when he said that in drafting the regulations, he will heed the views expressed this afternoon. I appreciate that.

I am sure that the Minister understands that this is an important point. Nobody wants "unlawful fences", to use the words of the hon. Member for Sherwood (Paddy Tipping), but there may be times when a temporary arrangement is necessary, so a blanket opposition is not helpful. I suspect that even the most rabid enthusiast for open access would accept that there are times when common sense dictates that measures must be taken. What is important is that the common sense extends to not having to go through all the ramifications of applying to the Secretary of State for consent to do something. If the Minister accepts that argument and his regulations achieve that aim, I shall be happy. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 43

POWER TO EXEMPT

Amendments made: No. 76, in page 25, line 18, at end insert—

'(4A) Where—

(a) any land was at any time before the commencement of this section land to which section 194 of the Law of Property Act 1925 (c.20) applied, but

(b) at any such time that section ceased to apply to the land by virtue of subsection (3)(a) of that section,

the appropriate national authority may by order provide that section 38 is not to apply to the carrying out of works, or works of a description specified in the order, on that land.'.

No. 77, in page 25, line 24, leave out 'subsection (1) or (5)' and insert 'this section'.—*[Mr. Michael Foster.]*

Clause 44

SUPPLEMENTARY

Amendments made: No. 78, in page 25, line 31, leave out subsection (2) and insert—

'(2) A national authority may for any purpose specified in subsection (2A) by order amend—

(a) any local or personal Act passed before this Act which contains provision for that authority to consent to works on land which is common land; and

(b) any Act made under the Commons Act 1876 (c.56) confirming a provisional order of the Inclosure Commissioners which contains provision for that authority to consent to works on land to which the Act applies.

(2A) The purposes referred to in subsection (2) are—

(a) that of securing that sections 39 and 40 apply to an application for the consent referred to in paragraph (a) or (b) of subsection (2) as they apply to an application for consent under section 38(1);

(b) that of securing that section 41 applies in relation to the carrying out of works in contravention of the provision referred to in paragraph (a) or (b) of subsection (2) as it applies to works carried out in contravention of section 38(1).'.

No. 79, in page 25, line 34, after 'subsection (2)' insert—

'"national authority" means—

(a) the Secretary of State; and

(b) the National Assembly for Wales;'.

No. 80, in page 25, line 39, leave out subsections (4) and (5).—*[Mr. Michael Foster.]*

Clause 46

POWERS RELATING TO UNATHORISED AGRICULTURAL ACTIVITIES

Mr. Roger Williams: I beg to move amendment No. 118, in page 26, line 23, leave out 'an agricultural' and insert 'any'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following amendments: No. 119, in page 26, line 39, leave out 'agricultural'.

No. 120, in page 26, line 41, leave out 'agricultural'.

Mr. Williams: The previous group of amendments dealt with unauthorised works on the commons and the current group covers unauthorised activities, which the Bill defines as unauthorised agricultural activities. For consistency, there should be another amendment to remove "agricultural" from the clause heading. It is interesting that subsection (8) on page 27, which defines unauthorised activities, does not include the word "agricultural". That is the point that the amendments try to make.

Activities, which are not necessarily agricultural, that are detrimental to the qualities that we want to conserve sometimes take place on the common or the village green. If unauthorised or unwise agricultural activities take place, of course the national authority should have the power to intervene. However, activities that are not agricultural could be equally detrimental.

When we entered into those discussions previously, the Under-Secretary's predecessor said, "Oh well, those activities are illegal anyway." I have tried to find examples of activities that might be detrimental to people's enjoyment of access or biodiversity that are not illegal but will not be helpful in managing the commons or village greens. They include informal dog racing and other informal sports and activities, which might be acceptable but, if they expanded or their frequency increased, would be unacceptable to people who want to enjoy other informal activities or wish to use commons for grazing and agricultural purposes.

The amendments would therefore remove the word "agricultural" and thus cover more than simply activities that are associated with agriculture. I believe that the farming community would welcome them because, if they were accepted, the Bill would be perceived to deal even-handedly with everyone who has the interests and well-being of commons at heart. I look forward to the Under-Secretary's response to those simple amendments, which would add something to the Bill.

Mr. Atkinson: I am suspicious of the amendment because it may extend the clause's scope and intention far too widely. My ears pricked up when the hon. Member for Brecon and Radnorshire (Mr. Williams) mentioned unauthorised dog racing. In our part of the world, we have an old activity called hound trailing, which is popular in the Lake district and in my constituency. Indeed, we had an international—because somebody came from Cork—hound trail meeting the other Saturday, which was a good occasion. The amendment would catch that because the event takes place across a common.

I can envisage problems with informal, sensible activities on the village green that could be caught by the amendment. What about an impromptu football kick-about? What about flying a model aircraft or simply having a party? The amendments risk being far too draconian. As I understand it, authorised activities are a matter for the slightly sinister organisation referred to in the Bill as the "appropriate national authority"—a Kafka-esque sounding body. If something is not authorised by the appropriate national authority, the activities that I mentioned could be caught by the amendment. It could have an unintended consequence of stopping people's legitimate enjoyment of village greens.

Barry Gardiner: The amendments would considerably broaden the existing power in the Bill for the national authority to deal with unauthorised agricultural activities, extending it to cover all unauthorised activities. The power in the clause is intended as a power of last resort to deal with difficult agricultural problems that are damaging the common and cannot be resolved by other means. It is deliberately focused to address problems such as rights' holders who may exceed the number of animals that they are allowed to depasture on a common, who are engaging in unauthorised cutting or removal of vegetation or are not removing animals during periods when the common should be cleared of livestock. We do not want to expand the power to encompass a large number of non-agricultural activities that can already be more effectively tackled locally.

I pick up the theme that the right hon. Member for Penrith and The Border (Mr. Maclean) began. Telephoning the Secretary of State in Westminster to report, for example, motorbikes racing across a common, will not be as effective as contacting the local police, who are much closer to the problem, much better informed, and more able to deal with such issues.

4.30 pm

There are already existing enforcement powers to deal with many of the problems that Members have mentioned as occurring on commons and it is not our intention to duplicate them; for example, several Acts deal with driving on common land. Section 193 of the Law of Property Act 1925 makes it an offence where any person without lawful authority drives on land to which the section applies. The section applies to what are often described as "urban commons"—commons that before 1974 were within urban districts or boroughs—and other commons that have been dedicated by deed for public access.

Section 34 of the Road Traffic Act 1988 makes it an offence where a person without lawful authority

"drives a mechanically propelled vehicle...on to or upon any common land, moorland or land of any other description, not being land forming part of a road".

There is also a host of local byelaws that prohibit driving on common land and greens. Furthermore, village greens are afforded protection under section 12 of the Inclosure Act 1857, which protects greens from injury or damage and interruption to their use or enjoyment as a place for exercise and recreation. It may also be used against those who drive on greens.

I stress that the clause is envisaged as a power of last resort. To widen it as the amendments would allow is not acceptable, so I hope that the hon. Member for Brecon and Radnorshire (Mr. Williams) will not press them.

Mr. Roger Williams: I accept what the Minister says about the clause being the option of last resort. I hope that many of the agricultural problems will be sorted out by the commons councils, so the opportunity for the national authority to exercise the powers would be extremely rare and remote.

There are hound trails in my constituency, too. When I attended the Pont ar Elan show a week ago last Saturday, it was a privilege to see not only hound trails but also dog racing on the common; but it was taking place with the express permission of the commoners' association. Our amendment would address only activities that were undertaken against the express will of commoners' associations, but as I would not want the Minister's weekends disturbed by people ringing up to report informal dog racing, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: No. 81, in page 27, line 8, leave out 'association' and insert 'council'.

No. 82, in page 27, line 18, leave out 'association' and insert 'council'.—*[Mr. Watts.]*

Clause 57

NATURAL ENGLAND

Barry Gardiner: I beg to move amendment No. 83, in page 31, line 36, leave out '1' and insert '1(4)'.

This minor and technical amendment deals with a transitional provision in the clause. References in the Bill to Natural England are to be taken as references to English Nature until that body is formally dissolved. The amendment ensures that the provisions function effectively in relation to the commencement of section 1 of the Natural Environment and Rural Communities Act 2006, because, at present, clause 57 refers to the commencement of section 1. However, that gives rise to some uncertainty, because section 1 has already been commenced to the extent of establishing Natural England as a skeleton body. The amendment makes it clear that the transitional provision has effect until English Nature is abolished on the commencement of subsection (4) of section 1, which we expect to take place on 2 October this year.

David Maclean: This is a small technical amendment and I rise on a small technicality. We received a briefing from English Nature which refers to the letter Sir Martin Doughty received from the Minister, no doubt relating to this clause among others. There is a lot of detail about Sir Martin's reply to the Minister but we have not actually seen the Minister's letter, so my first brief point is that I hope the Minister will put a copy of the relevant letter to Sir Martin Doughty in the Library. For accuracy, I shall quote a few words from the briefing:

"The Parliamentary Secretary for Biodiversity, Landscape and Rural Affairs wrote to Sir Martin Doughty, Chair Designate of Natural England, following a debate at Standing Committee concerning Natural England's role in the implementation of the Commons Bill. In his response of 24 May 2006, Sir Martin highlighted the considerable importance of Common Land for a wide range of public interests, justifying significant involvement for Natural England within and beyond the confines of the new legislation. He agreed that Natural England should assume a central responsibility for the management and protection of common land, and of town and village greens, and expressed confidence that this role of 'public sector champion' could be achieved without any requirement for a specific statutory duty."

The second part of my technical point is that I hope that, in addition to the first letter that the Minister wrote to Sir Martin, which he will put in the Library, we will have sight of the next letter he is going to write to the wonderful Sir Martin Doughty, saying, but in better civil service language, "Get back in your box, Sir

[David Maclean]

Martin. You will stick within the confines of the legislation, and you will not become a champion for the management of our Cumbrian commons—which you have never done before—without any statutory cover for doing so. You will not go beyond the confines of the new legislation."

I do not want to labour this little point. English Nature is superb in many of the things that it does but it has no track record of managing our wonderful Cumbrian commons. The idea that it is suddenly going to become public sector champion of running Caldbeck common on our fells, and that it is going to go way beyond its statutory duties and do things beyond the confines of the legislation, is not acceptable. I hope that the Minister will say, "Sir Martin: carry on doing the wonderful job you are doing in Natural England, do it within the law, do it within the spirit of the Act, but do not step out of the box too much." I just wanted to make that technical point.

Barry Gardiner: Technology has obviously moved on since my day if that is a technical point. I am happy to accede to the right hon. Gentleman's request that the correspondence be placed in the Library. I think that the original letter was from my predecessor, my hon. Friend the Member for South Dorset (Jim Knight), now the Minister for Schools, but I am happy to make the correspondence available.

I probably have no need of correspondence with Sir Martin Doughty because he will no doubt read today's *Hansard* and will read the right hon. Gentleman's remarks for himself. I suspect that the right hon. Gentleman may be the one who enters into further correspondence with Sir Martin.

Amendment agreed to.

Clause 60

INTERPRETATION

Amendment made: No. 84, in page 32, line 29, leave out 'association' in both places it occurs and insert 'council'.—*[Mr. Watts.]*

Schedule 1

AUTHORISED SEVERANCE

Amendments made: No. 85, in page 34, line 8, leave out 'association' and insert 'council'.

No. 86, in page 34, line 19, leave out 'association' and insert 'council'.

No. 87, in page 34, line 32, leave out 'association' and insert 'council'.

No. 88, in page 34, line 33, leave out 'association' and insert 'council'.

No. 89, in page 34, line 35, leave out 'association' and insert 'council'.

No. 90, in page 35, line 2, leave out 'association' and insert 'council'.

No. 91, in page 35, line 17, leave out 'association' and insert 'council'.—*[Mr. Watts.]*

David Maclean: I beg to move amendment No. 115, in page 36, line 6, leave out 'must' and insert 'may'.

Mr. Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 92 to 94.

David Maclean: I suspect that I have been struck off the English Nature cocktail party list for the foreseeable future.

I will use the short speech rather than the long speech that I have with me today. It was drafted for me by the Federation of Cumbria Commoners, and I make no apology for that; it will be one of the better speeches that I have made on the Bill, if I stick to the script.

First I pay tribute to the Minister, and particularly to his civil servants, who have been assiduous in paying attention to and trying to balance the different views of commoners but paying attention to what the Federation of Cumbrian Commoners had to say. They visited the area at least twice to obtain indepth knowledge of how the commons are run.

I know it is a common view among farmers that no one in the Rural Payments Agency or the Department for Environment, Food and Rural Affairs has ever seen a cow or a sheep, but those I have talked to in Cumbria are very appreciative of the state of knowledge of the DEFRA civil servants who have been dealing with the Bill. They should be promoted to the bananas directorate, which I understand involves a nice bit of foreign travel. They cannot go to the Wine Standards Board; that is another good number, but the Department is giving it away to the Food Standards Agency.

Amendment No. 115 is an important little amendment. It is not just a technical one, and it is not an amendment in the style of my late right hon. Friend Eric Forth MP, who would have always moved amendments of this nature. The federation says that it is strongly in favour of this amendment because it ensures that there is flexibility as to whether or not owners' consent will be required if an order is issued allowing local severance.

This is a compromise on my part. In Committee I strongly took the view that this part of the clause should be deleted, that there should be no circumstances where the Government should have this power, and that owners' consent should never, ever be required. I now accept that this is a sensible compromise that does not tie the Minister's hands either way.

The Cumbrian commoners accept that there is differing practice across the country and the Bill deals with that through not making severance indiscriminately available. Their concern is to make sure that an order works if and when it is made. Without the amendment, there is a risk that it will not. As the Bill stands, an order allowing local severance is of little value, because it requires the owner of the soil of the common to consent to the transfer and it will rarely be in the owner's interest to give that consent.

In Cumbria, severance has been commonplace for many decades without owner's consent. My amendment will ensure that if an order is made allowing severance on a local basis, the national authority will not have to require the owner's consent.

It may or may not decide to do so, depending on the particular situation and having regard to any representations made to it.

The relationship between the owner of the soil and the owner of common rights is not the same as that captured in landlord and tenant legislation. They both have freehold interests. Having one person restricting the property rights of another is quite different from the state licensing the exercise of property rights—for example, through planning laws. It may even be a breach of human rights legislation to give one person the right to interfere with the rights of ownership of another.

The Government have tabled an amendment that would deem that consent has been given if it is considered to have been unreasonably withheld by the owner. That is not adequate by itself. In many cases, the cost of fighting an owner's veto will exceed the value of the transaction to the commoner. From the perspective of the Cumbrian commoners, the absolute requirement for consent in effect turns the clock back to a feudal era. It is inappropriate for the 21st century.

Mr. Atkinson: In many cases, those common rights have considerable financial value in the sense that, if a farm is sold, the common rights are sometimes sold separately. If the Bill is not amended, it will mean that somebody who paid additionally for those common rights could lose a substantial amount of that value when they came to sell them again.

David Maclean: That is absolutely right. The rights would have little value then. I perfectly respect those who manage our countryside and have shooting rights, but their interests are different from the interests of small farmers and commoners. Quite simply, if I were the lord of the manor and I had the shooting rights, I would be the nasty sort who would veto every single transfer. The rights then become valueless and I buy them up cheaply and improve my own shooting rights. That is a legitimate thing for the person with the shooting rights to seek to do, but the House of Commons should not make it easier for that person by devaluing the value of the rights. If someone wants to buy up the rights of grazing to improve his shooting, let him do so, but let him, or her, do so at full market value. The amendment permits an even playing field. People can buy up the rights if they want to and the owner can sell them at the commercial rate.

We have given the Minister flexibility. I understand that he might be sympathetic to the amendment. I have checked with our Front-Bench spokesman in the other place and she is content, so I am confident that we will not have to deal with the matter again in this Chamber. I implore the Minister to grasp the nettle and ensure that there is fair play for all who are involved in the management of the countryside.

Mr. Paice: Unusually, I am going to cross swords slightly with my right hon. Friend the Member for Penrith and The Border (David Maclean). He well knows that the current phrasing of the Bill is the result of a lot of discussion in the other place, where the Bill started its proceedings, and stemmed from concern that—picking up on the point that he made—those who have sporting interests on the moors, and particularly on the Yorkshire moors, would find them seriously damaged if the rights were sold or transferred in a way that was not helpful overall. There was a lot of discussion in the other place and that is how the current words came to be included. I fully recognise—as I am sure that he will acknowledge that I did in Committee—that to give the landowner the absolute right of veto is wrong. That is why, in Committee, I proposed moving forward on the basis that, if the landowner unreasonably withheld consent, the Minister should be able to override that. I remain of that view, so I welcome Government amendments Nos. 92 to 94. The question is whether we need to go a step further, as my right hon. Friend proposes.

4.45 pm

As I read the Government amendments, they say that if a Minister feels that a landowner has unreasonably withheld consent, that can be overridden. I should point out to my right hon. Friend that we will be considering few such cases in the future because the Bill is designed to end the principle of severance, rather than to allow severance. The Minister would be required to issue an order before severance could take place. Under the Government amendments, he would then have to consider whether consent had been unreasonably withheld.

The Bill already requires the Minister to consult everyone, including the owners of the land or their representatives. My right hon. Friend's amendment relates to the measure that says that the Minister "must" make provision for whether the landowner has given consent. I am not sure whether the extra step of changing the word "must" to "may" is really necessary. I take the view—this is in some ways where my right hon. Friend and I slightly disagree—that a landowner is a property owner with certain rights. Yes, he would get consulted, but he should have a bit more say than that. I was happy with the compromise that was agreed among the different views in another place, which is represented by the Government amendments, but I am not entirely convinced that the Government would be right to accept the word "may" instead of "must".

If the Minister were to accept my right hon. Friend's amendment, he would obviously take account of the geographical location of the individual common in question when making an order, and of where the rights to the common pertained. He would also take account of whether the location was an area such as Cumbria, where the landowner's consent would not be especially relevant, an area on the other side of the Pennines, or a place such as the constituency of my hon. Friend the Member for Hexham (Mr. Atkinson). However, my right hon. Friend's amendment would give the Minister more discretion than the Government amendments.

My right hon. Friend has expressed concern in conversations with us about giving the Minister discretion to decide what unreasonably withheld consent is. However, his amendment would give the Minister even more discretion, not less. It is for that reason that I have yet to be convinced of it. I am sure that the Minister will make his views clear. I do not for a moment suggest that we will divide the House if he wishes to accept the amendment, but I am certainly not convinced that everyone in the other place will be happy with it. If the amendment goes forward to the other place, we will have to see what it decides. It would be a pity if the huge degree of consensus on the Bill overall, to which we will refer on

Third Reading, was lost on this matter, but I fear that that could be the case. I look forward to hearing what the Minister has to say and finding out how he will respond to a tricky situation.

Mr. Atkinson: I speak in support of my right hon. Friend the Member for Penrith and The Border (David Maclean). It was said earlier that everyone has a slightly different vision of what a common is. Some see a common as an urban common, while others would think of a large upland common. My right hon. Friend and I share an identical type of common: large upland commons covering tens of thousands of acres. The situation for such commons is different from that in other parts of the country.

I agreed with what my right hon. Friend said about the way in which officials have worked hard to try to solve difficult problems, given that every common in various parts of the country has a different culture. There is no doubt that our upland commons in the north have a culture different from others. The difference for those in the north is this business of value with severance, and that is crucial. In normal circumstances, there is a value for a farm with attached common rights, but the value often increases if common rights can be sold separately from the dominant farm. Sometimes the value of the dominant farm will be different. In some circumstances it may be greater now without the commons. In other instances, people may wish to acquire the rights of the common to increase their grazing rights. It is a complicated matter and one where there is monetary value. If we do not accept the amendments, we will be devaluing the assets of farmers who have bought common rights separately as a separate transaction. That is wrong. I do not want to end the sense of compromise that we have, but this is a difficult issue. I would give some support to the amendment.

Barry Gardiner: Government amendments Nos. 92 to 94 revisit the provision in paragraph 3 of schedule 1 about the permanent severance of rights of common. My starting point is that most grazing rights would never have been severable were it not for the unintended effect of registration under the Commons Registration Act 1965. Clause 9 reinstates the general prohibition on severance. Schedule 1 gives effect to some exceptions.

On Third Reading in another place, we responded to calls from Lord Inglewood and others to introduce a power for the national authority to enable permanent severance on a designated common by order. In moving an amendment, my noble friend Lord Bach said that the powers were "a reserve power only". He added that that did not mean that we intended to use them, and said that there were no plans to do so. However, in Committee, the hon. Member for South-East Cambridgeshire (Mr. Paice) and the right hon. Member for Penrith and The Border (David Maclean), when they were agreeing with each other, sought to temper the requirement that the owner of a common must consent to any individual act of severance.

We accept the argument advanced in Committee that an owner might exercise a veto for the wrong reasons—for example, to secure a financial inducement—and the amendment enables us to provide in the order that consents must not be unreasonably withheld.

I move on to amendment No. 115. This has been an extremely good-natured debate. I trust that I will be forgiven if I savour this moment and this amendment and what is going on over on the Opposition Benches. As of this morning, I have had two separate speeches ready for the amendment: one to accept it and one to reject it. I left Opposition Members to struggle out the issue between themselves, to see who could vie most for my attention.

The amendment tabled by the right hon. Member for Penrith and The Border would go rather further than the Government amendment. It would give the national authority discretion about whether to include a requirement for the owner's consent in any particular order. I have listened with care to the arguments advanced by the right hon. Gentleman. He represents the interests of his constituents with great tenacity. He has written to me twice on these matters. The way in which he has presented his case, both in correspondence and orally today, does him great credit.

The right hon. Gentleman has made the trenchant point that severance of common rights in the hills of Cumbria is not a recent innovation. As is often the case in those parts, the rights have always been quantified. The law has always recognised that those rights may be severed. Were we to contemplate an order to permit continued severance in such areas, we would certainly want to have a discretion not to require the consent of the owner. That discretion is not available to us as the Bill stands.

We remain of the view that there should be a general prohibition on severance. Indeed, the right hon. Gentleman has accepted that we are talking of exceptional circumstances. Should we be minded to make an order under paragraph (3) permitting severance in any locality, we should have a power to impose a condition requiring the consent of the owner to any particular act of severance. That will ensure that severance does not interfere with the proper management of common where the owner continues to take an active interest.

We believe that the Government's amendments to paragraph (3) remain sensible and confer greater flexibility, but I am inclined to agree to the amendment of the right hon. Member for Penrith and The Border.

Mr. Paice: The Minister is taking a constructive approach to these matters. I am sorry that we were not able to produce a clear answer to his confusion. It is unusual that a Minister comes to the House without a clear line. I think that he was coming to that when I rudely intervened on him. I look forward to what he has to say. Suffice it to say, whatever the conclusion of the Government and another place, that we all accept that there is an important role for the landowner, but it is right that there should be a power to ensure that it is not an absolute veto. There is not a great deal to be achieved either way.

Barry Gardiner: I am grateful to the hon. Gentleman, both for those remarks and for his note.

I commend the right hon. Member for Penrith and The Border on his legal skills. His amendment is of such a high standard that I am happy to accept it in its present form. If he decides not withdraw it, we would be pleased to add it to the Bill at this final hour. It is

fitting, given that we have been considering arrangements for common lands that, in many cases, have been in existence for almost 1,000 years, that it should be a Labour Government who should ensure that the fight against feudalism and the striving for a classless society continue. I am delighted to accept the right hon. Gentleman's amendment, and I trust that he will not withdraw it.

David Maclean: I am grateful to the Minister, both for his wise words, and for having the wisdom to make the right speech this afternoon. Naturally, I shall not withdraw the amendment, and I hope that we do not vote on it, as that is not necessary. I congratulate the Minister, at the close of our debate, on accepting the amendment. It is a long time since I have had an amendment accepted in the House, so I am slightly out of practice. I am grateful to the Minister for his kind words, but he should offer them not to me but to the Cumbrian Commoners Association, which is skilled and knowledgeable, because it has been dealing with commons for hundreds of years, and understands them. I am grateful that the Minister and his officials have listened to our point of view, and I assure him that we will not need to deal with the matter in the House for a considerable period. He has some flexibility available to him, but it he will be required to exercise his judgment only on rare occasions, and that is the way it should be.

Amendment agreed to.

Schedule 1

AUTHORISED SEVERANCE

Amendments made: No. 92, in page 36, line 9, after 'include' insert '(a)'.

No. 93, in page 36, line 11, leave out 'consent obtained' and insert—

'(b) provision as to the circumstances in which consent may be regarded as having been obtained'.

No. 94, in page 36, line 11, at end insert—

'( ) Provision referred to in sub-paragraph (5)(b) may include—

(a) provision for consent to be regarded as having been obtained if it is withheld unreasonably;

(b) provision for the circumstances in which consent is to be regarded as withheld unreasonably;

(c) provision for the resolution of disputes.'.—*[Mr. Michael Foster.]*

Schedule 2

RECTIFICATION OF MISTAKES ETC UNDER THE 1965 ACT

Amendments made: No. 95, in page 36, line 33, at end insert—

'Non-registration of common land

1A (1) If a commons registration authority is satisfied that any land not registered as common land or as a town or village green is land to which this paragraph applies, the authority shall, subject to this paragraph, register the land as common land in its register of common land.

(2) This paragraph applies to any land which—

(a) was not at any time finally registered as common land or as a town or village green under the 1965 Act;

(b) is land which is—

(i) regulated by an Act made under the Commons Act 1876 (c.56) confirming a provisional order of the Inclosure Commissioners;

(ii) subject to a scheme under the Metropolitan Commons Act 1866 (c.122) or the Commons Act 1899 (c.30);

(iii) regulated as common land under a local or personal Act; or

(iv) otherwise recognised or designated as common land by or under an enactment;

(c) is land to which this Part applies; and

(d) satisfies such other conditions as regulations may specify.

(3) A commons registration authority may only register land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

Non-registration of town or village green

1B (1) If a commons registration authority is satisfied that any land not registered as a town or village green or as common land is land to which this paragraph applies, the authority shall, subject to this paragraph, register the land as a town or village green in its register of town or village greens.

(2) This paragraph applies to any land which—

(a) on 31 July 1970 was land allotted by or under any Act for the exercise or recreation of the inhabitants of any locality;

(b) was not at any time finally registered as a town or village green or as common land under the 1965 Act;

(c) continues to be land allotted as specified in sub-paragraph (a);

(d) is land to which this Part applies; and

(e) satisfies such other conditions as regulations may specify.

(3) A commons registration authority may only register land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

No. 96, in page 36, line 35, leave out sub-paragraph (1) and insert—

'(1) If a commons registration authority is satisfied that any land not registered as common land or as a town or village green is land to which this paragraph applies, the authority shall, subject to this paragraph, register the land as common land in its register of common land.'.

No. 97, in page 37, line 30, leave out sub-paragraph (6) and insert—

'(6) A commons registration authority may only register land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

No. 98, in page 37, line 35, leave out sub-paragraph (1) and insert—

'(1) If a commons registration authority is satisfied that any land registered as common land is land to which this paragraph applies, the authority shall, subject to this paragraph, remove the land from its register of common land and register it in its register of town or village greens.'.

No. 99, in page 38, line 1, leave out sub-paragraph (3) and insert—

'(3) A commons registration authority may only remove and register land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

No. 100, in page 38, line 4, at end insert—

'Buildings registered as common land

3A (1) If a commons registration authority is satisfied that any land registered as common land is land to which this paragraph applies, the authority shall, subject to this paragraph, remove that land from its register of common land.

(2) This paragraph applies to land where—

(a) the land was provisionally registered as common land under section 4 of the 1965 Act;

(b) on the date of the provisional registration the land was covered by a building or was within the curtilage of a building;

(c) the provisional registration became final; and

(d) since the date of the provisional registration the land has at all times been, and still is, covered by a building or within the curtilage of a building.

(3) A commons registration authority may only remove land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

No. 101, in page 38, line 6, leave out sub-paragraph (1) and insert—

'(1) If a commons registration authority is satisfied that any land registered as common land is land to which this paragraph applies, the authority shall, subject to this paragraph, remove the land from its register of common land.'.

No. 102, in page 38, line 13, leave out from 'was' to end of line 15 and insert

'provisionally registered as common land under section 4 of the 1965 Act'.

No. 103, in page 38, line 28, leave out sub-paragraph (3) and insert—

'(3) A commons registration authority may only remove land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

No. 104, in page 38, line 31, at end insert—

'Buildings registered as town or village green

4A (1) If a commons registration authority is satisfied that any land registered as a town or village green is land to which this paragraph applies, the authority shall, subject to this paragraph, remove that land from its register of town or village greens.

(2) This paragraph applies to land where—

(a) the land was provisionally registered as a town or village green under section 4 of the 1965 Act;

(b) on the date of the provisional registration the land was covered by a building or was within the curtilage of a building;

(c) the provisional registration became final; and

(d) since the date of the provisional registration the land has at all times been, and still is, covered by a building or within the curtilage of a building.

(3) A commons registration authority may only remove land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'.

No. 105, in page 38, line 33, leave out sub-paragraph (1) and insert—

'(1) If a commons registration authority is satisfied that any land registered as a town or village green is land to which this paragraph applies, the authority shall, subject to this paragraph, remove the land from its register of town or village greens.'.

No. 106, in page 38, line 40, leave out from 'was' to end of line 42 and insert

'provisionally registered as a town or village green under section 4 of the 1965 Act'.

No. 107, in page 39, line 9, leave out sub-paragraph (i).

No. 108, in page 39, line 18, leave out sub-paragraph (4) and insert—

'(4) A commons registration authority may only remove land under sub-paragraph (1) acting on—

(a) the application of any person made before such date as regulations may specify; or

(b) a proposal made and published by the authority before such date as regulations may specify.'. *[Mr. Michael Foster.]*

Schedule 5

MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: No. 109, in page 44, line 37 leave out 'association' and insert 'council'. *—[Mr. Michael Foster.]*

Schedule 6

REPEALS

Amendments made: No. 110, in page 48, line 32, at end add—

'PART 5

REPEAL RELATING TO VEHICULAR ACCESS

Short title and chapter	Extent of repeal
Countryside and Rights of Way Act 2000 (c.37)	Section 68.'

—[Mr. Michael Foster.]

Title

Amendment made: No. 111, in line 1, at end insert '; and for connected purposes'.*—[Mr. Michael Foster.]*

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, and Prince of Wales's consent, on behalf of the Duchy of Cornwall, signified.]

4.57 pm

Barry Gardiner: I beg to move, That the Bill be now read the Third time.

I am pleased to stand at the Dispatch Box this evening with the task of sending the Bill to another

place for, I hope and trust, their Lordships' final blessing on a complex but extremely valuable piece of legislation that will protect and enhance our common land for years to come. Although my time as Minister responsible for the Bill has been brief, I can now profess to understand the intricacies of hefting and the significance of levancy and couchancy, as well as ancient rights of common such as blacksmut, hedgebote and whitestump. Blacksmut, I hasten to add, is the collection of charred root mould for fuel.

The Bill will protect some of our most treasured land in England and Wales for many years to come. Commons are an ancient institution that predate the Norman conquest. Today they remain important in the agricultural economy of upland areas in England and Wales, in providing a vital resource for biodiversity and recreation, and in forming a key part of our landscape. Many of our commons need help, and that is why the Bill is important. It will encourage more and better local management of commons through commons councils, and it will provide new powers to enforce against unlawful agricultural activities. It will allow us, too, to modernise the consent regime for works proposed on common land. It will drastically improve the system for registering commons and greens by bringing the registers up to date and keeping them so. We have even reached consensus on the thorny issue of severance of common rights—a Herculean achievement in its own right.

We are proud of the Bill, which has benefited from the close scrutiny it has received, and the changes that have been made to improve it. I have read the debates in another place and this House, which were productive, constructive, at times amusing and, most importantly, well intentioned. Today I have gained a first-hand appreciation for the genuine determination of hon. Members on both sides of the House to do the best job that they can. I pay tribute to the commitment shown by hon. Members and to the detailed knowledge and experience that many of them have brought to our deliberations from their years of interest in the subject. I also thank the Deputy Speakers and Chairmen who have chaired our discussions on Report and in Committee.

I acknowledge the support of the members of my team in the Department. They have worked long and hard to bring the Bill to this stage, and they have worked tirelessly with everyone who has shown an interest in the Bill to establish consensus on all the main issues. I am grateful to hon. Members for the individual tributes that they have paid to them in the course of our deliberations this afternoon—my team put that in my speech, no doubt expecting a drink at the end of this.

Finally, I thank my hon. Friend the Minister for Schools, who was responsible for managing the Bill in its earlier stages in this House. His open and consensual approach in Standing Committee has ensured that the Bill has the broad support of all parties, and I have tried to continue that approach.

Mr. Paterson: Returning to our little debate earlier this afternoon, will the Minister give me some examples of construction works?

Barry Gardiner: I am delighted that the hon. Gentleman has caught me, because I was about to sit down. We would not consider that the erection of a boundary fence cordoning off a development or the digging of a trench for foundations to be construction works. I have listened carefully to the hon. Gentleman's points this afternoon and to his quotations from the guide that he alluded to earlier. The point is that construction—building—must be taking place. The erection of a fence, clearance works or digging exploratory boreholes would not be admissible. I know that he will not be pleased by our view, but I hope that I have at least clarified the situation.

We have improved the Bill during our deliberations, and I have no hesitation in commending it to the House.

5.3 pm

Mr. Paice: I shall start by picking up the Minister's comments to my hon. Friend the Member for North Shropshire (Mr. Paterson). We were unable to conclude the discussion in which the hon. Member for Sherwood (Paddy Tipping) discussed long-standing planning consents. We were not trying to allow someone with planning consent to circumvent the basic import of being able to apply to register a village green. The Minister has suggested that I was asking for a third concession, which was not the case. I was asking for a clarification of the word, "construction", which the Minister has just provided for my hon. Friend the Member for North Shropshire—although as we all know, it will be for the courts to decide. It would be a shame if anybody who had begun a development—the moot point is what constitutes "beginning development"—finds that the opportunity is taken away from them.

This is an extremely important Bill. It is a great pleasure in many ways—I know that other Members find this—to deliberate on a matter without party division or point scoring. We had a little contretemps during the debate on the last group of amendments when it was suggested that my party was divided. That is not so; I merely wanted to ensure that the other side of the debate was properly aired because I knew what the Minister was going to say. There are two points of view, and it was right that they should both be put.

It is also unusual to debate a Bill dealing with legislation that is in many cases hundreds of years old. I think that the earliest piece of legislation that we mentioned dated from the 1270s. We have some ancient commons in my constituency, some with their own statute, and I have learned a great deal about that law. I hope that that will enable me to understand local problems better, if not to resolve them.

As the Minister said, his predecessor, who is now the Minister for Schools, led us through Second Reading and Committee in the extremely constructive way that those of us who have worked with him for some time have come to expect. I congratulate him on his promotion, which was well deserved. He was a good Minister at the Department for Environment, Food and Rural Affairs, and I hope that he takes that skill forward in his new role. The current Minister has carried on the style adopted by his predecessor and has been extremely helpful in discussions outside the Chamber, as well as in his responses today. I thank him for that.

I also thank the hon. Member for Brecon and Radnorshire (Mr. Williams), who has adopted an equally constructive approach, bringing his experience

[Mr. Paice]

as a Welsh hill farmer to bear, and the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd), who brought to our debates his tremendous experience as a rural lawyer dealing with common law, among other things. He has contributed considerably. Many outside interests and organisations have put forward their thoughts and views, and were involved in the long discussions and consultations that the Government held prior to publishing the Bill.

It would be remiss of me not to say that one or two concerns remain, including on development and minor but necessary works. I look forward to the regulations that the Minister will publish as a result. I am sorry that it has not been possible for us to deal with incorrect registrations. We considered several options, including the concept of reintroducing the principle of levancy and couchancy. The Minister and I discussed that, and I accept that it would be difficult. However, it is a pity that we have not been able to find a solution to the glaring examples of people on the register who have rights that they should never have registered, but are difficult to shift.

Nevertheless, we have dramatically improved the common law of this land as it applies to commons. I hope that what we have done will prove durable and flexible for a very long time. I hope, too, that it will help not only landowners but owners of the ancient rights that we have discussed and owners of newer rights such as open access. The only group that I hope that it does not help are lawyers. I hope that we have created a Bill that is clear enough, so that the common man can understand it and the lawyer is the poorer for it. I wish it well.

5.8 pm

Helen Goodman (Bishop Auckland) (Lab): It was a great pleasure and a fantastic learning opportunity to serve on the Standing Committee on the Commons Bill [Lords]. I hope that it will shortly be followed by the Lords Bill [Commons].

My constituency has 10,000 hectares of commons, the largest of which are Bowes moor, Cotherstone pasture, Barningham moor, Eggleston common, Cockfield fell and Hamsterley common. There are 39 commons in all. Among other things, it emerged from the discussion that half the commons in this country are sites of special scientific interest, which many people found surprising at first. As we considered the Bill in more detail, however, I realised that that was not an accident: the reason why commons are so environmentally important is that landowners have not historically had the same rights or financial incentives to sell or develop the land.

There is a general lesson for us, in all our work on protecting the environment, in the great value of taking collective responsibility. This Bill shows that it is important to continue managing commons in the interests of all stakeholders—landowners, tenant farmers and those with interests in sport and walking. In my constituency, that is especially important for the hill farmers and the environment, as part of it is an area of outstanding natural beauty. I especially welcome the democratisation process with the new commons councils being set up and the measures to protect village greens for shared use.

I want to say a brief word about part 3 of schedule 6. Before we repeal the Commons Act 1285, from the reign of Edward I, I want to share something with hon. Members about it. It is a very short piece of legislation—less than one column long—and begins:

"Whereas in a Statute made at Merton, it was granted that Lords of Wastes, Woods, and Pastures, might approve the said Wastes, Woods and Pastures, notwithstanding the Contradiction of their Tenants, so that the Tenants had sufficient Pasture to their Tenements with free…the same".

It is interesting that the problems in 1285 were similar to those that we have been addressing. The Act goes on to say:

"If any do claim Common by special Feoffment or Grant for a certain Number of Beasts, or otherwise…he ought to have of common Right…..By occasion of a Windmill, Sheepcote Deyry, inlarging of a Court necessary, or Courtelage, from henceforth no Man shall be grieved by Assise…And where sometime it chanceth that one having Right to approve, a Dyke or an Hedge, and some by Night…do overthrow the Hedge or Dyke, and it cannot be known by Verdict of the Assise or Jury, who did overthrow the Hedge or Dyke, and Men…will not indict such as be guilty of the Fact…shall be distrained to levy the Hedge or Dyke at their own Cost".

We are often criticised in the House for producing too much hasty legislation, which we have not had time to consider properly. The 1285 Act, however, has had a good run. We know how it is operated, and we are in a position to repeal it as part of this Bill. I am very happy to support the Bill.

5.12 pm

Mr. Roger Williams: I, too, have been privileged to take part in the consideration of this legislation, the roots of which go back to feudal times. The wasteland of the manor has survived intact over a very long period, and given the diverse expectations of different people and different parts of the community about the common land, I am always amazed by the fact that people generally seem to get on well and ensure that it is managed to the best purpose. Obviously, some aspects needed improving, and the Bill will do that and ensure that such land exists for a long time into the future.

I, too, thank the hon. Members who participated on Second Reading and in Committee. The Bill is improved, and I thank the Bill team for their work and generosity in giving of their time and expertise to me and to other hon. Members.

Commons will face threats and challenges in the future. As we see more and more of our agricultural land used for energy production, and less available for food production, common land might have to meet challenges that have not been met in the recent past. That will be a test of the legislation. The changes in the common agricultural policy and the different ways in which rightholders use their rights will be very interesting. Now that all the support has gone from production and there is no direct pressure on farmers to graze as much stock as they did in the past, it is possible that biodiversity will vastly improve.

It would be wrong to refer only to commons and not to village greens, which are very important to our communities. They are green lands in the middle of our towns and cities. They are important not only environmentally, but as a community resource. It has been a privilege to work with everyone involved. I am

sure that the Bill will stand the test of time, and I look forward to its implementation.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

International Development

That the draft African Development Fund (Multilateral Debt Relief Initiative) Order 2006, which was laid before this House on 25th May, be approved.—*[Mr. Heppell.]*

Question agreed to.

Madam Deputy Speaker (Sylvia Heal): I shall put motions 3 and 4 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Church of England (Miscellaneous Provisions) Measure

That the Church of England (Miscellaneous Provisions) Measure, passed by the General Synod of the Church of England, be presented to Her Majesty for Her Royal Assent in the form in which the said Measure was laid before Parliament.

Pastoral (Amendment) Measure

That the Pastoral (Amendment) Measure, passed by the General Synod of the Church of England, be presented to Her Majesty for Her Royal Assent in the form in which the said Measure was laid before Parliament.—*[Sir Stuart Bell, on behalf of the Church Commissioners.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

Strategy for Sustainable, Competitive and Secure Energy

That this House takes note of European Union Document No. 7070/06, European Commission Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy; and endorses the Government's approach of supporting the Green Paper's strategy for a more cohesive European Energy Policy.—*[Mr. Heppell.]*

Question agreed to.

Antisocial Behaviour (Hartlepool)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

5.16 pm

Mr. Iain Wright (Hartlepool) (Lab): It is an honour and a privilege to have secured the debate—although, given its nature, I sincerely wish that I had not had to initiate it. I also congratulate my hon. Friend the Minister on his relatively recent appointment to the Home Office. It is very well deserved, and I know that in his own constituency of Gedling he has worked hard on the issue of antisocial behaviour.

There has been real success in Hartlepool in bringing down crime rates in recent years. As a result of sustained funding and investment by the Government, and a degree of determination on the part of a variety of organisations and the community in the town to work together in partnership, there has been significant improvement. In 1999-2000, house burglaries were occurring at a rate of 39.4 in every 1,000 households, double the national rate. In 2004-05, the rate was down to 22.2. We had about 250 burglaries a month in the town a few years ago; now there are about 35 a month.

As for vehicle crime, Hartlepool was well above the national average, with 21.6 offences per 1,000 of the population in 1999-2000. The figure fell to 14.6 per 1,000 in 2004-05, below the national average, and indicators for this year show a 46 per cent. reduction in theft from a motor vehicle year on year. Although robbery rates increased slightly in England as a whole between 1999-2000 and 2004-05, in Hartlepool they fell. This year, robbery is down by almost a quarter year on year.

The Hartlepool basic command unit, led by Steve Ashman, is the only BCU in the country that figured in the top lists for both crime reduction and detection rates in the past year. Reassuringly for residents, in April 2006 Hartlepool became the pilot area for neighbourhood policing in the Cleveland police force area. An additional 21 police community support officers, paid for by the Home Office and the Hartlepool partnership—which I chair—mean that a total of 74 police officers are now part of the neighbourhood policing team in each of the communities in the town, patrolling all 17 wards, with neighbourhood police stations located in such places as Dyke House school, the Fens shops and a community centre in Greatham, providing real community reassurance.

Given those successes, why am I taking up the House's time? Criminal and antisocial behaviour are still blighting the lives of far too many of my constituents.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): Does my hon. Friend agree that one blight on people's lives is the incidence of airgun attacks, which is an aspect of antisocial behaviour that I am sure his constituents, like mine, have suffered. Given the great success of the recent knives amnesty, will he support my call for an amnesty for airguns, so that some of the attacks can be prevented? The more we can get those dangerous and deadly weapons off the streets, the safer life will be for many people.

Mr. Wright: I know that my hon. Friend works hard in his constituency to ensure that antisocial behaviour is minimised as much as possible. The knives amnesty has been a real success and I would fully support his call for an airgun amnesty along the same lines. I hope that my hon. Friend the Minister will have some words to say about that.

The problems that I have been trying to explain are most vividly expressed by the people who suffer from antisocial behaviour. I received an e-mail this week, timed at 5.40 in the morning, from a resident in the Dyke house area, which read:

"I feel I must contact you about the anti social tenant we have living in our street who insists on playing loud music at inappropriate hours when decent people are trying to sleep. His favourite time to wake everyone up is usually 3.a.m. Or it could be any time from midnight to 7.a.m. in the morning. It all depends on what time he gets home with his crowd of rowdy friends that accompany him.

I and other residents who live in the street have complained to different departments in the Civic Centre and have had some feedback saying that they have contacted his landlord who has assured them that he has given him a warning. This was a few weeks ago, when after suffering his noise nuisance a few times, I and a couple of other neighbours who kept being woken up by the noise started to complain.

The warning has made no effect to what we are still suffering. We have been woken up by the man and his friends who came back to his house 3 mornings on the trot.

Again this morning, I have been awake since 4.a.m. because of the racket that is coming from across the road. I live on the other side of the street to him and I feel sorry for the elderly man who lives next door".

I have also received an e-mail came from another excellent, civic-minded resident who helps to run a residents' association in the Grange part of the town. His e-mail to me of 15 June said:

"we used to have one property that was causing antisocial behaviour we now have about eight.

I and our members are sick and tired of seeing ownership of our streets being taken over by criminals thus becoming no go areas. Those people living at the top of Stephen Street walk to the top and go down Suggitt Street rather than face intimidation and worse if they walk down Stephen Street.

Twice in the past two months gangs have come armed with clubs and other weapons and pitched battles have been waged in full view of the children.

A petrol bomb was thrown at one house. Drinking, drug use and fights are a daily part of the life of some of the tenants of private rented properties in Stephen Street and barely a day goes by without a police presence.

As an illustration of the kind of low life scum that are populating Stephen Street, our secretary and his mother were parked at the bottom of the street when a male dropped his trousers in full view of passing pedestrians and defecated in the road.

In the past we have had problem tenants evicted, only to find they have moved a few doors further up the street. There are a number of tenants currently facing eviction and we should be overjoyed but past experience has shown us that we will probably get as bad or worse to replace them.

It seems to us that a number of agencies have powers to deal with a lot of these issues but do not use the powers and in addition many appear not to talk to each other."

Those two e-mails highlight many of the problems and challenges that too many of my constituents face daily. I see in my constituency a small number of people, often no more than a single individual or family in a street, having an absolute disregard for the wishes of the decent majority and, without prompt early intervention, that attracts further elements of antisocial behaviour. Those people tend to be housed in properties owned by private landlords, who often have no connection with the local community, or even with the town, and who do not really care as long as they continue to receive payment. Tenants move around, often from private landlord to private landlord, very often in the same street, with no definite action carried out either to deal with the underlying problems or to provide some degree of respite to the decent people in the street who are suffering from their mindless and yobbish behaviour. Complaints to agencies by residents are not backed up with swift, decisive and tangible action, which makes people in the local area even more disillusioned and depressed. There is a vague awareness from residents that this Labour Government have put in place extra powers to tackle such criminal and antisocial behaviour, but they are not seeing them being used on in their community.

Only this week, the person who runs my constituency office in South road, Samantha Mowbray, was working late in the office—at about 7.45 pm—when the back window of her car, which was parked outside, was smashed by a group of kids. The police came to the scene quickly, but the gang that did it was defiant, and instead of fleeing from the area, stood firm and said, "We know our rights—prove which one did it". Such people are fully aware of their rights, but utterly ignorant of their responsibilities.

The criminal justice system is in danger of failing in Hartlepool, not only because decent people are losing faith in its ability to administer justice, but—perhaps most disturbingly—because people who commit crime and behave antisocially do not fear or respect it. A central purpose of a criminal justice system should surely be not necessarily to punish—although I think that that is an important aspect—but to ensure that the prospect of reoffending is reduced. But that is not happening.

Let us consider a recent example that was brought to my attention. A man was arrested in Hartlepool town centre for disorderly behaviour and received an £80 penalty notice. He was arrested for the same crime within a few weeks, and was sent back to court. That time, he received a £40 fine. There is no consistency, and no regard for, or recognition of, the fact that that individual took up the court's time a matter of weeks earlier for the same offence. The revolving door policy in Hartlepool magistrates court is all too common, and I am keen for the Minister to suggest how that can be stopped.

I am also concerned that this problem perhaps occurs more frequently in Hartlepool than in other areas. The Safer Hartlepool Partnership crime disorder and drugs strategy 2005-08 acknowledges that

"anti social behaviour is a significant problem for Hartlepool and the 2004 audit shows that Hartlepool residents report more incidents to Cleveland Police than the force average".

That being the case, I would expect to see greater use of the powers provided by this Government, particularly antisocial behaviour orders. In fact, the reverse is true. Home Office figures show that 86 ASBOs were issued in the Cleveland police area in the period between 1 April 1999 and 30 April 2005. The vast majority—some 51—were in the Middlesbrough borough council

area, with 22 issued in Middlesbrough in 2005 alone. Hartlepool had only 10 ASBOs issued in that six-year period, and three were in 2005—well below the figure for our neighbours not only in Middlesbrough, but in Stockton, Redcar and Cleveland. We should not issue ASBOs as if we are in a competition to see who can issue the most; equally, I do not think that 10 ASBOs issued in six years accurately reflects the level of antisocial behaviour that residents in my constituency have endured.

Agencies in Hartlepool are far too reluctant to use the powers provided in a swift and efficient manner, which is having a detrimental effect on the lives of ordinary and decent residents. The district commander of Hartlepool basic command unit recently informed me that the process in my town is like, in his words, "running in treacle". He cited a case in which he is trying to get an ASBO through the courts. It is not a particularly exceptional or unusual case, but the police have been requested by the council's legal team to make more than 100 changes to the original case. The first meeting to discuss proceedings in that case took place in January. Such situations, which are not unusual, have an adverse effect on the morale and determination of police officers, let alone the residents. Can the Minister suggest anything that could be done in Hartlepool to speed up this process? Neighbouring areas can do it, so why cannot my town?

I have asked the Minister for some solutions, but I am keen to explore one in particular at this stage. I am a massive supporter of the Government's policy to provide services for people, rather than "at" them—to consult, and then devolve and design public services that are most appropriate to their local needs. That has been successfully done in health, and it has been seen in regeneration in my town through the new deal for communities. It is also being seen in neighbourhood policing. Why can it not be developed in community justice?

I am not suggesting that mob rule should be put in place, but Hartlepool has a sophisticated and developed residents' association network, reflecting the strong community and civic-minded ethos of most of its citizens. Will the Minister consider putting a measure in place that allows formally constituted and properly-governed residents' groups, in conjunction with local councillors and other agencies, to administer and monitor community-based sentences? Such an approach seems to be working in the Red Hook community justice centre in Brooklyn, New York, and—a little closer to home—in the community justice centre in north Liverpool. I think that that approach—focusing on the underlying problem and working to prevent offenders from coming back, rather than just seeing a case as something to be got through the court process as quickly as possible, regardless of whether the offender might return the following week—would work in Hartlepool. It would reassure the public about justice and sentencing, just as neighbourhood policing does. I therefore ask my hon. Friend the Minister to consider establishing one or more of those community justice centres in my constituency.

Residents have identified the fact that many of the problems stem from irresponsible private landlords, who do not seem to care about the state of the neighbourhood where they have investment, because they are often physically removed from the trouble. Often, they continue to be paid, regardless of the antisocial behaviour of their tenants.

The Housing Act 2004 provides some hope, in that I understand that it will introduce mandatory licensing and give local authorities the ability to designate that an area with an antisocial behaviour problem can be more centrally managed. The recent announcement that the Government are considering housing benefit sanctions for those problem families who fail to take up offers of help is welcome, but I want more. The Government have increased powers to close down crack houses, and I believe that properties where antisocial behaviour originates should be closed down in a similar way. The respect action plan is welcome in that regard, but I should like to see it go much further. For private landlords whose properties have antisocial tenants, a closure may initially be temporary, so that some sort of agreement can be reached. However, a second complaint should result in the permanent closure of a property, or its confiscation. That would allow some respite, and its use for the good of the community.

Changes to the licensing laws and the role of directly-elected councillors in granting liquor licenses have been a success, and that approach should be extended to people who want to be private landlords. We need a licence to drive a car, and vehicles require an MOT certificate to ensure that they are not a risk on the road. Something similar should be in place for landlords, with the community—perhaps through the auspices of a community justice centre—playing some part in granting licences.

Such powers would be welcome, but I am concerned that Hartlepool borough council will not give tackling housing problems and bad private landlords the priority that it deserves. At the moment, the council's landlord accreditation scheme has only one full-time member of staff, Ken Natt. He does a great job and has some support from other departments, but the fact remains that he is essentially on his own. That level of resource is neither sufficient nor adequate.

As well as being Hartlepool's MP, I also chair the local strategic partnership. I am frustrated at the current state of affairs, and I know that my frustration is shared by residents and ward councillors in the areas affected. Given the executive mayoral system that we have, what steps can my hon. Friend the Minister suggest that we should take so that we can convince the local authority of the importance of this matter?

As I said, I believe that swift intervention and action helps to prevent antisocial behaviour problems from escalating. Issues such as poverty, low educational attainment and poor parenting skills are being tackled through economic prosperity. The amount of money spent per pupil has doubled since 1997, and Government initiatives such as Sure Start have had real success in my constituency, but more could and should be done.

Swift intervention as soon as antisocial behaviour begins is important. The 101 project, for example—formerly known as the Dundee project—shows that very early intervention, and support to address specific and individual problems, can produce real success. That has worked in Scotland: will the Minister consider piloting something similar in Hartlepool?

I am in favour of a multi-agency, partnership approach, providing clear and simple lines of accountability and

[Mr. Iain Wright]

responsibility. That approach has worked in Hartlepool before on a whole range of problems, including crime, but it needs a much bigger push. In response to a Parliamentary question from me this week, my hon. Friend the Minister for Local Government stated that the local strategic partnership was the overarching body that would bring all relevant service deliverers together. He said that it would provide scrutiny of the performance of all those agencies, including the ones charged with tackling criminal and antisocial behaviour. As chair of the Hartlepool partnership, I am personally keen to do a lot more to take that approach further, for the good of Hartlepool's residents.

A lot of good work has been done in Hartlepool, on a range of issues, but I am really ambitious for the town and want to do a lot more. My hon. Friend the Minister is a good constituency Member of Parliament, and he will be acutely aware that decent residents deserve better. I should be grateful for some guidance from him as to how that can be achieved.

5.34 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): I congratulate my hon. Friend the Member for Hartlepool (Mr. Wright) on securing the debate and on a speech that showed his dedication to his work and to the people of Hartlepool. He made a number of interesting points, and I shall try to answer them as well as making some general comments about the Government's attitude to tackling antisocial behaviour in Hartlepool and across the country.

Antisocial behaviour affects too many people. The great majority behave in a way that does not cause alarm, harassment or distress to others, but a small number's normal behaviour is to intimidate those around them. People from all generations and all backgrounds in Hartlepool are united in wanting antisocial behaviour to be tackled head on as it has such an effect on their quality of life. There has been a huge response from practitioners including the police, local authorities and local communities in taking a stand against such behaviour.

I am glad to say that the Government have provided the tools and powers, through Acts such as the Anti-Social Behaviour Act 2003, to tackle antisocial behaviour. In many cases, those powers are being used widely and wisely. It may help the House if I remind it of the powers available to practitioners: crack house closure, housing injunctions, parenting contracts, parenting orders, fixed penalty notices, acceptable behaviour contracts, antisocial behaviour orders, dispersal orders and curfew orders. As my hon. Friend said, quite powerfully, it is all very well to have such powers on the statute book and available, but we all want to see more of them being used in more areas of our communities. The Government, too, are very keen to see that happen.

The 2003 Act also contained increased powers on and greater penalties for the misuse of air weapons. My hon. Friend the Member for Houghton and Washington, East (Mr. Kemp) has spent a long time campaigning on air weapons in his constituency, where he has tried to have antisocial behaviour tackled, and has put pressure on the Government to do something, too. There was a firearms amnesty in 2003. We keep such things under review, and air weapons are part of that.

My hon. Friend the Member for Hartlepool mentioned that 86 antisocial behaviour orders were issued in the Cleveland police force area, and 10 in Hartlepool, between April 1999 and September 2005. Additionally, 24 acceptable behaviour contracts were agreed in the Hartlepool crime and disorder reduction partnership area between October 2004 and September 2005. It is clear, however, that more are needed, and the Government call on all the responsible agencies to consider more use of ASBOs.

My hon. Friend spoke about the need to speed up the process. I can give him some information that he might want to share with people in Hartlepool, such as the independent mayor. The Government have taken a range of measures under the Police Reform Act 2002, the Anti-Social Behaviour Act 2003 and the Serious Organised Crime and Police Act 2005 to improve the effectiveness of ASBOs, enabling the courts to protect communities more quickly.

If my hon. Friend looks across the country, it is clear that some councils and agencies use antisocial behaviour orders much more than others and find no problem with the existing system. We need to spread that best practice so that all local authorities in all areas of the country use ASBOs much more quickly.

Interim orders can be made at the same time as an ASBO application. Orders on conviction and county court orders can avoid the need for a separate court hearing. In addition, the Home Office is currently updating its ASBO guidance to practitioners to spread best practice. That is due to be published in the near future.

The Crown Prosecution Service has established a team of specialist antisocial behaviour prosecutors, again to try to speed up the process. There is also a network of specialist antisocial behaviour response courts, which are better able to respond to antisocial behaviour.

We are taking action throughout the country to tell the responsible agencies that they can do more and to encourage them to use the powers to protect the communities at and the individuals who want to see the powers used. My hon. Friend's example of the two e-mails that he had received show exactly the sort of behaviour that we want to be tackled. Some of the activities are criminal and deserve criminal prosecution as well as ASBOs.

Since penalty notices for disorder were introduced in 2004, Cleveland has issued a total of 4,353, of which 834 have been issued in Hartlepool. Penalty notices for disorder can be given for a range of behaviour, including dropping litter, being drunk and disorderly or throwing fireworks. We are encouraging agencies and local communities to break down barriers and to tackle, not tolerate antisocial behaviour.

For example, the Cool Football project has been successful in my hon. Friend's constituency. It was set up to deal with children playing football in residential streets. I know that it involves making various school football pitches available during the evenings and weekends so that children have somewhere to play, and I commend such projects. Again, we want more of them to be set up.

I also know about the ASBO 13 project that has been introduced in my hon. Friend's constituency to tackle the problem of young people hanging around with nothing to do. If a young person comes to the attention of the police, they are given a "ticket", and asked why they are hanging about and what they would like to do instead. Many young people said that they wanted to play football. Football teams have now been set up to cater for them, and there is even a football league consisting of those teams. When the agencies fail to act, we need to tell them loudly and clearly that we expect them to do so. I believe that that is my hon. Friend's point. The powers are there, and the agencies should use them. They should support young people through projects such as those that I mentioned but let us see the powers used, too.

Mr. Kemp: The point about powers is important. I attended a State of the City debate last Thursday in Sunderland. Canon Stephen Taylor, the chair of the partnership, reported to people there that, as a result of using the powers, Sunderland is now the safest city in the north. Agencies have worked in partnership and used the tools with which the Government have provided them. That has been a great success and there has been a great reduction in antisocial behaviour. That is a tribute to the police and other agencies on Wearside. A neighbouring city to Hartlepool has thus experienced great success in recent years.

Mr. Coaker: I thank my hon. Friend for that intervention. It shows that, when the police, local authorities, voluntary organisations, residents' groups, faith groups and others come together, they can make a difference because we have given them the tools, the powers and the laws to make a difference in their community. We often hear the plea in all our constituencies: "Why aren't the laws used more often?" The challenge for us is to demand that the laws be used. My hon. Friend's example of what happens in Sunderland shows that, when people work and act together, it makes a difference and we can reclaim the streets for the decent, law-abiding majority. That is what we want.

I know that Hartlepool borough council plans to introduce a selective licensing scheme from October. My hon. Friend the Member for Hartlepool referred to that. Selective licensing is a tool introduced by part 3 of the Housing Act 2004 to assist local authorities, together with other appropriate measures, to tackle problems in the private rented sector. A designation comes into force three months after it has been made or approved and all PRS properties, with certain exemptions, in the designated area are required to be licensed by the local authority. A landlord who fails to apply for a licence commits a criminal offence and can be fined up to £20,000. Before granting a licence, a local authority must satisfy itself that the landlord is a fit and proper person to manage the property and that there are, or can be put in place, adequate arrangements for its effective and proper management. In addition, the authority can impose such other conditions as it considers appropriate to secure the proper management of the property, including conditions for preventing or reducing antisocial behaviour by the tenant or his visitors.

For local people to have confidence in local agencies, those agencies need to communicate the actions they are taking to let the public know what they are doing. Local radio, newspapers, leaflets and newsletters all provide opportunities to send out the message that antisocial behaviour will not be tolerated, and let the public know the part they can play. For example, publicity of ASBO proceedings is often an integral part of local agencies' efforts to tackle antisocial behaviour for two reasons: first, to help the community and the victims of antisocial behaviour know that something positive has been done to stop the abuse; and, secondly, to publicise the prohibitions so that the community can help enforce the order. Such publicity is not intended to punish or shame the individual, but to show that the law is being enforced.

I know that my hon. Friend the Member for Hartlepool has advocated the use of publicity when ASBOs are granted, and I am aware that the issue of publicity has been a concern in Hartlepool. However, I have been informed that the local agencies are now taking a collective decision as to whether publicity is appropriate when they attend the consultation meeting before an application for an ASBO is made. It is to be hoped that such collective decision making will improve the process. I agree with my hon. Friend that people need to see that the law is being enforced—a plea that is often made in my constituency. Sometimes people say that even when the law is enforced by the police and local authorities they do not know about it, so publicity for the consequences of poor behaviour can be an important confidence-building measure. I know that my hon. Friend is particularly keen on such measures.

More widely, a range of existing Home Office developments can be brought to bear in helping practitioners to tackle antisocial behaviour. The House will be interested to learn that a national survey of crime and disorder partnerships showed that between October 2003 and September 2005 we issued 13,000 acceptable behaviour contracts; 500 crack house closure orders; more than 1,500 housing injunctions; more than 1,700 parenting orders and contracts; and more than 800 dispersal orders. Figures from the police show that since 2004 more than 200,000 penalty notices for disorder have been issued. I want those powers to continue to be used widely and wisely across the country.

There are record levels of police officers to tackle antisocial behaviour. Nationally, there were 141,270 police officers on 30 September 2005—an increase of more than 1,100 since September 2004, and 14,112 more than in March 1997. Cleveland had 1,640 police officers on 30 September 2005, which is an increase of 181, or 12 per cent., since March 1997. We are committed to increasing the number of police community support officers to 24,000 by March 2008. As my hon. Friend mentioned, there were 86 PCSOs in Hartlepool on 30 September 2005, and we expect the number to increase. PCSOs are already being used in Hartlepool and they will be the eyes and ears on the street. They have been one of the best reforms the Government have introduced and I am pleased that they are working with police officers on the streets of Hartlepool to try to tackle antisocial behaviour.

My hon. Friend also mentioned that although there were problems with a small minority of people in some parts of his constituency, the good news is that total

[Mr. Coaker]

recorded crime fell by 21 per cent. in Hartlepool and by 8 per cent. in the Cleveland police force area as a whole between 2003-04 and 2004-05. Criminal damage fell by 9 per cent. in the Hartlepool area in the same period.

It is worth keeping in mind that criminal damage and vandalism include incidents such as graffiti and broken windows, which blight local communities. I know that my hon. Friend is keen to see that all aspects of antisocial behaviour are tackled, including broken windows and vandalised telephone boxes and bus shelters. It is particularly important that we tackle the vandalism associated with street furniture.

We are running a yearlong "tackling vandalism" programme with ENCAMS, which runs the "Keep Britain Tidy" campaign. Hartlepool crime and disorder reduction partnership is one of 84 CDRPs involved in the programme. Those partnerships will be developing and implementing an action plan to drive up performance and improve the delivery of initiatives to tackle criminal damage and vandalism.

We have also worked in Hartlepool and other areas to tackle alcohol-related violence. Indeed, in Hartlepool there have been a number of test-purchase operations to tackle under-age drinking; we shall release the results in the near future.

My hon. Friend raised another major point about communities being able to call for action and the presence of community justice centres. I remind him that the Police and Justice Bill, currently progressing through Parliament, contains a measure called the community call for action. It will give those local communities who feel that there is a need for more action to tackle problems in their area a trigger by which they can demand that. That is a particularly important reform, because it empowers local communities to try to influence those who take decisions.

My hon. Friend mentioned the community justice centre in north Liverpool. We are keen to repeat the success of that centre in other areas of England and Wales as soon as possible, building on the lessons that we have learned about it. The results of the evaluation of the north Liverpool project and the Salford community justice initiative, which is running now, will be reported in January 2007, which will give us an opportunity to consider how to move forward.

As my hon. Friend also knows, we have tried to support families through Sure Start and many other projects. He mentioned the Dundee project and the possibility of something similar in Hartlepool. We are committed to rolling out 50 family intervention projects across the country; we have heard what my hon. Friend said and will keep his comments in mind when we consider their location.

I have tried to limit my remarks to Hartlepool and the surrounding area, but the Government have taken a range of other initiatives nationally to do with respect as well as neighbourhood policing, which my hon. Friend is keen to encourage in his area. Indeed, the basic command unit to which he referred was one of the pilots for that and I know the keen interest that he has taken in it. We have tried to learn from that example and from my hon. Friend's interest as we roll out the policing programme for the rest of the country. Obviously, neighbourhood policing is a major means by which we intend to deliver our programme in terms of tackling antisocial behaviour, as is working with local councils, crime and disorder reduction partnerships, and so on.

Antisocial behaviour blights far too many of our communities. It is probably the issue on which MPs get more correspondence and more individuals coming to see them than any other. That is why my hon. Friend has secured this important debate. His debate refers to Hartlepool, but I think that all Members would agree that his comments could be applied to many of our constituencies.

But the debate has also shown that where people stand together, where people act with the local council, the local police and voluntary organisations, and where people use the powers that are available to them, given by this Government on a range of issues, we can make a difference. There is no need for any street in this country not to be reclaimed by its community. We can do that by working together. We can do that by using the laws that are available to us and we can do that by having hope and optimism for the future. I congratulate my hon. Friend again on the debate that he has initiated and my hon. Friend the Member for Houghton and Washington, East on his comments. I would say to everyone: stand together, because by doing that we can make a difference.

Question put and agreed to.

Adjourned accordingly at five minutes to Six o'clock.

House of Commons

Monday 3 July 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Live Music

1. **Mr. Iain Wright** (Hartlepool) (Lab): What steps her Department is taking to support live music. [81361]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): The Government are committed to supporting live music in all its forms. Through the Live Music Forum, we are working to ensure that opportunities for the promotion of live music are realised to the full.

Mr. Wright: For 25 years, The Studio in my constituency has encouraged participation in grass-roots music by delivering a range of recording, training, rehearsal and performing opportunities, while giving local people access to internationally recognised musicians. Despite making cutbacks, including redundancies, it is forecast that, by the end of the year, The Studio will run out of money, although it requires only an additional £20,000 per annum to stay open. What steps will my hon. Friend take to ensure that small yet vital concerns such as The Studio stay open, so that live music can be enjoyed today and in future?

Mr. Lammy: I thank my hon. Friend for campaigning to make sure that there are the right music services, particularly for young people in his constituency. In relation to The Studio, I know that the Hartlepool local authority is looking at that issue very closely. It was keen to ensure that the services offered met its strategic priorities for the coming period, as it is an important funder. I hope that we can achieve that, and the Arts Council advises that it is keen to look into how arts provision is met at The Studio. It is important that the local authority and the Arts Council can work together on that over the coming months. I will keep a close eye on the matter but, as my hon. Friend knows, there is an arm's length relationship between us and the Arts Council; it is right that the funding decisions are made independently.

It is important that we have the right facilities, particularly for young people in our most disadvantaged areas. I know that that is why my hon. Friend takes the issue seriously.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): What would the Minister say to Steve Dickinson, the proprietor of Mojo's café in Scarborough, who has had to curtail his popular Wednesday afternoon jamming sessions because the two-in-a-bar rule has been abolished? He now faces having to pay for a licence for such events, which allow local bands their first opportunity, and local people to hear music for free at no cost to the taxpayer, unlike the case in Hartlepool.

Mr. Lammy: I like a jamming session like anybody else, but we do have licensing provisions. It is clear that small venues have been able to apply for licensing, and that music is going on. We set up, and specifically tasked, the Live Music Forum, which has representatives from the unions and the industry, to look closely at the issue. It will report to us in the autumn so that we can be clear on how, or if, the licensing provisions have affected our live music venues.

Stephen Pound (Ealing, North) (Lab): May I wish you, Mr. Speaker, the happiest of birthdays and say how extraordinarily well you are looking? It will not have escaped your notice that at least one other Westminster character shares your birthday; I refer, of course, to PC John Harrigan, although it is also my birthday.

Mr. Patrick McLoughlin (West Derbyshire) (Con): You are older.

Stephen Pound: Parts of my body are considerably older.

Further to previous questions, may I ask the Minister whether the Department for Culture, Media and Sport will report on a study that I understand it intends to conduct into the experience of small venues and the impact of the Licensing Act 2003—not so much on Mojo's of Scarborough, but on the wider musical scene?

Mr. Lammy: Yes, I can tell my hon. Friend that we will come back to Parliament on those issues in the autumn.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): If everything is so rosy in the field of live music, why do the results of a recent survey by the Musicians Union reveal that there has been a marked drop in live music in smaller venues, particularly those previously benefiting from the two-in-a-bar rule? If Ministers think that the Licensing Act 2003 is encouraging live music, why are they issuing new guidelines to local authorities? It is not the local authorities' fault; no, it was the Government who passed the inadequate Licensing Act, and the Government who wrote the guidelines, and arrogant and incompetent Ministers who are only now waking up to the situation that we and thousands of musicians predicted over three years ago.

Mr. Lammy: The hon. Gentleman made all sorts of spurious predictions on the record that have not stood up to the facts. If there is incompetence, it is on his side, and the *Hansard* record will show that.

The unions are part of the Live Music Forum, which is conducting the research and the survey, and as I have already said, that forum will come back to us with its findings in the autumn.

Sporting Village

2. **Mr. Lindsay Hoyle** (Chorley) (Lab): What funds are available for the development of a sporting village. [81362]

The Minister for Sport (Mr. Richard Caborn): Just before I answer the question, I believe that most of the House would like to share in our deep sense of disappointment at England's early exit from the World cup on Saturday, but it would be wrong if the House did not thank David Beckham, who has captained the England team for more than five years. Let me also thank him for the support that he gave to help London in securing the Olympic bid. To Sven—dreams were not realised, but I wish him the best for the future. To Steve McClaren—the man at the helm now—good luck, and I thank him for meeting some of the 300 young people who took part on Saturday; he realised their dreams.

The answer to the question—*[Interruption.]* Quite honestly, Opposition Members are being churlish when the World cup has been one of our biggest sporting events for many years.

There is no dedicated funding stream for sports villages, but between 2001 and 2006, the Government have invested about £1 billion of lottery and Exchequer funding in sports facilities, which represents the biggest sports facilities investment programme in decades. Derek Mapp, the ex-chair of East Midlands Development Agency, is currently leading a feasibility study looking at how this interesting and innovative concept might be developed further. The study will look at whether sports villages—*[Interruption.]* If Opposition Members listen, they might discover that there is to be one in their area. The study will consider whether sports villages have the potential to contribute to the regeneration and sustainability of communities on a wide range of fronts, as well as a role in delivering the Olympic 2012 legacy.

Mr. Hoyle: I agree with my right hon. Friend that the whole of England is disappointed that the World cup will not be lifted by David Beckham. Of course there is sorrow, but we look forward to four years' time, when I believe that we can win it.

I agree with my right hon. Friend that sporting villages are very important. There must be a good geographical spread across the country, but I can think of nowhere better for one than in Chorley, because we are a former new town, with a lot of Government-owned land, where we ended up with housing with absolutely no facilities and no infrastructure to back up the people who have been left neglected. Will he meet members of the local authority and me to pursue the development of a sporting village in Lancashire, but based in Chorley?

Mr. Caborn: My hon. Friend is, without doubt, a great advocate for his constituents. Mr Mapp is getting Deloittes to do a survey, and as soon as that report comes out, which is towards the end of July or the beginning of August, I should be delighted to meet my hon. Friend and his constituents and, indeed, local authority representatives.

Digital Switchover

3. **Derek Wyatt** (Sittingbourne and Sheppey) (Lab): What plans are in place to help older people understand digital switchover. [81363]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): May I congratulate my hon. Friend on having got back from his constituency, where, this morning, he opened a new £100 million bridge? We were not sure that he would get back in time. We are very pleased that he is here.

To ensure that everyone, including older people, are able to enjoy the benefits of digital switchover by 2012, we are asking Digital UK to lead the campaign to provide relevant information to all households, as each TV region is switched.

Derek Wyatt: The Minister for Sport, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), started off the bridge project, so I should thank him publicly.

Has my hon. Friend had a chance to talk to the Secretary of State for Education and Skills? We have hundreds and hundreds of specialist computer and technology schools, and one of the cheapest ways in which we could carry out the switchover would be to charge those schools with the task of being the local hub for switchover—to go into old people's homes, to liaise and so on. That would save us millions of pounds and generate great community spirit in those centres.

Mr. Woodward: I am grateful to my hon. Friend for that suggestion. We have not held direct discussions on that specific topic with the Secretary of State for Education and Skills, but I will, of course, now initiate discussions with Education Ministers and officials. We are actively engaged in discussions with charities and public bodies, particularly those that represent older people and those who are disabled, because we believe that those are the individuals who will face the greatest difficulties in the switchover. We are absolutely confident that we have a very good plan in place, but we take on board his suggestions.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Does the Minister agree that the conversion of multiple dwelling units to digital reception presents particular challenges? What estimates have been made of the cost of converting MDUs, particularly for social landlords and local authorities? Does the Government propose to make any help available to them?

Mr. Woodward: Multiple dwelling units present a particular problem, of which the hon. Gentleman has made particular efforts to make the House and departmental officials aware. There are especial problems associated with MDUs and we must adopt a sophisticated approach to them. We are in active discussion with all the relevant bodies and we believe that we are on course

to solve most of the problems. I remind the hon. Gentleman that it is still nearly 18 months to two years before we begin the process of switchover. We believe that during the next 12 months the discussions that we are holding will bear the fruits and the policies that the hon. Gentleman wants to see.

Mr. Don Foster (Bath) (LD): The Government already recognise rightly the impact of energy costs on the households of older people. Is the Minister aware that only today the Energy Savings Trust produced a report that showed that the additional energy costs of digital set-top boxes could add £30 a year to household budgets for older people, and an even greater cost with certain new digital television sets? Will the Minister agree to work with manufacturers to find ways of reducing those costs, not least by putting off buttons on digital set-top boxes, and also to ensure that there is energy-use labelling on new equipment, along the lines of that provided on white goods?

Mr. Woodward: The hon. Gentleman raises an important point. Yes, we are aware of the report; yes, we are in discussion with manufacturers about it and yes, it is our intention, when switchover takes place, for special codes to be introduced. It is not a problem that applies only to digital switchover; it applies to all digital equipment—mobile phone recharger units and just about everything in the house that uses the digital system. The Government are aware of the issue and are confronting it. I am sure that there will be bipartisan support for our efforts.

4. **Mr. Andrew Mackay** (Bracknell) (Con): How the digital switchover pilot schemes have informed future policy; and if she will make a statement. [81365]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): There have been two sets of relevant pilot schemes. The first of those examined the process of switchover in Llansteffan and Ferryside, and the second considered the needs of vulnerable groups in Bolton. Both pilots provided valuable real-time information. Above all, they confirmed people's enthusiasm, and that, with support, digital television is popular. We will, of course, take those specific lessons into account in future planning. The results of both pilot studies are available in the Libraries of both Houses.

Mr. Mackay: Is not the Secretary of State concerned that there is a lack of public awareness and that there are still people buying analogue televisions? Is there not much more that the right hon. Lady's Department needs to do so that when switchover takes place in 18 months' time it is not another Government failure?

Tessa Jowell: There have been many Government successes. The process of digital switchover, commended by the Select Committee as a bold step and a bold decision, will be one of them. The right hon. Gentleman is right that people need to be properly informed, because, then, their apprehension about switchover—apprehension that tends to be higher among elderly and isolated people—falls. There is encouraging information from Digital UK. A £200 million public information campaign is now under way and in May, the first month of that campaign, the awareness in the borders—the right hon. Gentleman knows that that will be the first region to switch over—rose from 39 to 57 per cent. In Wales, awareness across the country rose from 3 to 22 per cent., as a result of targeted promotion and information. We will ensure that that is available consistently in the years up to switchover.

Hywel Williams (Caernarfon) (PC): The Llansteffan pilot was a notable success. I am sure that the Secretary of State welcomes the fact that there is a significantly greater take up of digital television in Wales than elsewhere. Does the right hon. Lady agree that the real challenge for future policies is to ensure that all people in Wales have access to television that is produced in Wales for them? At present, 2 to 3 per cent. of people are unable to see Welsh television.

Tessa Jowell: The hon. Gentleman makes an important point. The key answer is the maintenance of platform choice. For example, in the case of the right hon. Member for Bracknell (Mr. Mackay), only 9 per cent. of his constituents can get a decent signal through digital terrestrial television, and so they rely on satellite. There are other parts of the country, however, where satellite may be a more difficult option. The maintenance of platform choice is one of the ways in which the constituents of the hon. Member for Caernarfon (Hywel Williams) will receive the service to which I believe many of them will be looking forward.

Gambling Commission

5. **Ben Chapman** (Wirral, South) (Lab): When the Gambling Commission will publish a new regulatory regime. [81366]

The Minister for Sport (Mr. Richard Caborn): The Gambling Act 2005 will be fully implemented from September 2007. Between now and then, my Department will consult on and make the necessary orders and regulations, and the commission will continue to consult on, and publish, guidance and codes of practice on how it will operate the new licensing regime. Local authorities have a vital role to play in the new regime, as well. I am meeting the chair of the Local Authorities Co-ordinators of Regulatory Services on Thursday to address the concerns that it has about the timing issues.

Ben Chapman: With the British Medical Association warning only last week that one in 20 12 to 15-year-olds are showing signs of addiction to gambling, is it not time to educate and regulate? Some parts of the industry—such as, for example, internet poker—seem to be virtually untouched by any controls whatsoever. I understand that consultation and the appropriate actions have to be undertaken, but is it not now a matter of urgency?

Mr. Caborn: I agree with my hon. Friend on two points. First, in terms of the role of the commission and internet gambling, that is the very reason for bringing the legislation forward—so that the Government have some controls over internet gambling. Secondly the Responsibility in Gambling Trust, which has been set up and is broadly run through GamCare, is looking at a

wide education programme, as well as a prevention programme. I am meeting some of the industry tomorrow on those issues. There are concerns. To a large extent, that is why the 2005 Act was put on to the statute book: to give Government—indeed, Parliament—powers to intervene on behalf of the vulnerable in our society.

Mr. Hugo Swire (East Devon) (Con): We were assured by the Secretary of State that the new regime for regulating gambling and the process for awarding the regional casino licence would be open and transparent. The reality is that they are now mired in chaos, confusion and disarray. Local authorities are warning of the kind of chaos and confusion that we witnessed with the Licensing Act 2003. In addition, we have now learned that the Government are to face a legal challenge from unsuccessful applicants. In a further development, Labour Back Benchers representing failed bidders are openly being encouraged to lobby Ministers to overturn a decision made by the supposedly independent commission. Is the Minister aware that the whole process is descending into complete disarray?

Mr. Caborn: I have heard some rubbish from this Dispatch Box, but that is the biggest load of rubbish that I have heard for a long time. We have put in place the most transparent system—arm's length from Government and my Department—to make an objective analysis of where the casinos should go. The confusion arose in the minds of Opposition Members when they decided to take the number of regional casinos from eight to one. They are now trying to get out of the issue politically and to blame the Government. That representation is totally untrue. We will stand by what we put in the 2005 Act and the process, which is transparent and fair. If people want to make a legal challenge, let them get on with it and take us to the courts.

Mr. Swire: But the Secretary of State has failed to ensure public confidence in the new regime. She will be aware, as will the Minister, that Ministers in her Department have already had to clarify four statements in relation to meetings held by her and her officials with overseas operators. Does the Minister consider it—to use the words he has just spoken at the Dispatch Box—transparent and arm's length that senior Ministers are being entertained on the estates of American casino operators? Will he act urgently to ensure a complete and full disclosure of the facts to ensure public confidence and transparency in the process?

Mr. Caborn: That is absolutely disgraceful. The Deputy Prime Minister, who the hon. Gentleman is referring to, had no role in planning or negotiations, or in the siting of casinos. When Opposition Members start making those allegations, they ought to come up with the facts. What is being said is totally untrue and unfounded. If anyone is being brought into disrepute, it is the hon. Gentleman.

Royal Parks

6. **Mr. Nicholas Soames** (Mid-Sussex) (Con): When she next plans to have a meeting to discuss the state of the royal parks. [81367]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): I will be meeting the chief executive of the royal parks on 24 July.

Mr. Soames: Is the hon. Gentleman aware that the Secretary of State is a trustee for the nation of the 5,000 acres that comprise one of the most priceless assets that London has—the royal parks? Will he explain to the House why his Department's grant to the royal parks has slipped by more than 20 per cent. since 1993? Will he further tell us why he is allowing these fragile environmental fabrics to be seriously degraded by too many unsuitable large-scale commercial events? Finally, will he deal with the £110 million backlog that the National Audit Office found in repairs undone?

Mr. Lammy: If I were not aware that my right hon. Friend is a trustee of the royal parks, that would be seriously remiss of me given that I have spent quite a lot of time over the past year in the royal parks, meeting the Friends of the Royal Parks and the chief executive.

The hon. Gentleman's tastes may well not be the same as those of Londoners and much of the country, but the Prince's Trust concert and the success of Live8 indicate that the Royal Parks Agency has been very successful at some of the events that it has put on. However, he is right that there is a balance to be struck between those events and the more reflective enjoyment of those in the parks. That is why this year there have been fewer events in Hyde park. We keep those things under review, working with the Royal Parks Agency and, as I said, I shall be meeting the chief executive shortly.

As to the money, the hon. Gentleman should remember that the Chairman of the Public Accounts Committee said in his report that there was

"untapped potential for the Agency to generate income from its considerable assets."

It is right that the Government bear that in mind when making their grant in aid.

David Taylor (North-West Leicestershire) (Lab/Co-op): On a beautiful day like today it is obvious how very many people—visitors to London, those who work in the city and tourists—make intensive use of the royal parks such as Hyde park, Richmond park, St. James's park and so on. Would the Minister care to pay tribute to the work of the Royal Parks constabulary, which is responsible for the safety, enjoyment and relaxation of those many people in the parks, and will he lay to rest the rumour that it may fall victim to the merger mania of forces and be absorbed by the Metropolitan police? That would be a dreadful step, would it not?

Mr. Lammy: I am happy to pay tribute to the Royal Parks constabulary. Two of our parks have been awarded the green flag for 2005, and five are being put forward for a green flag for this year. A key criterion of that is that people who enter the parks feel safe, and that is largely down to the work of the constabulary. We ought to remember when thinking and talking about these issues that on Friday in Regent's park there

will be a memorial for the victims of the London bombings. The parks play a huge and important role in our national life.

Mr. Mark Field (Cities of London and Westminster) (Con): In answer to the hon. Member for North-West Leicestershire (David Taylor), the merger has already taken place. The Royal Parks constabulary is now part of the Metropolitan police; I am assuming that the Minister was aware of that fact.

As my hon. Friend the Member for Mid Sussex (Mr. Soames) rightly pointed out, our royal parks should be an oasis of calm and quiet contemplation for Londoners, commuters and tourists alike. The notion that in summer 2012 they should become one huge campsite to house those in London for the Olympic games, as suggested by the Under-Secretary of State for Culture, Media and Sport, the hon. Member for St. Helens, South (Mr. Woodward), is barmy. It is also in direct breach of the assurances given by the Department for Culture, Media and Sport in this House in a debate initiated by me on 24 May 2004. Moneys can be raised to preserve the royal parks by other means, as my hon. Friend the Member for East Devon (Mr. Swire) will point out—he was acting as an auctioneer at one such event last week. Will the Minister assure us that he will keep the Treasury at bay and his Department's hands off our royal parks?

Mr. Lammy: The hon. Gentleman is confused; the Royal Parks is an agency of the Government. The idea that the Government could keep their hands off is ridiculous given that we are funding it to the tune of £25.6 million. The hon. Gentleman's tastes may not be the tastes of ordinary Londoners, but the Royal Parks always consults on its strategy for events, as he would expect, and it is right that we support it on the events taking place this year and in coming years.

Dr. Vincent Cable (Twickenham) (LD): Is the Minister aware that the financial position of the royal parks is now so dire that routine maintenance is having to be funded out of lottery grants? Is that an appropriate way to manage either the parks or lottery funds?

Mr. Lammy: The national lottery, in particular the Heritage Lottery Fund, is funding parks throughout the country, and the constituencies of many hon. Members have benefited. Funding for the royal parks is increasing this year to £26.1 million. The hon. Gentleman knows that we are in the middle of the spending review, and it is right and proper that we consider the PAC's comment that there is "untapped potential" to raise even more revenue from our parks. That is the position, and it is one that the Government have maintained for many years.

Digital Switchover

7. **Norman Baker** (Lewes) (LD): If she will make a statement on digital availability in the Lewes constituency. [81368]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): Ofcom estimates that approximately a quarter of homes in the Lewes constituency currently receive digital terrestrial television, although the vast majority of homes can receive digital TV via satellite, with the right equipment. Proceeding with digital switchover will allow all those who currently receive a good analogue signal to receive digital TV via an aerial, ensuring that the vast majority of people have access to a digital platform.

Norman Baker: Does the Minister understand the strong feelings of the bulk of my constituents who cannot receive much of the BBC's television programme output because they have no access to a digital terrestrial set-top box that works in the constituency, and will not have until 2012? Do they not deserve a reduction in the BBC licence fee for the time being? What is the position of those of my constituents for whom, when switch-off occurs, a digital set-top box will still not work and who will therefore have to use a satellite dish, but may be prevented from doing so by planning rules because they live in a conservation area or a listed building?

Mr. Woodward: Obviously we are aware of the problems experienced by the hon. Gentleman's constituents. We are working towards ensuring maximum access for everybody while preserving the Government's position of platform neutrality. I remind the hon. Gentleman that switching off the analogue signal in 2012 will automatically provide a major boost to the digital signal. Ofcom is working on how to deal with the small percentage of homes in his constituency that might still have problems. Our hope is that we will have solved that problem by the time of switchover.

Understanding Slavery Initiative

8. **Ms Diana R. Johnson** (Kingston upon Hull, North) (Lab): What assessment she has made of the work of the Understanding Slavery Initiative producing materials for schools about the trans-Atlantic slave trade to support the teaching of history and citizenship. [81369]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): The Understanding Slavery Initiative is having a real and positive impact on the teaching of that complex issue, and has produced high-quality materials and training for teachers and museum educators across the country.

Ms Johnson: I thank my hon. Friend for his recent visit to Hull to see our preparations for Wilberforce 2007. Will he join me in congratulating Hull university, which this week opens the Wilberforce institute for the study of slavery and emancipation, which will study the present-day context of slavery and what we can learn from the slave trade, as well as work alongside local schools?

Mr. Lammy: I truly enjoyed my visit to Hull on Monday last week to join my hon. Friend and many other colleagues on the trip to the Wilberforce museum. Hull has been key to the development of the training resource. It is important that teachers are able

to discuss sensitive and difficult issues at key stage 3 and have the right materials to do that. Hull has been absolutely brilliant, especially in its work with the National Maritime museum to develop those resources. I wish everyone in Hull the best of luck for the launch of WISE on Friday. I understand that Desmond Tutu is the president of that important new research facility. The work done at Hull, together with work carried out in Liverpool, Bristol and London, will help to ensure that the commemorations and celebrations of the abolition of slavery next year are a huge success.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Minister accept that Wilberforce was not only Hull's greatest son, but probably the greatest Back Bencher in the history of the House?

Philip Davies (Shipley) (Con): And a Conservative.

Sir Patrick Cormack: He did not belong to any party. It was Wilberforce's parliamentary campaign that led not to the abolition of slavery in 1807, but the abolition of the slave trade. Can those facts be emphasised to all young people as they study what can be achieved by a persistent parliamentary campaign?

Mr. Lammy: The hon. Gentleman is right. That is why a Committee of both Houses, very much with the grace of Mr. Speaker, is examining closely how those issues can be conveyed next year. It is true that Wilberforce played a key role as a parliamentary campaigner, but it is also true that the Quakers, who, for obvious reasons, sometimes remain silent about the role that they played, should be remembered, as should many of the black former slave campaigners.

Ms Dawn Butler (Brent, South) (Lab): Happy birthday to you, Mr. Speaker and to my hon. Friend the Member for Ealing, North (Stephen Pound), who assures me that refreshments are on him today.

Will the Minister indicate whether he agrees with and will support a grass-roots-led UK annual memorial day regarding the transatlantic slave trade?

Mr. Lammy: My hon. Friend is right that some Members and communities have asked for a memorial day. There have been differences of opinion about what day that should be and about whether we should focus on a day or on other things to do with celebrations of the abolition of slavery. My right hon. Friend the Prime Minister has said that he keeps an open mind on these issues, so we will see whether a consensus can be arrived at.

Mr. Gregory Campbell (East Londonderry) (DUP): Next year is the 200th anniversary of the death of the slave ship commander turned Christian hymn writer, John Newton. After his conversion on board a slave ship, he wrote one of the most famous hymns of all time, "Amazing Grace". Will the Minister ensure that next year there is some formal recognition of that amazing figure in English religious literature?

Mr. Lammy: We are in discussions with colleagues in the Department for Education and Skills on these issues, as we are with leaders of our cultural institutions, some of whom sit on the advisory committee that is led by the Deputy Prime Minister. I will ensure that that specific issue is raised.

Sports Participation

9. **Simon Hughes** (North Southwark and Bermondsey) (LD): What estimate she has made of the number of people who play football, tennis or cricket at least once a week. [81370]

The Minister for Sport (Mr. Richard Caborn): This information is not available on a weekly basis, but according to the general household survey of 2002-03, 1.8 million adults had played football, 745,000 had played tennis and 235,000 had played cricket in the previous four weeks. The Department's taking part survey will provide a complete picture of current participation levels in sport, including football, tennis and cricket, later this year.

Simon Hughes: As the House sends its commiserations to the England team for not winning on Saturday night in that dramatic penalty shootout, as it reflects on the great legacy of Fred Trueman, who died at the weekend, and as it salutes the great performance of Andy Murray, whom we hope will go further, does the Minister think that there is scope for the Government to lead on engaging the great motivating potential of people such as Andy Murray, Rio Ferdinand and Andy Flintoff to make many more people who watch sport go on to participate in it, with all the benefits that that brings us all?

Mr. Caborn: Very much so. The hon. Gentleman is right that such people are incredibly powerful in the community. There is no doubt that they are icons. The sporting champions whom we are developing are playing a major role and talent is being identified through the talented athlete scholarship scheme, right up to possible world-class performers. Young people in schools from the age of 10 will be picked up not by chance, but by design, and they can be put on the pathway to excellence to allow them to realise their potential. I agree that we need to use the sporting icons in our nation more effectively than we do, and we are working to that end.

Mr. John Grogan (Selby) (Lab): Does my right hon. Friend share my concern that the lack of cricket coverage on free-to-air TV might have an adverse effect on the number of children who regularly play the sport? On average, only 200,000 viewers watch Sky's coverage, compared with a peak of 8 million or 9 million people who watched Channel 4's coverage last year. Does he also accept the good wishes of many cricket followers for the talks that he is initiating with broadcasters? There is widespread hope that that might lead to the return of at least some live test match cricket coverage to free-to-air TV.

Mr. Caborn: I can partially agree with that, but may I put on record my great appreciation of a legend of Yorkshire cricket, Freddie Trueman? I saw him at Bramall Lane with my dad when I was about 10 years old, and he is truly a legend, as Dickie Bird said on Saturday night.

On Sky television and terrestrial broadcasting of cricket, we must remember what was in the Select Committee report. Had it not been for all the investment of television money in cricket, I do not think that we would have won the Ashes, which was a great feat, or had the coaching programmes and central contracts that the England and Wales Cricket Board now has. One must pay credit to the ECB for the modernisation that it has gone through. It is can now choose a team that can take the Ashes—which that team did, and we wish it well over Christmas and the new year in Australia—and also get more young people under coaching in cricket than there have been for many years. Credit must go to the ECB for that, and the funding—whether we like it or not—has largely come through television revenues.

Mrs. Eleanor Laing (Epping Forest) (Con): No doubt the Minister would encourage participation in sport by boys and girls, and men and women, in equal numbers, so does he agree that it is unfortunate that the Wimbledon authorities still insist on paying much smaller amounts of prize money to their women champions than to their men champions, even though women are willing and able to play as many sets as men?

Mr. Caborn: I think that the hon. Lady really believed what she said, so I have no doubt that she can join my right hon. Friend the Secretary of State and none other than the Prime Minister in having a joint approach to the All England Club authorities. Let us have hope for the negotiations that are taking place with the Women's Tennis Association. I hope that the All England Club listens carefully in the meetings that I know that its representatives will attend in the next few months, and I hope that this ill will have been rectified when the Wimbledon tournament takes place next year.

Licensing Act

10. **Lynda Waltho** (Stourbridge) (Lab): What assessment she has made of the impact on consumers, licensees and community groups of the Licensing Act 2003; and if she will make a statement. [81371]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): It is too early to determine the full impact of the Licensing Act 2003 on different stakeholders. However, we know that local people are engaged in the licensing process to an unprecedented level and are confident that the interests of the public, as well as of pubs, clubs, bars, restaurants, theatres, cinemas and other establishments, are better protected by the new regime.

Lynda Waltho: Stourbridge police recommend the introduction of the cumulative impact policy in the centre of my constituency. That will enable local people to have a say in local licensing decisions. There is a committee meeting tonight to discuss the recommendation. If the decision is taken to introduce it, it will be the most wide-ranging in the United Kingdom. Will my hon. Friend join me in congratulating local police for their work so far in dealing with what has been a doubling of the number of bars and pubs in my town centre, and also for their foresight and vision in taking full advantage of this consultative process?

Mr. Woodward: I agree with my hon. Friend. In fact, this morning I had the pleasure of reading through the notes on the special meeting of the licensing and safety committee in preparation for this question, which were fully available on the web as part of the open, transparent government that we, of course, now operate. The serious point is that what is most interesting is the way that this provides the opportunity for the police and the council to consider together and in detail evidence to ascertain whether proposals to introduce a special policy should go forward.

That is exactly the kind of discussion that we wanted to happen as a result of the Act. We wanted a balance between the interests of the public who are affected by disorder, nuisance and other problems and those of legitimate businesses and people who enjoy themselves by having a drink, while leaving at the right time and not indulging in binge drinking. The combination of those interests and decisions being made by local communities is what this Act was properly for, and the matter raised demonstrates quintessentially why the Act is working.

Mr. John Gummer (Suffolk, Coastal) (Con): What does the Minister suggest that I say to the Punch and Judy man on Southwold beach who now has to pay £300 in order to entertain the public? What should I say to the parish councils that run the annual church fête that took place yesterday, given that people now have to fill in a form several inches thick to run a perfectly reasonable charitable operation? Is this not in fact a metropolitan operation dreamt up by a Government who have never run anything in their lives?

Mr. Woodward: I am sure that the right hon. Gentleman would extend his normal courtesies to whomever he met on a beach, or in any other place that he happened to wander around. The fact is that we are conducting a review of the 2003 Act's implementation, and, as he will be aware, we are consulting widely. But at the moment, the overwhelming evidence is that—subject to marginal changes that need to be made, and which we have committed ourselves to being prepared to make, if the evidence is there to support making them—the changes brought in by this Act have improved the regulatory regime for those in business and for the consumer.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): I have seen the benefits that sensible implementation of the 2003 Act can bring in the north-east. Is my hon. Friend aware that Newcastle-Gateshead has recently topped an influential list of the best nights out in Britain? That is no surprise, given that visitors to the area have a choice of such cultural gems as the Baltic centre for contemporary art and the Sage live music centre. Will my hon. Friend join me in welcoming the success of the Newcastle-Gateshead initiative in helping to establish the north-east as an arena at the forefront of British culture?

Mr. Woodward: Clearly, the Newcastle-Gateshead initiative is an example to us all and I invite all Members, including the right hon. Member for Suffolk, Coastal (Mr. Gummer), to pay a visit to that area as soon as possible.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

National Audit Office

19. **Mr. Philip Hollobone** (Kettering) (Con): If he will make a statement on the recent performance of the National Audit Office. [81382]

21. **Mr. Peter Bone** (Wellingborough) (Con): If he will make a statement on the progress of the National Audit Office in meeting its performance targets for 2006-07. [81384]

Mr. Alan Williams (Swansea, West) (Lab): The National Audit Office will present its annual report and accounts to Parliament later this month, setting out its achievements for the year to 31 March 2006 and how it has used its resources. During the year, the NAO produced 61 major reports on the value for money achieved by Departments in using resources across a range of public expenditure. Examples include returning failed asylum seekers, progress in improving Government efficiency, and the failure of MG Rover. The Comptroller and Auditor General certified more than 500 accounts during the year and I know that the House will congratulate the NAO on identifying £555 million-worth of financial savings arising from its work in 2005—a return of more than £8 for every pound funded by Parliament. The Public Accounts Commission will have the opportunity to examine the NAO's performance on the House's behalf when it meets to consider the NAO's corporate plan tomorrow.

Mr. Hollobone: I congratulate the NAO on last week's report into the failure that is the Child Support Agency. Is it not an absolute scandal that it costs the CSA 70p to collect each £1 of child support, and that 60 per cent. of outstanding child support payments totalling £3.5 billion are deemed uncollectable?

Mr. Williams: That is really a matter for the Public Accounts Committee, rather than the Public Accounts Commission, but one is bound to feel that what we have read about is the latest in a series of disastrous performances by the CSA, which reflect what I suspect is the unpleasant experience of too many of our constituents. Our first inquiry, which was conducted a long time ago, discovered that—unbelievably—the CSA was set up with just one quarter of the staff that it required. Ever since then, it has never recovered.

Mr. Bone: Does the right hon. Gentleman agree that the National Audit Office is saving this country a lot of money and is he concerned that its expansion is being resisted by the Executive, because they are worried that it would expose their incompetence and weaknesses?

Mr. Williams: On the latter point, I do not know what the Executive's aspirations might be, but if there is any such aspiration, it is having no effect. The Public Accounts Commission's role is to ensure that the NAO has the money that it requires and, so far, there has been no serious attempt by the Treasury to curtail the grants that we were considering making to the NAO. I hope that that reassures the hon. Gentleman. Furthermore, because it has been so successful, we asked the NAO to consider whether, instead of achieving an £8:£1 rate of return for the taxpayer, it could do better. To our surprise, the NAO has said that in 2007 it hopes to increase that ratio from the present £8 to £9 for every £1 that it costs.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does the Chairman of the Public Accounts Commission agree that, if the NAO is to maintain and preserve its reputation for professionalism and independence, it would do well to resist the well-known pressure from Government for it to soft pedal its criticism of private finance initiative projects? He speaks of the savings that the NAO has achieved. If he were to press the Government to abandon PFI, which is prohibitive in cost, flawed in concept and intolerable in consequences for taxpayers, citizens and public sector workers, the savings would be vastly greater than the sum that he quoted.

Mr. Williams: Again, that is a matter for the Public Accounts Committee. If the Government have been trying get the National Audit Office to curb criticism of PFI, they have been singularly unsuccessful, and they certainly have not managed to limit the activities of the Public Accounts Committee, on which I sit.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Retired Clergy

20. **Mr. Lindsay Hoyle** (Chorley) (Lab): What recent assessment the commissioners have made of poverty levels among retired clergy. [81383]

The Second Church Estates Commissioner (Sir Stuart Bell): None. However, the Commissioners provide funding for certain schemes administered by the Church of England Pensions Board to assist clergy pensioners on low incomes.

Mr. Hoyle: We should find out what poverty levels are among retired clergy. Some of the clergy were late joining and therefore have not built up a sufficient pension fund to give them the income that they need to live off. When they retire, they also have to buy a property. I know they get a mortgage at 0 per cent. interest, but if they have a low pension to start with and have to pay a mortgage, it leaves those who have come late to the service at a great disadvantage. Will my hon. Friend investigate and calculate how bad poverty levels are among retired clergy?

Sir Stuart Bell: I would rather refer to low incomes than poverty in relation to the clergy. As I told the House on 24 April at column 354 and on 5 June at column 21,

"the Church is reviewing its pension arrangements."—[*Official Report*, 5 June 2006; Vol. 447, c. 21.]

The scheme's cost has been increased by reduced investment returns, new regulatory requirements and increased life expectancy. My hon. Friend's point is well taken and I will consider it.

David T.C. Davies (Monmouth) (Con): Does the hon. Gentleman agree that poverty among retired clergy is likely to increase if the Church of England investments that fund those pensions are made on the basis of what is politically correct, rather than what is financially correct?

Sir Stuart Bell: I disagree with the hon. Gentleman, in the sense that our investments are properly made and are now at £4.9 billion. We have a proper investment policy—an ethical investment policy which is appropriate for the Church. In my time as a Church Commissioner, since 1997, the assets have increased from £3 billion to £4.9 billion, but of course I would hardly take credit for that.

Cathedral Repairs

22. **Mark Pritchard** (The Wrekin) (Con): What the cost of repairs to Lichfield and Hereford cathedrals was in 2004-05; and if he will make a statement. [81385]

Sir Stuart Bell: Repair costs for individual cathedrals are not held centrally. However, by way of a statement, an English Heritage survey in 2002 identified £39 million worth of essential structural repairs needed in England's 61 cathedrals.

Mark Pritchard: Is it not important that we look after our cathedrals, not least Lichfield and Hereford? They act not only as spiritual centres of worship, but as community centres where people gather for live music, as we discussed in the Chamber earlier, and where other non-religious community groups meet in cathedrals. Is it not time that the Government recognised the wider role that our cathedrals play, not only in their diocese, but also to incoming tourists, and started to fund the repairs properly?

Sir Stuart Bell: As the hon. Gentleman says, we should remember the educational benefits, of which Hereford cathedral's recently launched Tudor trail for schools is a fine example. Lichfield cathedral works hard to encourage school visits, as the hon. Member for Lichfield (Michael Fabricant) often reminds us. We are consistently in dialogue with the Government in relation to church repairs, as I may point out in response to another question.

Chris Bryant (Rhondda) (Lab): The cathedrals of England are a particularly important part of our national heritage. Does my hon. Friend worry that, if the Church of England increasingly turns its back on its liberal traditions and seems to be an organisation that becomes more and more bigoted and less and less committed to the whole of British society, it will find difficulty in getting support from the society in which it is meant to preach?

Mr. Speaker: Order. That question is far too wide.

Sir Patrick Cormack (South Staffordshire) (Con): Thank you for saying that, Mr. Speaker.

Does the hon. Gentleman agree that, notwithstanding the accuracy of everything that my hon. Friend the Member for The Wrekin (Mark Pritchard) said, these buildings are intrinsically the most important single group of large buildings in our country, and that any Government who allowed them to crumble into decay would not deserve the accolade of a civilised Government?

Sir Stuart Bell: As the hon. Gentleman knows, cathedrals generate about £91 million per year and directly support 2,600 jobs. They are therefore a strong addition to our economy as well as our national heritage.

Ecclesiastical Buildings

23. **Michael Fabricant** (Lichfield) (Con): How many times in the last 12 months commissioners have met the Chancellor of the Exchequer or other Treasury Ministers to discuss financial issues affecting the fabric of churches and cathedrals. [81386]

Sir Stuart Bell: You will be pleased to know, Mr. Speaker, as will the hon. Gentleman, that I regularly chat to the Chancellor on several matters pertaining to the Church. We are grateful to him for his listed places of worship grant scheme, whereby last year in England £12,498,019 was paid out in reimbursement of VAT on church repairs alone.

Michael Fabricant: As my hon. Friends the Member for The Wrekin (Mark Pritchard) and for South Staffordshire (Sir Patrick Cormack) said, the maintenance of cathedrals is important, but also very expensive. As the hon. Gentleman will know from what I and hon. Members on both sides of the House have said in the past, that often involves VAT on building works and grants that are available to cathedrals for work. He cannot operate in isolation on these matters. To what extent has he raised these matters with the Chancellor of the Exchequer and is he aware that the Chancellor is taking them up with the European Union, which is very much concerned with VAT rates?

Sir Stuart Bell: I sympathise with the Chancellor in his discussions on VAT in Europe, where he needs unanimous consent for any change. In relation to my discussions with him, the hon. Gentleman should know that we equally have discussions with Ministers in other Departments, especially the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Tottenham (Mr. Lammy), who warmly

welcomed "Building Faith in our Future" and promised a Government response shortly. We look forward to that.

Mr. James Gray (North Wiltshire) (Con): Can the hon. Gentleman explain to the House why the five Scottish cathedrals in Glasgow, Aberdeen, Dunblane, Dornoch and Lerwick are entirely supported and maintained by the state, while English cathedrals receive not a penny?

Sir Stuart Bell: I am not responsible for the Episcopal church in Scotland. President Pompidou was once asked whether he was responsible for the Church, and said, "No, thank God." I can say the same of the Episcopal church.

Simon Hughes (North Southwark and Bermondsey) (LD): Would it be reasonable for me to say to all the people who look after Christian centres of worship in a borough such as Southwark—the Methodist chapels and churches, the Welsh Free chapel, and the churches and cathedrals of all three denominations, Anglican, Roman Catholic and Greek Orthodox—that if the heritage and importance of those buildings merit it, they can look for financial support, as each plays a hugely important part in the life of a borough such as ours?

Sir Stuart Bell: I read comments of the Dean of Southwark in the newspapers with interest, and I well understand the hon. Gentleman's position. I am, however, responsible for the Church of England, not for the other denominations to which he refers.

"Building Faith in our Future"

25. **Ben Chapman** (Wirral, South) (Lab): What progress has been made in implementing the recommendations in the paper, "Building Faith in our Future"; and if he will make a statement. [81388]

Sir Stuart Bell: I refer my hon. Friend to the answer that I gave to the hon. Member for Lichfield (Michael Fabricant). We continue to make significant progress in helping parishes and dioceses respond to the opportunities and challenges that church buildings present. We await the Government response.

Ben Chapman: Given the potential for church tourism to support and maintain church buildings at the heart of many of our local communities, will my hon. Friend do his best to ensure a co-ordinated approach to its development, involving the Church Commissioners, the Government, the tourist industry and the Department for Culture, Media and Sport?

Sir Stuart Bell: My hon. Friend has regularly championed faith tourism and we agree about its importance. I am happy to tell him that Church officials had a positive meeting at the Department for Culture, Media and Sport on church tourism last week. He might also be glad to know that the Churches Tourism Association will launch its tourism marketing initiative at its annual convention in November. The Church Commissioners, as well as my hon. Friend, will take a close interest in those proceedings.

British Forces (Afghanistan)

3.30 pm

Dr. Liam Fox (Woodspring) (Con) (*Urgent Question*): To ask the Secretary of State for Defence if he will make a statement on the position of British forces in Afghanistan.

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): Before I answer the hon. Gentleman's question, I am sure that the whole House will join me in offering our condolences to the families of Corporal Thorpe and Lance Corporal Hashmi, the two soldiers killed on Saturday in Helmand province along with their interpreter. I have no doubt either that I speak for the House in wishing a speedy recovery to the five soldiers injured in the same attack. Our thoughts and prayers are with them all.

I should also explain that, given the time when you decided to take the urgent question, Mr. Speaker, my right hon. Friend the Secretary of State has been unable to return to the House in time from his constituency. I apologise on his behalf.

The losses of life that our forces have suffered over the past few weeks are a tragedy. However, they do not mean that our mission in Afghanistan is somehow confused. The position of our armed forces in Afghanistan is clear. First and foremost, our troops are in Afghanistan to ensure that never again is it a safe haven for the likes of al-Qaeda and the Taliban. Quite simply, the risks are too great to us, our allies, and the Afghan people for us to stand aside and allow the terrorists to return. That overriding aim was clear when my right hon. Friend the Home Secretary—then Secretary of State for Defence—announced our deployment to Helmand last January, and it is clear today.

Our forces are our contribution to the expansion of the UN-authorised and NATO-led international security assistance force—ISAF. It is not only a British mission. Danish and Estonian troops are embedded into our forces in Helmand. Overall, 36 nations provide troops for ISAF. They, too, have had their casualties. A Romanian soldier was killed last month and Canadian and US troops have also died.

Our troops are there to help foster the environment in which the Afghans, with the support of the wider international community, can develop sustainable governing institutions and spread the authority of central Government across the country. They are there to help build up the Afghan security forces. They are there to help set the conditions for developing the Afghan economy and infrastructure. That means that we also help put in place the sort of environment in which the Afghans, again with international support, can make an impact on the narcotics trade.

Yes, our armed forces have been in action against the Taliban. That was only to be expected. That was why we sent an air-mobile battlegroup, artillery and Apache attack helicopters. Let me be candid. We would not have deployed such a formidable package if we did not think that there was a genuine threat to the safety of our armed forces. It was not pulled together on a whim. We did not pick and choose. We sent what the top military advice in the country—the chiefs of staff—said that we should send. So I want to make it absolutely plain that there has never been a sense that our aims and objectives were unfocused.

Of course, as with any operation, we keep our forces under review. The House will know that we regularly announce force changes for Iraq, as various formations are deployed in and out of that theatre. Afghanistan is no different, and we are working through such a process now. The hon. Gentleman will know that it is the intention of my right hon. Friend the Secretary of State to make an announcement on the roulement of 16 Air Assault Brigade before the recess, but he will not do so until he has received the advice of the chiefs of staff on the precise details of the roulement. That will form part of a much wider NATO process that will be under way in July.

The House will understand that I cannot go into more detail now. However, right hon. and hon. Members can be assured that, despite press reports today, commanders have not asked for extra infantry or air cover. We do not go into matters such as these in detail, for reasons that the House will understand, but I can go as far as to say that the latest requests to the chiefs of staff, which are part of the planned ongoing analysis, include requests for enablers and engineering equipment. I want to make it clear that these requests were expected from the outset and that we expect more requests from theatre as the campaign continues. If they include "combat" elements, we will consider them seriously and immediately, as we always do.

I must stress, however, that we are only at the start of our three-year operation. Our forces in Helmand only reached their full operating capability this weekend, and there is still much to do. We all know that the democratically elected Afghan Government have had little sway in Helmand. It is inevitable that the earliest stages of such an operation will focus heavily on helping the Afghans to create security and stability. Only then can our wider aid and development programmes go forward unimpeded. They have already begun, and once they are fully under way, they will in turn reinforce security and stability as Helmand's legitimate economy grows and the rule of law expands, and as we curb the influence of the Taliban and the drugs traffickers.

I shall say one final thing. We are committed to the success of the wider international project to help to rebuild Afghanistan, and we can best do that by making a real contribution—political, developmental and military—to the stabilisation of Helmand. Our armed forces are doing a magnificent job in making that happen, and they should continue to receive the full support of all of us in the House.

Dr. Fox: You will be aware, Mr. Speaker, that there has been much speculation over the weekend about the unease of British commanders in Afghanistan regarding their ability to carry out the mission defined by the Government. I believe that it is absolutely vital that we succeed in Afghanistan for three reasons. First, failure would be a catastrophic blow to the cohesion and reputation of NATO, and it would embolden our enemies rather than weakening them. Secondly, it would provide a victory for the forces of terror which oppose not only our troops on the ground but our entire value system and way of life, and give them

[Dr. Fox]

encouragement to further their campaign of terror here at home. Thirdly, such a failure would betray the ordinary people of Afghanistan, to whom we have promised so much.

The Government have two basic duties: to maximise our chance of success in the mission and to minimise the risk to our troops. We intend to hold the Government to account in that regard, as is our duty in a parliamentary democracy. I must add that the tone in which the House conducts this process is also extremely important, because those who wish us harm will be listening intently for any sign of weakening in our resolve.

The Government's presentation of the likely path of events in Afghanistan has been at the most optimistic end of the spectrum from the outset. The belief that the anti-terrorist operation, Operation Enduring Freedom, and the NATO reconstruction mission carried out by ISAF could in practice be separated for long has always been naive at best. Those who defend and promote the forces of terrorism, and who attack our troops or deny us the territory that we need to provide a stable future for the people of Afghanistan, are our enemies. The Government must therefore give our commanders on the ground everything that they need to carry out their mission successfully.

If our military chiefs have asked for more equipment and personnel, when did they start to do so? What specific plans do the Government have to increase the number of fixed-wing aircraft available to our troops in Afghanistan? What will they do to improve the helicopter capacity currently compromised by lack of numbers and difficulty operating in the severe heat? What do the Government intend to do about increasing the proportion of infantry in relation to support troops? What approaches have been made by the Prime Minister and his Ministers to their NATO and EU counterparts about ensuring that all countries pull their weight in this combined NATO struggle? What representations have they made about the appointment of an international co-ordinator to ensure that the funds for reconstruction are not squandered, which is an issue that my right hon. Friend the shadow Foreign Secretary has championed?

I accept that winning the battle against al-Qaeda and the Taliban in Afghanistan and reconstructing that country may require a long deployment and significantly higher numbers of troops and equipment. I doubt very much that it is likely to be, as the Minister said, a three-year operation. I say to those on both sides of the House who have reservations about our involvement in Afghanistan—I know that there are some—that the costs of succeeding in Afghanistan may be very high, but the cost of failure would be intolerable.

Mr. Watson: I am grateful for the hon. Gentleman's support. His three points about NATO, terrorists and ordinary Afghans were well made.

On the point about the request for specific military hardware, the hon. Gentleman will understand that I cannot comment on that publicly yet, except to say that when our commanders ask our chiefs of staff for equipment, if those requests are put to Ministers, we will consider them in the usual way. I said in my statement that if such requests were for combat equipment, we would consider them seriously and immediately.

On the hon. Gentleman's point about countries pulling their weight within NATO, of course, it is important in an alliance with 34 countries that all countries contribute their fair share. I will make sure that his points resonate in the appropriate corridors.

On the hon. Gentleman's point about a three-year operation, of course, the Afghanistan of 2009 will still need different agencies of the UK, but our key goal is to build a security capacity for the Afghan Government where it does not exist now. My comments about some of the requests from theatre allude to the need to do that capacity building in the short and medium term. If he has any other fears, he should contact us about those. There has been some misinformed or ill-informed speculation in the press, and I am grateful that he has given me the opportunity to rebut some of the comments made at the weekend.

Mr. Tom Harris (Glasgow, South) (Lab): May I remind my hon. Friend that many Members of the House are justly proud of the role that British troops played in 2001 in removing an oppressive and fascistic Government? Will he reassure the House, however, that our troops are properly resourced for their continuing campaign against Afghanistan's poppy trade, whose product causes untold misery in my constituency and the constituencies of almost every other Member of the House?

Mr. Watson: I thank my hon. Friend for his comments. I return to the point that we are in Afghanistan to make sure that it never again has the terrorist training capacity that created such a threat to the world a few years ago. The activity of poppy growers is one of the reasons why Afghanistan is such an unstable narco-state. As we try to create a secure economy in some of Afghanistan's provinces, it is important to wean people off the poppy economy. Doing that too early and too soon, however, could create insecurity. We need triangulation between civic buy-in from ordinary Afghans on the ground, our military's role and the way in which poppy traders are dealt with. However, his point is well made.

Mr. Jeremy Browne (Taunton) (LD): I associate members of my party with the Minister's opening expressions of condolence and regret.

I have a personal and particular interest in this matter, because Royal Marines from Taunton have been deployed in Afghanistan—as have troops from the constituency of my hon. Friend the Member for Colchester (Bob Russell), who is sorry not to be present this afternoon.

Will the Minister respond to the following questions at greater length? What assessment has been made of the Taliban's capacity to destabilise British troop deployments, and what is his response to allegations that people in Pakistan have been giving shelter or support to Taliban fighters?

I have three further questions. First, will the Minister expand on how much clarity there is in the NATO mission, and what proportion of time our troops spend on force protection? Secondly, will he comment on how forces can achieve security objectives with counter-narcotics work, given the connections of insurgents, warlords and indeed Government officials with the drugs trade? Finally, will he comment on the declining security situation? In 2005, 1,600 people were killed by fighting in Afghanistan. So far, more than 1,100 have been killed this year, and there are increasing incidences of kidnappings and roadside and suicide bombings. Does the Minister share my concern and that of many other Members that the tactics used in Afghanistan increasingly resemble those being used in Iraq?

Mr. Watson: Counter-narcotics work is vital to our efforts to promote long-term stability and security in Afghanistan. The drugs trade feeds on and contributes to insecurity in Afghanistan and the surrounding region. However, it is important for our troops to build a security capacity so that the Afghans themselves can fight the drugs traffickers. That will be our key goal over the next three years.

The hon. Gentleman spoke of our relationship with Pakistan. We have good co-operation with Pakistan, which works with us in the fight against international terrorism.

The hon. Gentleman also raised a number of technical points about force protection. I will write to him about those.

Paul Flynn (Newport, West) (Lab): After five years of attempts to destroy the poppy trade, this year's harvest will be the highest ever and the price of heroin on the streets of Britain will be the lowest ever. The last Secretary of State for Defence said that the Helmand venture would end in three years without a shot being fired. What we are now seeing in the formerly peaceful area of Helmand is bitter resentment, not among the Taliban but among the ordinary people: murderous resentment of our troops. If we are sucked into a war in Afghanistan, it could deteriorate into a British Vietnam and provoke Afghan terrorism on the streets of Britain. When will we explain to our American friends and to our Government that it is not possible to win hearts and minds by using bombs and bullets?

Mr. Watson: I understand that my hon. Friend has long-held, forceful and powerful views on the drugs trade, which are not widely shared across the House or in the international community.

My hon. Friend's point about winning hearts and minds is not lost on our forces on the ground. They understand that the way in which to deal with a narcotics economy—and in some areas of Helmand, the only economy is based on narcotics—is to build a security capacity in which the Afghans themselves can deal with the narcotics trade, and also to construct long-term development plans so that the economy of Helmand, apart from the drugs trade, can grow.

I do not recognise my hon. Friend's description of the situation on the ground, but I understand the points that he has made.

Robert Key (Salisbury) (Con): If the Minister agrees with me that the Treasury's £1 billion over three years for this operation is not enough, will he assure the House and the thousands of military families throughout the country that he will not hesitate to seek more funds with which to provide whatever the military need?

The future Panther vehicle must be the answer to many of the Army's needs in the current circumstances. Only seven are being tried out at present, but 400 are due to come on-stream next year. Will we definitely have 400 Panther vehicles next year, or will that slip?

Mr. Watson: Let me just say to the hon. Gentleman that my right hon. Friend the Secretary of State for Defence is a former Chief Secretary to the Treasury and very close to the Chancellor, and I am sure that the hon. Gentleman's points are well made.

Mike Gapes (Ilford, South) (Lab/Co-op): The Minister referred to our NATO allies. He will know that there has been quite a lot of difficulty getting sufficient forces in Afghanistan from NATO collectively. Can he tell me whether the discussions with our NATO partners have made any recent progress as regards reinforcement not just from those countries that are already in Afghanistan, but from other NATO partners to assist this internationally vital success? As he and other Members have said, we cannot allow Afghanistan to become a failed state, where it could be a base again for terrorists to attack people throughout the world.

Mr. Watson: I congratulate my hon. Friend on the report that I believe his Committee has published today. I am sure that he will realise that I have not yet had time to read it because my day has got slightly busier than I anticipated at 9 this morning. However, I will read it. We are continuing discussions with our NATO partners on the issue that he has raised.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Will the Minister repudiate the view expressed by the Minister for Europe last week that the present Taliban fighting in Helmand and in the south constitutes the most serious Taliban offensive in the past four years? Will the Minister, so far as current policy is concerned, not only ensure that British capability is enhanced, but resist pressure from the Pentagon to use the presence of ISAF in the south as an excuse to reduce American forces? Will he make greater efforts to achieve a single unified command between ISAF and Operation Enduring Freedom, to ensure the best use of western resources?

Mr. Watson: Our troops face a very serious situation, which is why they are there. The right hon. and learned Gentleman makes his customary wise contribution in the House. Ministers have not yet received a request for any increased capacity, but if they do, I repeat, they will be taken seriously and considered immediately.

Mr. Chris Mullin (Sunderland, South) (Lab): May I put it to my hon. Friend that we are going to have difficulty obtaining the support of the people in Helmand province for the fight against terrorism if

[Mr. Chris Mullin]

they suspect that we have gone there to destroy their livelihoods? Therefore this may be the moment to get out and dust down the proposal by the Senlis Council for the regulated sale of Afghan opium—in the same way as already happens in Turkey and India, incidentally—to the international pharmaceutical market. I hope that, sooner or later, someone will take that seriously. I realise that there are many difficulties with it, but they are not as great as the difficulties we face doing it the other way.

Mr. Watson: I know that my hon. Friend, as a former Foreign Office Minister and a respected former Chair of the Select Committee on Home Affairs, knows about these issues. He raises a big issue. I am sure that his points will be amplified and I will ensure that they are taken seriously.

Mr. Gregory Campbell (East Londonderry) (DUP): I join others in paying tribute to all those who are serving in Afghanistan. One of the soldiers who was killed last week was a constituent of mine. Given some of the press reports over the past week or 10 days indicating some rumours and suggestions that there are shortfalls, can the Minister give an absolute and unequivocal assurance that that is not the case and that everything is being and will be done to ensure that all our forces can carry out their functions and battles in Afghanistan to a satisfactory conclusion?

Mr. Watson: I can give the hon. Gentleman the assurance that all our military advice is that the current capacity is acceptable. There are commanders on the ground feeding into the chain of command, and if Ministers receive any requests, as I said earlier, we will consider them seriously and immediately.

Sarah McCarthy-Fry (Portsmouth, North) (Lab): I should like to add my sympathies to the families of those who have lost their lives, but laying out in front of the House the precise details of our deployment in Afghanistan, or indeed hard-won intelligence about the Taliban, could place our troops in greater danger. Does my hon. Friend agree that we should continue to be guided by operational requirements of commanders in the field and not press speculation about troop equipment and troop requirements?

Mr. Watson: My hon. Friend makes a very wise point. Some of the comments in the press are unhelpful. We always take such matters seriously and we always announce them in the House at the appropriate time.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): When the former Secretary of State for Defence, now Home Secretary, made the original statement about deployment, many of us warned him that the capacity of the force is driven by the definition of the mission, and that this mission was ill-defined from the word go. I am supportive of what our forces are trying to do, but I have always felt—and now feel even more strongly—that until we look again at the mission and decide that it does not cover the reality on the ground, and try to see it through the eyes of the Taliban, we will continue to underperform in the sense of not giving our forces the right equipment and support. If the Minister does not wish to be accused of complacency, he should do two things. First, he should not wait for the Chiefs of Staff to come to him, but go to them and demand to know what the forces need to deliver the mission. Secondly, he should then give it to them.

Mr. Watson: The Chiefs of Staff are no shrinking violets, and they are not backwards at coming forwards, as they say on West Bromwich high street, but the right hon. Gentleman makes an important point. I reread the debate in January when my right hon. Friend the then Defence Secretary announced our deployment. He said that the mission was clear and that there could be no security and stability if insurgents, illegal armed groups and the drugs trade were not tackled. Our role is to help the Afghans to do just that. Only then will the Afghan Government, with support from the international community, be able to set about the long and difficult task of reconstruction and development. I am pleased that the right hon. Gentleman joins us in that goal.

Mr. Lindsay Hoyle (Chorley) (Lab): I am glad that my hon. Friend has given this response, because it is important that both sides of the House show our sympathy for those troops who have lost their lives and their families. We also express our strong support for the troops serving out there. Will he ensure that those troops are not left wanting equipment? The biggest breaker of morale is overstretch, so will he also ensure that the troops get the leave to which they are entitled? That is the biggest boost we could give them.

Mr. Watson: I take my hon. Friend's point. I am sure that our troops will know that they have the full support of Members on both sides of the House, and I hear the point that he made about overstretch.

John Hemming (Birmingham, Yardley) (LD): In many conflict situations, people start to want revenge more than they want peace. In the battle for hearts and minds, the danger is of creating vast resentment. Would it not be sensible for the Government to revisit their strategy from the perspective of how we can persuade people, instead of increasing the use of force?

Mr. Watson: Our commanders on the ground understand the need for civic engagement. They are responsible for security building in Afghanistan and they understand that if ordinary Afghans do not buy in to what they are doing, our security objectives will not be met.

Jeremy Corbyn (Islington, North) (Lab): My hon. Friend the Minister has outlined the fact that the troops have been in Afghanistan for four and a half years and will be there for at least another three. In addition to the tragic loss of British troops, can he tell us how many Afghan casualties there have been in the four and a half years? He said that the troops' position has huge public support, but that is not obvious from

what is happening in Helmand province and the rest of Afghanistan. Is my hon. Friend aware that many people in the region, including Pakistan, and in other parts of the world simply do not see the British presence in Afghanistan as anything more than an occupying army that should not be there?

Mr. Watson: My hon. Friend makes his customary point, but the operation is backed by UN mandate. Our coalition partners are clear that our objectives are never again to allow al-Qaeda and the Taliban to build a terrorist capacity that is a threat to the way of life all over the world. I would have thought that even my hon. Friend would wish us to achieve those objectives.

Mr. Nicholas Soames (Mid-Sussex) (Con): If the worthy aims of the mission are to succeed, it is essential that command and control be better synchronised, as has been mentioned by the shadow Secretary of State, my hon. Friend the Member for Woodspring (Dr. Fox), as well as my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind), the former Foreign Secretary. Would the Minister therefore agree that, when General Richards comes to take over his command, it should be a command of the whole mission in the whole area?

Secondly, does the Minister agree that, as it is a NATO mission, it is important that our other NATO allies cough up a great deal better than they have done so far, with proper fighting brigade-level formations to enable the mission to succeed?

Mr. Watson: The hon. Gentleman always makes a forceful and wise point to the House, and I will reflect his views back to the Chief of Staff, but our 34 coalition partners should play their role in making sure that our objectives are achieved.

Chris Bryant (Rhondda) (Lab): Contrary to the views of my hon. Friend the Member for Islington, North (Jeremy Corbyn), many service families in my constituency are entirely behind the mission in Afghanistan and entirely understand the need for it, but one of the things that they are understandably anxious about at the moment are the recent deaths. It would relieve their anxiety if they were absolutely certain that the methods of communication between them and their loved ones serving in theatre were open at all times. Sometimes there have been difficulties in getting parcels, letters and e-mails through. Will the Minister make sure that that communication, which is important to morale both for troops and families, is guaranteed?

Mr. Watson: One of the sad parts of my being at the Dispatch Box today is that I have had to cancel a meeting with representatives of families of the three services; I would like to go on record as saying that I will rearrange that meeting as quickly as possible, and those points are just some of the issues that I intend to discuss with them.

Mr. Keith Simpson (Mid-Norfolk) (Con): The Minister will know that, from the Secretary of State's original statement, it would be fair to say that the level of violence encountered by British troops has been greater than was expected. The main mission was to bring in civilian support teams to bolster the Afghan civilian infrastructure in Helmand province. Can the Minister tell the House how many of those support teams—with Foreign Office, Department for International Development and non-governmental organisation volunteers—have actually been deployed in Helmand, and whether any of them have as yet suffered casualties?

Mr. Watson: I am afraid that I cannot give the hon. Gentleman that information right now, but I will write to him about it in more detail. On his point about capacity building, I do not recognise his description of the mission as being in some way tougher than we thought it would be; we knew it would be dangerous at the start, but we knew that we had to capacity-build the security forces of the Afghan Government, as I have already said. Perhaps the request coming from theatre to which I alluded in my statement suggests to the hon. Gentleman that we are addressing that point.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I am grateful for the assurances that my hon. Friend has given this afternoon that the mission is part of the support that is necessary to build the capacity of the new Afghan state and the new Parliament and—crucially for us in the Chamber—to support the parliamentarians as they seek to build democratic institutions throughout the whole of Afghanistan. Is it not important that the Minister's Department should do everything that it can to argue that, despite the difficulties and the terrible loss of life that we are experiencing, we must stay to see through reconstruction and a viable Afghan state? Is it not important that all Members of the House support that position?

Mr. Watson: Yes, is the short answer to my hon. Friend, but let me give two quick answers. First, she is right that our presence has allowed the first democratically elected Afghan Government for many decades to be put in place, and secondly, our goal now is to make sure that their authority can be enhanced and improved.

Adam Price (Carmarthen, East and Dinefwr) (PC): There are increasing reports of large-scale civilian casualties resulting from US air strikes in southern Afghanistan. What discussions has the Minister had with his US counterpart, as whatever the short-term military advantage that flows from taking out Taliban fighters embedded in civilian areas, the resultant loss of civilian life has potentially a corrosive effect on local sympathy and support, and could make the already difficult task of the British forces on the ground nigh-on impossible?

Mr. Watson: We talk to our American colleagues regularly about these issues, but the Taliban and the drug traffickers are killing people—innocent civilians—every day in Afghanistan, as a result of their terrorist aims, and until we can give the Afghan Government the capacity to deal with that, we have to be there.

Mr. Edward Garnier (Harborough) (Con): My hon. Friend the Member for Mid-Norfolk (Mr. Simpson) mentioned the numbers of Foreign Office and other civilian Government staff working in Afghanistan. I understand that they will only travel outside their offices in armoured Warrior vehicles. Given the absence of adequate air cover at the moment, should not those Warrior vehicles be reserved for the Army on the ground, so that they can get the full benefit of them?

Mr. Watson: The way in which such people travel varies in different parts of Afghanistan, but our advice from the Chiefs of Staff is that our capacity is appropriate for current circumstances.

Mr. Andrew Robathan (Blaby) (Con): Several hon. Members have spoken about the mission. Soldiers understand that it is absolutely essential that one has a clarity of mission, which all energies are devoted to fulfilling, yet the Minister has spoken about narcotics, the economy, the Government and all sorts of things. What exactly, succinctly and clearly, is the mission that our soldiers are pursuing, and to which their energies should be devoted?

Mr. Watson: This seems to be round 2 of the defence debate the other week and I know that the hon. Gentleman does not give his support to our Chiefs of Staff, but they tell us that our mission objectives are clear and that they will be met.

Several hon. Members *rose—*

Mr. Speaker: Order. May I tell the hon. Member for West Bromwich, West (Mr. Bailey) that he should stand up to try to catch my eye from the start of the statement, to give me an indication of who wants to speak?

Sir Nicholas Winterton (Macclesfield) (Con): Will the Minister admit that the lives of everyone in our armed services—men or women—in Afghanistan and Helmand province are very valuable indeed? Will he therefore perhaps go a little further in indicating that all the equipment that is required by our armed forces to ensure that their lives are put in as safe a situation as possible will be provided? In the light of the additional opposition to our personnel in Helmand province—this is along the lines of the question asked by my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith)—is it not right that the original mission should be reviewed?

Mr. Watson: The hon. Gentleman always stands up for our services, and I commend him for that. When the Chiefs of Staff put a request to Ministers, we always take them seriously. If we get any request in these circumstances, his point will be well made and we will take it on board.

Several hon. Members *rose—*

Mr. Speaker: Order.

NEW MEMBER

The following Member took and subscribed the Oath:

Robert Neill Esq., for Bromley and Chislehurst

ESTIMATES DAY

[3RD ALLOTTED DAY]

ESTIMATES 2006-07

Department of Health

[Relevant documents: Fifth report from the Science and Technology Committee, Session 2004-05, HC7, on Human reproductive Technologies and the Law and the Government's response thereto, Cm 6641; Eighth Special Report from the Science and Technology Committee, Session 2004-05, HC 491, on the Inquiry into Human Reproductive Technologies and the Law; the Department of Health departmental report 2005, Cm 6524.]

This Estimate is to be considered in so far as it relates to a grant-in-aid to the Human Fertilisation and Embryology Authority (Resolution of 27 June).

Motion made, and Question proposed,

That, for the year ending with 31st March 2007, for expenditure by the Department of Health—

(1) further resources, not exceeding £37,417,520,000, be authorised for use as set out in HC 1035,

(2) a further sum, not exceeding £38,276,451,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits, as so set out be set on appropriations in aid. *—[Liz Blackman.]*

4.9 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I welcome the opportunity to debate this important and topical issue on the Floor of the House. I once again pay tribute to the former Chairman of the Science and Technology Committee, the hon. Member for Norwich, North (Dr. Gibson), and members of the previous Committee on producing an extremely thorough and thoughtful report shortly before the 2005 general election.

Few areas of medical and social policy command greater interest or promote greater controversy than research and clinical practice in the area of human reproductive technologies. Producing the report was in itself a considerable challenge. It is no secret that at least half the membership of the Committee disagreed with the report. Well, some people disagreed with it, and it was a real challenge to agree on a final report to bring before the House. That reflects the divisions not only in the Committee but in society on these issues. There would have been something strange about an all-party Committee that did not have significant disagreements on this subject.

In spite of the difficulties in arriving at a consensus, the Committee was right to tackle the question. It is surely the job of Parliament to lead debate and not to shy away from key issues of public concern, however divisive they may prove to be. I would argue that this is a good example of the Select Committee system in operation: not simply scrutinising but helping to influence policy.

The Committee's inquiry began in late 2003. It began because the Committee had serious concerns about the Human Fertilisation and Embryology Authority. The Government said that they would keep the HFEA

under review. The Science and Technology Committee thought that that was not good enough. The Chairman said that the HFEA should be reconnected with the 1990 legislation. That was one of the reasons behind the inquiry. A year later, in 2004, the Department of Health announced its own review of the Human Fertilisation and Embryology Act 1990. The Department sensibly waited for the Committee to produce its report before issuing a consultation alongside its response in August 2005.

The results of the consultation were published in March of this year, and further announcements are promised for the summer. The Government should be commended for the way in which they have responded to the Committee's work. However, after a lengthy period of consultation—it is well over a year now—I think that the time has come for the Government to come forward with firm proposals, and, I hope, to produce a Bill in draft form.

A Bill is required anyhow to facilitate the creation of the new regulatory authority for tissue and embryos—RATE—from the Human Fertilisation and Embryology Authority and the Human Tissue Authority, which the Government have pledged to do by 2008. I commend to the Minister a draft Bill which would give the House an opportunity to debate and scrutinise some of the recommendations that will emerge from the Government's consultation. I hope that today's debate, and the Minister's appearance before the Science and Technology Committee next week, will stimulate some decision making on the role of the new authority and related issues.

Before tackling some of the more controversial aspects of the Committee's report, I shall outline the boundaries of the debate. I shall do so by stressing areas of agreement on the fundamental issues, which are unlikely to change. Both the Government and the Committee agreed with the gradualist approach to the status of the embryo adopted by the original Warnock Committee. I acknowledge that there are those who may disagree with this approach. However, I do not think that there is any realistic chance of it being dropped now for the purpose of legislation—so I think that we must start with the premise of the gradualist approach.

I think that there is general agreement that assisted reproduction is a legitimate area of interest for the state. It is only the extent of that interest that is in question. That in vitro fertilisation is now a common clinical procedure is not in question. The Government agree that legislation should take account of consequent changes in public perception, and that is what the debate is all about. The question is: how far are we prepared to accept assisted reproduction being regulated like other medical procedures, and what additional safeguards are required to protect the human embryo and the future child?

Other points on which the Government agree with the Committee are that there is a need for greater clarity in the policy-making functions of HFEA, and that legislation covering abortion should be removed from the Human Fertilisation and Embryology Act. I will return to that point later. The Government also agree with the Committee that there is a need for some rationalisation of existing bodies. These areas of broad agreement provide a solid foundation for debate on other matters of principle, such as the extent and nature of Government intervention in reproductive health.

There are, of course, areas of disagreement. That is not surprising. The Committee made 104 recommendations. It is interesting that the Government rejected very few of them outright. Indeed, rather than do so, the Government chose instead to consult more widely to gauge professional and public opinion. Not surprisingly, there was disagreement over the Government's use of the precautionary principle. I am rather pleased that my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) is not here to make a speech. He is delayed and has sent his apologies to the House. We have just spent a considerable amount of time discussing the precautionary principle in a new inquiry, and we have not come to any sensible conclusion. The hon. Member for Braintree (Mr. Newmark) nods from a sedentary position. The Committee's recommendation to include the Human Genetics Commission in the new regulatory body was a rationalisation too far for the Government, but I am sure that the hon. Member for Norwich, North would like to take up that issue later, because it was a fundamental proposal in the Committee's report.

My hon. Friend the Member for Oxford, West and Abingdon is in Committee at the moment and there was a vote at 4 o'clock, which is why he is delayed. I know that he has given his apologies to Members—in case there was some concern over his health.

The Government disagreed with the Committee's argument that there was a mismatch between the protection afforded by legislation to an embryo created in vitro before implantation and one at a later stage of development. The Committee was pointing out that allowing the greater use of pre-implantation genetic diagnosis, or PGD, may mean that the demand for abortions falls—particularly in the case of abortion on the grounds of foetal sex, which is technically illegal but difficult to police. Perhaps the greatest area of disagreement was over the future role of Parliament in regulation. I will return to that a little later.

Andrew Selous (South-West Bedfordshire) (Con): Does the hon. Gentleman agree that Parliament should not do anything to deny any child the possibility at birth of growing up with both a mother and a father?

Mr. Willis: The Committee made it absolutely clear that it is important for children to be brought up in a loving environment. A significant number of children are brought up in incredibly abusive and unhappy environments. I would not wish to speculate on a child being brought up in a single household, but I agree with the hon. Gentleman in that, where possible, my personal view is that I would like there to be two parents—a male and female—within the household bringing a child up. That does not preclude other methods of rearing, which are perfectly satisfactory and which have proved to be helpful in terms of developing good human beings as far as society is concerned. I will return to that issue later.

On many of the key issues, the Government agreed to consult further. The results of that exercise were published in March 2006 as a summary of the views expressed, with no accompanying explanation of lessons drawn. I am looking forward to hearing from the Minister how helpful the exercise was, although if my interpretation of the volume of the published responses—there were 535—is correct, it would be fair

[Mr. Willis]

to say that a variety of views were expressed. It was very difficult to draw firm conclusions, but perhaps the Minister will add her comments later.

Judging from the views expressed in Committee, I suggest that the extent of disagreement was never in doubt. However, disagreement should not be an excuse for inaction. Sooner or later the Government must take a view and convince Parliament and the public of the merits of their proposals. There were issues of concern to members of the Committee, and I am sure that right hon. and hon. Members will highlight their own, so I will not attempt to raise anything other than what I consider to be one or two crucial areas, for which Government proposals must be forthcoming.

First is the issue of sex selection for social reasons, which is highly contentious. I am sure that hon. Members on both sides of the House will have different views about it. The Committee could find no adequate justification for prohibiting the use of sex selection for family balancing, but sensibly called for further work to establish the demographic input of such a policy. The HFEA has also consulted on the issue and advised against it. The Government invited views but announced no plans to change their position.

I confess that the Government might be right on this occasion, and that such a policy might well give rise to unforeseen difficulties, so I would want to see convincing evidence of the potential impact before being convinced of the need for change. I suspect that the demand for sex selection is actually quite low—much lower than many hon. Members believe. We should not forget that it currently requires people to go through incredibly difficult and costly treatments to get a child. However, we have to plan for a time when there is a pill that destroys male sperm or ensures that a male embryo could not implant, so the Government need to be clear about how they would prevent sex selection, and they cannot dodge the issue in any draft Bill, or when they bring their conclusions from the consultation before the House.

A second area of contention between the Committee and the Government surrounds the welfare of the child provision in the Human Fertilisation and Embryology Act 1990. The Committee argued that the requirement for those providing fertility treatment to have regard for the welfare of the child, including the need for a father, was unjustified. It held that the provision was not only discriminatory towards the infertile and some sections of society, but that it was

"impossible to implement and...of questionable practical value in protecting the interests of children born as a result of assisted reproduction."

Quite apart from the difficulty of interpreting what the welfare of the child means in practice, I cannot see a case for the state interfering in the reproductive decisions of parents because they happen to be infertile, when it makes no such attempt in respect of anyone else. For example, there is no welfare of the child provision for other fertility treatment such as vasectomy reversal. So, if the Government are committed to maintaining a welfare of the child provision, I hope that they are prepared to spell out exactly how it should be applied in practice. I look forward to hearing the Government's latest thinking on what is, admittedly, a very difficult issue.

A third area is the allowable use of pre-implantation genetic diagnosis—PGD—and this needs serious clarification. At present, it is the responsibility of the HFEA, but paragraph 251 of the Committee's report describes the authority's policies and licensing decisions on pre-implantation tissue typing as "highly unsatisfactory". Lord Winston, I suspect, used more graphic language. Certainly, no evidence was produced by the HFEA to support its claim that PGD would be used for "trivial" purposes, and the fact that the Government have agreed that it would be preferable if the parameters for PGD were more clearly set out in law is a tacit admission that the Committee was right.

For many, PGD provides a welcome opportunity for parents to reduce or eliminate the risks of passing on hereditary conditions and diseases such as Duchenne muscular dystrophy, Huntington's and cystic fibrosis. The Committee argued in line with the gradualist approach that if an embryo is to be destroyed because it may carry a serious disease, it is better to do so when it is just a few days old than at 24 weeks. However, I fully accept that those who believe that all abortion is illegal and wrong would not subscribe to that view.

The crucial point to emphasise is that new technologies are developing quickly and, as a consequence, the HFEA is being required to take decisions with an ethnical dimension and with serious consequences. For example, the HFEA recently ruled that PGD could be extended to testing for certain types of cancer, and only last month we heard about a new technique developed at Guy's and St. Thomas' hospital in London that may enable thousands of diseases to be screened for as existing tests are improved significantly. The key change is that whereas the original PGD screening was for known diseases or hereditary conditions, the new screening is for possible development of conditions later in life, and that requires a substantially different approach from the present one.

Geraldine Smith (Morecambe and Lunesdale) (Lab): If we are not careful, could not such screening become the ultimate form of discrimination against people with disabilities—denying them the chance to be born?

Mr. Willis: I have enormous sympathy with that point. I spent much of my professional life working with children who had sensory impairment and physical disabilities. All of them were precious to their parents, despite the fact that many had huge problems in managing their condition. However, I suspect that many of those parents, if they had had the opportunity to screen out some of those difficulties, would have done so. The question that the Committee rightly asked, and that the Government have to answer, is: should parents in that situation have the choice? We hope that the Government will adopt a fair position on that question.

Geraldine Smith: Is the hon. Gentleman not concerned? Once we start down that slippery slope, where does it all end? I am sure that parents would much rather have a very intelligent child. Many would hate to have a child who grows up to be a politician. They might want a child with blue eyes. That is getting into the realm of eugenics—producing the perfect child

that the parent wants. I do not want a world that has no one with any sort of disability, because such people have all been screened out and denied the chance to live.

Mr. Willis: Few hon. Members would disagree with the hon. Lady. I would go further and say that what we have seen in parts of the United States, where deformities, in particular deafness, have been screened in because the parents want their child to mirror their own condition, is absolutely horrendous.

Science is getting to the point where we have an amazing number of techniques and can do amazing things, but at that point we have to stop and to ask, "Is this what we want?" The Committee was right to ask some of the questions and it was right to say to the Government that we simply cannot let such matters drift on. The Government are there to make some of those decisions. The Committee's recommendation about a bioethics committee is relevant. The hon. Lady is correct: not everyone is comfortable with the new possibilities or with the fact that it is the HFEA, which has only limited input from professional ethicists, that is taking those decisions. That worries me. In my view that is the job of Parliament—but I know that many people would disagree.

The new treatments bring their own ethical dilemmas. The value or rights of an embryo have to be weighed against the potential benefits of avoiding certain conditions; equally, the impact of such activity on existing people with such conditions must be taken into account. Although there are arguments over what diseases and conditions are serious enough to warrant screening, there is a more fundamental argument about who should make those decisions. The Committee argued that Parliament should set the ethical parameters for the use of PGD and other such procedures, and that regulators should then be responsible for ensuring the highest possible clinical standards.

I fundamentally agree with that position. Parliament, rather than unelected regulators, should have responsibility for establishing the ethical framework for the use of PGD and other procedures and for endorsing guidelines as necessary. The Committee proposes a new parliamentary Standing Committee on bioethics that would make recommendations on the need for legislative changes and scrutinise any secondary legislation in the field. Such a system has been adopted throughout Europe and I commend the principle to the Minister for serious consideration.

Of course, such an approach to bioethics would necessitate changes to the existing regulatory framework, which is a fourth area of contention between the Committee and the Government. The Committee recommended a three-pronged approach on a new regulatory framework to give greater clarity to existing legislation and thus allow medical professionals to get on with their jobs without the bureaucratic burden of frequent applications to the regulators.

The Committee's call for a new human genetics, fertility and human tissue commission to replace the HFEA, the Human Tissue Authority and the Human Genetics Commission appears to have been rejected in favour of a model that combines the HFEA with the HTA. That body will retain the HFEA's licensing responsibility, although that is a matter about which the Committee was critical. I hope that the House will debate the two sides of that argument today.

My final point is about abortion time limits. Paragraph 308 of the Committee's report recommended that a Joint Committee of both Houses should be established

"to consider the scientific, medical and social changes in relation to abortion that have taken place since 1967, with a view to presenting options for new legislation."

It is more than 15 years since the legislation was last reviewed by Parliament. We now know a lot more about the foetus and have gained more evidence about the factors underpinning the 24-week limit. There is growing pressure from those on both sides of the abortion debate to look again at developments since 1990 to determine whether a change to the existing legislation is warranted.

Early-day motion 2379 was tabled by the hon. Member for Morecambe and Lunesdale (Geraldine Smith) in support of that, and it had been signed by 59 Members at the last count. Its signatories have all viewpoints; indeed, I signed it myself. The head of the Catholic Church, Cardinal Cormac Murphy-O'Connor, has recently called for the time limit to be reviewed. All that shows that there is a feeling in the House and the country that we should at least review the scientific evidence and put it before the House, rather than simply pretending that things are as they were in 1990—or, indeed, 1967.

Geraldine Smith: Does the hon. Gentleman agree that the matter goes much wider than just the Catholic Church? There is a feeling among people in the country and MPs that a debate should take place. The Government should be leading the debate and putting legislation before us.

Mr. Willis: I agree that the matter goes much further than the Catholic Church. I am not a practising Catholic and do not come from that particular lobby, although I have a strong Christian background. However, this is not about religion. When I become Chairman of the Science and Technology Committee, one of the first things that we did was to ask the House of Lords to fulfil the recommendation of the former Committee by setting up a Joint Committee to review the science and determine where we were on that.

Dr. Brian Iddon (Bolton, South-East) (Lab): Does the hon. Gentleman think that there is any new science—and science alone—that would require the issue to be brought back to the House?

Mr. Willis: With the greatest respect to the hon. Gentleman, I do not know the answer to that. Does the fact that we now have better imaging of the foetus at 24 weeks represent a substantial change from the situation 10 or 20 years ago? Of course, people such as Lord Winston claim that the foetus is exactly the same at 24 weeks as it was 20, 30, or 40 years ago. However, medical technology, and our ability to maintain life at 24 weeks, have changed. The purpose of having an inquiry was to examine such matters and to try to ensure that we put on the table the question of where

[Mr. Willis]

the science and technology were, and how we could tackle the key ethical questions so that Parliament could debate and discuss that and the Government could take action, if necessary. That is what Parliament should be doing.

Mr. Charles Walker (Broxbourne) (Con): Does the hon. Gentleman not appreciate—I am sure that he does—that many people are deeply concerned about the idea of one operating theatre struggling to keep alive a 24-week-old foetus child; while in another operating theatre down the corridor, a 24-week-old foetus baby is being terminated and perhaps left to die on the operating table? That causes great concern to many people across the political and the religious spectrum.

Mr. Willis: I have deliberately tried not to enter into a debate of pure emotion—*[Interruption.]* That may well be fact, but the hon. Gentleman does not know the circumstances behind either of those cases. To hold that view is grossly unfair when one is unable to examine the circumstances behind why a woman is aborting at 24 weeks. If the hon. Gentleman believes that any woman does that lightly, I am sorry, but I profoundly disagree with him. It is important to examine the core issues, rather than just stating our own personal, emotive views.

Dr. Ian Gibson (Norwich, North) (Lab): Does the hon. Gentleman consider that, along with the science and the medical advances, there is also the issue of the woman's right to choose? That is rather important, too, is it not?

Mr. Willis: I fundamentally agree. At the end of the day, it is certainly not for white, middle-class males in Parliament to tell a lady in Birmingham, Brighton or Newcastle what she should do in such difficult circumstances. What the Committee and I are saying is that, given that this issue has not been examined for 16 years, is it not time to examine the science and the technology and put it objectively before Parliament? This issue may well be dealt with through a private Member's Bill, but I point out, with the greatest respect, that it commands huge interest in the country, so it is up to the Government to take a lead on it, rather than an individual Member. Such a Member might introduce an ill-considered Bill that is purely emotive and does not deal with facts.

Mr. Brooks Newmark (Braintree) (Con): But does the hon. Gentleman not agree that the unborn life has an equal right to that of the mother, and that that must therefore be taken into consideration? However, it is important that we focus on the technology. Technology has improved in the past 16 years, which is why the House should consider reducing the age of termination from 24 weeks to 20 or 18 weeks. We should investigate this issue through technology and science.

Mr. Willis: I am grateful to the hon. Gentleman for that intervention, and I hope that he will forgive me if I do not stray into a debate on ethics with him. One wise Committee recommendation was that the House should have a bioethics Committee. We are moving into territory that, even five years ago, we did not believe we would enter. It is important that some of these issues be discussed within that framework.

Our Committee suggested to the House of Lords that we examine the science. It said "no", and that it would prefer to have the matter dealt with by an ad hoc Committee of the whole House. I approached the then Leader of the House to ask for such a Committee, but was refused. This issue will not go away. It is important that the Government think again and at least set up an ad hoc Committee of the whole House to look at the facts and put them before Parliament. At that point, we can bring in the ethical, as well as the scientific, debate in an effort to resolve these issues.

I commend this excellent report to the House, and I look forward to the remainder of the debate.

4.39 pm

Geraldine Smith (Morecambe and Lunesdale) (Lab): I welcome this extremely important debate. The matters before us are complex and they raise numerous deep moral and ethical principles that are highly emotive, as we have already seen, controversial and often divisive—so much so that the Science and Technology Committee was split down the middle when it discussed the report. Five members were for the report and five were against. I was unable to support many of the report's recommendations. In their response, the Government adopted a much more measured and cautious approach, which I welcome.

I find the attitude adopted by some representatives of the scientific community quite chilling. They appear to believe that the only restrictions that should be placed on their activities are the limitations imposed by their own scientific capabilities. They display a total lack of concern for the moral, ethical, religious and social issues involved, and view those who seek to restrict their activities as modern-day luddites out to wreck their scientific looms. In return, I view those people as 21st century Dr. Frankensteins. They reaffirm my conviction that we must have a strict regulatory regime in place to govern their activities.

I said earlier that this is an important debate. We are discussing the creation, the scientific manipulation and the taking of human life, and the laws applicable to those activities. I shall restrict my remarks to one aspect of the report, which I feel has not been adequately dealt with by the Select Committee or the Government in their response. There is so much in the report that I could speak for three hours on the various recommendations, but I choose to restrict my comments to one area about which I have concerns—the destruction of human life by means of abortion.

Let me make my personal position clear. I would never have an abortion, or I hope I never would, but I do not want to drive women back to back-street abortions. I realise that one cannot have simplistic views; the issue can be complex. Women can be under huge pressures to have abortions. Sometimes it is not an informed choice. It is not the woman's right to choose. She is often under pressure to have an abortion.

As has been said, there is growing concern about the abortion law in the UK. Our current law is out of date and is in urgent need of reform. I know that there is widespread public support across the country for that

view, not least among those in the medical profession who have the task of killing perfectly formed, healthy foetuses, particularly when they perform abortions close to the 24-week limit.

Dr. Iddon: For the record, does my hon. Friend accept that there is so much in the report for discussion that the Committee decided deliberately to avoid abortion as one of the topics?

Geraldine Smith: Yes, there was so much to discuss. We see today the emotions that are aroused when abortion is mentioned. It is sometimes difficult to have a sensible debate because the pro and anti-abortionists are at each other's throat, but it is time to have that debate.

The legalised taking of human life under the current legislation has not been debated or amended for the past 16 years. Recommendation 77—

Dr. Desmond Turner (Brighton, Kemptown) (Lab): Does my hon. Friend agree that this debate concerns human reproductive therapies and the law, not abortion? Abortion is covered by entirely separate legislation. It is fine to debate abortion, but it is a separate debate and should be kept quite separate.

Geraldine Smith: I will come to my reasons for mentioning abortion. Recommendation 77 of the Select Committee, on which my hon. Friend served, states:

"We call on both Houses in the new Parliament to set up a joint committee to consider the scientific, medical and social changes . . . that have taken place since 1967, with a view to presenting options for new legislation. This committee should be broadly based and should include nominees from the Commons Select Committees for Science and Technology and Health and the Lords Science and Technology Committee."

Recommendation 78 states:

"We recommend that any new legislation introduced to amend the HFE Act should not include abortion, which should be dealt with by a separate Bill."

I have no problem with that. However, I think it fair that I should comment, given that we mentioned abortion and the need for a Joint Committee in our report.

The Government say in paragraph 106 of their response that they accept recommendation 78, but their response to recommendation 77 is unsatisfactory. Paragraph 105 states:

"The Government has no plans to change the law on abortion. If a joint committee is set up to look at this issue, the Government will consider its recommendations. However, it is accepted Parliamentary practice that proposals for changes in the law on abortion have to come from back bench members and that decisions are made on the basis of free votes, with members and peers voting according to their beliefs and values."

Ann Winterton (Congleton) (Con): The hon. Lady might remember that the initial legislation, the Abortion Act 1967, was introduced as a private Member's Bill, but the Government of the day gave it time in order that it could be enacted. Does she accept that during the passage of that Bill and of the Human Fertilisation and Embryology Act 1990, huge pressure was put on people on both sides to come to a certain conclusion?

Geraldine Smith: I think that the Government should be leading this debate, because there is concern across the country. It is not just about allowing parliamentary time if a private Member's Bill comes up—they should be making time properly to discuss the issue. Before doing so, they should of course have all the available scientific and medical evidence on the changes that have taken place in society since the Abortion Act 1967 and the most recent amendment to the legislation in 1990.

The current law on abortions was established in the Abortion Act, with a time limit for abortion set at the 28th week of pregnancy. That was reduced to the 24th week by amendment to section 37 of the Human Fertilisation and Embryology Act. The central criterion underpinning the time span was that the foetus would not be able to survive outside the mother's womb at that stage of its development. Following advances in technology and medical care, there is now strong evidence that foetuses are far more developed at a much earlier stage than was previously thought, so that they are able to survive outside their mother's womb as early as 18 weeks. That undermines the key principle in relation to the formulation of the time limits. When life can be carried on independently of the mother, surely the foetus, or baby, has human rights of its own.

The Government state in their response, however, that they have

"no plans to change the law on abortion."

Does that mean they have already considered the available evidence and concluded that they are perfectly happy with the current legislation and see no need for change? If so, they should be honest and say so, giving their reasons for reaching such a conclusion. Or do they believe that all the issues surrounding this matter need to be more fully examined? If so, why have not they supported the Committee's recommendation on the establishment of a Joint Committee? Or do they believe, as they seem to suggest at the end of paragraph 105 of their response, that this is nothing to do with them and that it is up to Back Benchers to sort it out because that is what happened in the past? If so, I would accuse them of abrogating their responsibilities on this issue. While they are correct in their judgment that it is a matter of personal belief and conscience, and must therefore be decided by a free vote in both Houses, that does not absolve them of their responsibilities and prevent them from leading the debate.

I am sure that Ministers and Back Benchers are well aware that this issue will not go away and that pressure for a review of the law on abortion will continue to grow. I would welcome the Minister's response to the points that I have outlined.

4.49 pm

Ann Winterton (Congleton) (Con): I am grateful to be called in the debate, which takes me back to 1990 and all the issues that were debated then. I went underground for the next 10 years, having had rather too much of them because they were exceptionally

[Ann Winterton]

difficult and took a lot out of one as well as much time. However, they are exceptionally important and evergreen.

I want to focus on two issues in relation to the Science and Technology Committee's consultation and report. I begin by commending the fact that the consultation's terms of reference were comprehensive and rigorous. The Committee consulted extensively—online, through oral submissions and by encouraging written submissions. It was a truly committed initiative, which extended far beyond the usual time schedules involved in such consultation exercises. A little bird told me that the Committee even went to Rome to consult the Vatican. I thought that that was a good move, and I do not speak as a Roman Catholic. It must have been the first time in history that a Select Committee took evidence from the Vatican.

The report is, sadly, not to be universally celebrated and it is worth remembering from the start the amount of internal and public disquiet that surrounded its publication. The Committee was split down the middle, as the hon. Member for Morecambe and Lunesdale (Geraldine Smith) said. I commend her bravery in raising an issue that perhaps other hon. Members would have preferred her not to raise. It was right and proper that she did so. Only the vote of the distinguished Chairman, the hon. Member for Norwich, North (Dr. Gibson)—

Dr. Gibson: The Chairman would have loved to vote but he did not need to do that. The majority of Committee members voted for the report.

Ann Winterton: I am grateful to the hon. Gentleman for making his position clear.

Geraldine Smith: To add further clarification, the vote on the report took place in the last days of the previous Parliament, in the run-up to the general election. Many of the members who opposed the report could not be present at the vote. I am sure that the Chairman accepts that five members supported the report and five opposed it.

Ann Winterton: Again, I am grateful to the hon. Lady. We all know what pressures are on Committees to reach a conclusion, and the period just before a general election is perhaps not the best time to do so. The hon. Lady has made what happened clear.

The formal minutes of the meetings that cover the approval of the report are a record of the dissent. In the days that followed its publication, the nation and media were almost unanimously up in arms over issues such as animal-human hybrids, germ-line manipulation, reproductive cloning, social sex selection and other hugely controversial proposals, which form part of the report's recommendations.

Further to the validity of the recommendations—104 in all—the next point to consider is the extent to which they reflected the thrust of the evidence that the Committee received during its year's extended consultation. For those who attended the oral evidence sessions—I am the first to admit that I did not—read the written evidence and followed the online consultation, it is impossible to accept that the Committee's controversial recommendations relate in any way to the evidence that it received from the vast majority of participants.

A trio of postgraduate students took time to analyse the material and concluded that the weight of evidence was, for the greater part, conservative in its content and in favour of maintaining the status quo, not deviating significantly from the consensus reached in 1990 on the Human Fertilisation and Embryology Act. The rationale behind the report was the intention to bring the Act up to date in the light of scientific advances. Technology might move fast, but that does not mean that our ethical concerns or the philosophical underpinnings of society and the law have altered radically—as the report would have us believe—if, indeed, they have altered at all. The Act needs to be reconnected not with modern science but with the interests and values of society at large. Some would even argue that those values have become more restrictive than they were at the time of the Warnock report, not least because many developments that were not anticipated at the time have been received with huge distaste by the public. Social sex selection is a classic example. While it attracts support in the maverick Science and Technology Committee report, 85 per cent. of public opinion polls register total opposition to such a proposal.

Warnock is cited by the report, but defended on a cherry-picking basis. The protection for the embryo enshrined in the original Act, for example, has been completely bypassed. On what justification? It is on the opinion of five Members of Parliament. Cherry-picking is applied even more openly to ethical opinions and citations. The continued references to John Harris, Julian Savulescu, Emily Jackson and others who hold similar beliefs are nothing more than a blatant endorsement of libertarian minority opinions.

The philosophical basis of the report is a selective mixture of some rights and harm principles. The rights, however, are limited to the reproductive rights of the adult, and leave little space for the rights of children, let alone the broader rights of society as a whole. The harm principle is limited exclusively to physical harms, and there is no wish to engage with broader, deeper concerns. That is to be regretted.

I wish to speak about the rights and welfare of children, not least because the matter has been in the news recently, perhaps because of the publicity given to the statements made by the hon. Member for Oxford, West and Abingdon (Dr. Harris), who is now in his place, having not been present earlier in the debate. I understand that he wishes to remove from the Act part of section 13(5), which refers to the welfare of the child. I have to admit that I was one of those responsible for the inclusion in the original Act of the need of a child for a father, and I shall read that subsection to the House:

> "A woman shall not be provided with treatment services unless account has been taken of the welfare of any child who may be born as a result of the treatment (including the need of that child for a father), and of any other child who may be affected by the birth."

It was I who encouraged my hon. Friend the Member for Spelthorne (Mr. Wilshire) to table a very small amendment on that issue. It was the only one that we on this side of the argument managed to get accepted by the House on that occasion. I might add that that was the only time that I have been a Teller and been on the winning side. In fact, from that point of view, the whole of my parliamentary career has been an absolute disaster. However, I was very proud of that one small amendment, because it meant a great deal.

Perhaps that is why the hon. Member for Oxford, West and Abingdon is now trying to get the provision removed. He is, in effect, recommending the deliberate creation of fatherless children, whether to single or lesbian women, on the basis that

"including the need of that child for a father"

is a discriminatory phrase that should not have been included in the Act in the first place. However, it was obvious, when the Act was passed, that the wise intention of Parliament was to place the welfare of the child at the centre of our focus. The welfare of the child obviously extended to his or her right to a father. That is what the House voted on and for in those days.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I am sure that the hon. Lady was not chastising me for not being present in the Chamber, as I had told both Front Benches and the Speaker's office that I was voting in a Select Committee. What evidence does she have that the welfare of the child is protected by this measure? Can she cite studies that show that children of lesbian couples, conceived by donor insemination, or of solo parents—women who specifically seek pregnancy when they do not have a partner—are damaged in that way? The Select Committee found that the evidence was on the other side, and that the provision was therefore unnecessary.

Ann Winterton: My earlier comments were not meant as—

Mr. Walker: Admonishment.

Ann Winterton: I thank my hon. Friend. I am grateful, however, that the hon. Gentleman has made his position clear. I could produce evidence, and evidence has been provided, but I do not have it with me this afternoon. As a mother of three and grandmother of seven, I, like most of my constituents and the majority of people in the United Kingdom, believe that it is better and right that a child has a mother and a father wherever possible, and that it is wrong to create a new life artificially without a mother and a father who will be in that child's life from the very beginning. We all know of examples of children who have been brought up by single parents, either male or female, who have done a splendid job, and I do not knock that in any way. However, the artificial creation of such a situation is wrong. As we are allowed to express our view in the House, I hope that I have done so clearly.

I believe that the child is discriminated against by writing out the need for a father. Were we to take the hon. Gentleman's position to its extreme, it could be argued that a preference for a mother is also discriminatory. Will we also see attempts to write out the child's need for a mother from the Act? Will we next ask for the reproductive rights of single men to be protected? Do they, too, have a right to have children, without the need for a mother? I ask all those questions with my tongue in cheek.

Geraldine Smith: Does the hon. Lady agree that it is not just a question of evidence but of common sense? Most people in the country would think that it makes sense to start a child's life with a mother and a father. Of course, there are terrific single parents who do a wonderful job. If we are looking for a basis to create a child, however, surely it should start with two parents—a mother and a father.

Ann Winterton: The hon. Lady has put far better than I ever could exactly what I and the majority of people in this country believe.

Mr. Stewart Jackson (Peterborough) (Con): Does my hon. Friend agree that there is a deep strain of antipathy towards co-parenting on the Government Benches? When we debated the Children and Adoption Bill some weeks ago, the Government set their face completely against the principle of co-parenting, even when we argued strongly for the paramountcy of the welfare of the child. From birth through to adulthood, co-parenting is being opposed by the Liberal Democrats and the Government.

Ann Winterton: My hon. Friend has made his point clearly. I agree that, in any arrangements made, the rights of the child must be paramount at all times.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Lady correct the suggestion that the points of view that she expresses in this regard are confined to the Conservative Benches? Such views also find voice on the Labour Benches, and the picture is not as simplistic as the hon. Member for Peterborough (Mr. Jackson) suggests.

Ann Winterton: I agree 100 per cent. As the hon. Gentleman knows, we have worked closely on these issues for a long time. I was chairman of the all-party pro-life group for 10 years, which is a genuinely all-party group. These matters go far beyond party politics. I hope that that reassures the hon. Gentleman.

We must move outside the parameters of absurd political correctness and gratuitous gender politics, and acknowledge once and for all that a child benefits from the security of a father and a mother within a stable family environment. The original Human Fertilisation and Embryology Act enshrined many concerns about the welfare of children in that regard.

Emily Thornberry (Islington, South and Finsbury) (Lab): Is not the main requirement for the welfare of children, which is paramount, that they be born into a loving family—that they be wanted children, eagerly anticipated? Is it not true that children have the best chance in life, whatever the type of home into which they are born, if they are born into a home that wants them?

Ann Winterton: Of course that is true, but people who do not believe in what I am saying usually go on to say that if those conditions are not in place, it is better for children to be aborted: that they are better off dead. I would say that not all those conditions can be in place in every single case. We know of children—in our own family circles and in wider circles—who have had unhappy childhoods, but have grown up to be excellent adults and have played their part in society. We cannot guarantee those elements in anyone's life, because life is not perfect, but if they are there, that is a tremendous bonus.

As I was saying, the original Act enshrined many concerns about the welfare of children. Many of the recommendations of the Science and Technology Committee attempt to lessen the impact of those concerns. I believe that we should resist those recommendations, and insist that the provisions in the Act are reinforced.

5.6 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): It is important that we are having this debate on an Estimates day. The subject is complex. The report from the Science and Technology Committee contains many chapters and much material that needs to be debated, and in the short time available today we shall not be able to do it justice. Let me say to the Minister that I hope this will be the first of many debates on the subject before we change the legislation, as we must.

When we embarked on the debate, I hoped that it would not be hijacked by the abortion issue. That is not because I do not consider the issue important. The Committee deliberately avoided debating it, however, because it had been debated so often in Government time on the Floor of the House and elsewhere in the Palace of Westminster. I rather hoped that today we would concentrate on other issues, which are not aired as frequently as they should be.

I regard my membership of the Select Committee as one of the most important duties that I perform in this place on behalf of my constituents. The Committee's members believe that they have influenced Government thinking in a number of policy areas, and have also influenced organisations outside the House. A number of debates are taking place at present, of which this is only one.

During my time in the Committee disagreement has been rare, but the fifth report of the 2004-05 Session was an exception. It resulted in the eighth special report of that Session, which makes it clear that five of the 11 Committee members disagreed with the publication of the fifth report. That probably reflects the divided views of Members across the House, which is why we are given free votes on most of these difficult issues.

After a lengthy inquiry and prolonged discussions, the Committee met again on 14 March last year, faced with 130 further amendments to an already amended report. It was clear to me then that the report would not see the light of day, especially as we knew that Parliament was shortly to be dissolved. A great deal of effort had gone into compiling the report. It had also cost a lot of money, particularly because of visits to Stockholm and Rome—including a visit to the health ministry and the Vatican—and to clinics in various parts of this country. We collected a large amount of evidence, and the inquiry lasted for an entire year. If the report had dropped out of sight, it would have been costly for Parliament, and it would have been a shame in the context of today's debate. Therefore, I did an unusual thing in a Select Committee: I moved a guillotine. That caused quite a rumpus. On that day, the meeting began at 3.30 in the afternoon and the guillotine was for 8.30 in the evening. Even though it upset some of my colleagues on the Committee, I do not regret taking that action, because if we had not taken it, we would not be having the debate on this important report this afternoon.

Our report states:

"the evidence suggests that the scale of intrusion into the private choices of individuals seeking to have a family can no longer be justified. We do, however, accept that the research uses of the embryo of the human species remain a legitimate interest of the State."

Other members of the Committee felt that that was too liberal a statement and they moved an amendment against the libertarian approach of certain members of the Committee, but the majority prevailed and the report was published.

I accept that these issues are difficult to grasp and even more difficult to legislate for, but it is now generally accepted that the Human Fertilisation and Embryology Act 1990 is in need of review and I believe that our report forms an excellent platform for that review to take place. As in many other areas, advances in technology in this field are racing ahead of our ability to consider reform of existing legislation.

As I have said, the Committee deliberately excluded abortion from its inquiry and it excluded surrogacy, too. I want to touch on one or two aspects in the report. On the status of the embryo, we agreed with the Warnock view that embryos should have special status. As the present Chairman of the Committee has pointed out, we took the "gradualist approach" that a human being is not created at the point of natural fertilisation but emerges gradually towards birth. However, we respect the 14-day rule that allows research to be carried out on an embryo during the period before the primitive streak emerges, which is the first sign that the nervous system, the spinal cord and the brain are beginning to develop. It is my personal view that no change to the law should be made in that respect, although there are arguments being advanced both to reduce that 14-day limit and to increase it to 20 days, or even beyond that. Baroness Warnock has admitted that that time scale of 14 days is "arbitrary" and it is based on the reasoning that I have already given.

The 1990 Act defines an embryo in section 1(1) as:

"a live human embryo where fertilisation is complete"

which includes

"an egg in the process of fertilisation".

The term "gamete" covers live human eggs or sperm, but not eggs in the process of fertilisation.

Today, that definition is inadequate because artificially created gametes can be produced and embryos can be created through the process of cell nuclear replacement, or cloning, the process used to give birth to Dolly the sheep at the Roslin institute

nearly 10 years ago. Our Committee believes that attempts to define an embryo in any new Act would be counter-productive because it would lead to legal challenges, as the definition of the embryo in the present Act has led to legal challenges.

On sex selection, I agree with the majority of our report's recommendations, but not all. I spoke against sex selection for non-medical reasons—Members have used the phrase "for social reasons"—either by sperm sorting or by pre-implantation genetic diagnosis. However, for the avoidance of sex-related disorders, I do support sex selection.

Some communities value boys more than girls; India and China are examples. I believe sex selection to be discriminatory and that it should not be sanctioned in this country. The policy of the two countries that I mentioned has serious demographic consequences. However, I recognise that there are arguments for family balancing, especially when a mother has given birth to a significant number of children of the same sex. Alan and Louise Masterton, who have four sons, lost their three-year-old daughter Nicole in 1999 in a domestic accident and campaigned for the right to rebuild their family with a daughter. If families cannot achieve what they want in this country, they will probably go abroad to achieve their ends. That applies to other areas of this debate as well as sex selection, but I have no ready answers to "reproductive tourism". We have to face the fact that if people cannot get what they want in this country and it is legally available in other countries, they will go there to have that treatment, possibly under less safe conditions than would apply in this country.

Mr. Newmark: Just because another country may have lower ethical or moral standards, does the hon. Gentleman think that we should introduce them here?

Dr. Iddon: No, I did not say that. We want high moral standards in this country. We do not want to force people to go to other countries with lower moral and ethical standards. For example, the Mastertons had to go to Italy for treatment. Tragically, that resulted in only one male embryo, which was donated to an infertile couple.

Sex selection by PGD or sperm sorting is far preferable to sex selection by selective termination of pregnancy or by infanticide. Sex selection by sperm sorting is not covered by the human fertilisation and embryology legislation and, in my view, it should be.

Mr. Walker: Is the hon. Gentleman seriously suggesting that if we do not allow people to select the sex of their children, we will have parents committing infanticide?

Dr. Iddon: No, I am saying that in some other countries infanticide is used to achieve what people want. I have mentioned two countries in which it might happen.

The Committee found

"no adequate justification for prohibiting the use of sex selection for family balancing".

Sex selection in the UK would probably work both ways and the demographic impact would, therefore, probably be imperceptible.

The concept of selection is one on which we need a full debate—fuller than we can have this afternoon—especially if we want to allow selection as a means of achieving greater intelligence or beauty, a certain hair or eye colour, increased memory capacity, or other factors. Science will make all those choices available. I do not say that I am in favour of them, but I am saying that we will have to debate the issue in this House at some point.

The birth of Louise Brown in 1976 at Oldham and district hospital as a result of in vitro fertilisation was a milestone in medical history. Unfortunately, today, only 1.5 per cent. of all live births in the UK are a result of IVF treatment and, considering that the UK gave birth to IVF treatment, it is not pleasing that we were ranked 12th out of 15 countries in Europe that offer IVF treatment in a report published a few days ago by the European Society of Human Reproduction and Embryology. Denmark offers 2,031 cycles per million population, but the UK figure is only 633. In Israel, where there is an active policy to encourage childbirth, the figure is 3,000 and 7 per cent. of treatments lead to a live birth. In comparison, the figure in Denmark is 3.9 per cent.

The Committee formed the view that IVF treatment has become such a routine medical procedure that its regulation can become part of mainstream clinical regulation. That is not to say, however, that there should not be continued inspection of clinics offering the treatment, both in the public and private sectors.

I represent a constituency with some of the poorest estates in Britain and it concerns me that my constituents have such poor access to IVF treatment. Indeed, only a few years ago, our local NHS would not fund IVF treatment. Nationally, only 25 per cent. of IVF treatments are obtained in the NHS. The rich get the most treatment, because they can afford to go to the private clinics. Unless we make IVF treatment more readily available on the NHS, my constituents—poor as many of them are—will continue to be discriminated against because they live in the wrong place.

However, the question is not just the availability of IVF, but the quality of the services on offer. I believe that the success rates of public and private-sector clinics offering that treatment should be published, although clinicians are sceptical about doing so, because their success rates depend on a number of factors; the main one, incidentally, is the age of the woman presenting herself for IVF treatment. However, it is important that people can judge the success rates of clinics, and in taking evidence our Committee found that those rates differed spectacularly.

In February 2004, the National Institute for Health and Clinical Excellence published guidelines on IVF treatment. It recommended the implantation of only two embryos per cycle to avoid the risks that we know are associated with multiple pregnancies. It also recommended that three cycles be offered to infertile women, which would have a considerable cost implication for the NHS. The Government, of course, have asked primary care trusts to offer only one cycle. Again, the House needs to have a proper debate on the NICE proposals. In Italy, the position is different; the

[Dr. Iddon]

Italian Government have insisted that three embryos be implanted per cycle. There was considerable opposition to that proposal, as the Committee found when we visited Rome.

There is a rising trend of infertility in the richer nations. One in seven couples now experience problems with infertility; we need to invest far more in research to find out why. Some blame pollution of our environment by certain chemicals—so-called endocrine disruptors—but that is by no means proven. We should all remember that that trend comes at a time when the demographic make-up of our population is skewed towards the older end. We need more live births to make our demographic spectrum as it was in previous years. It costs an estimated £13,000 for every baby born by NHS IVF treatment, but we should remember that that baby will contribute an estimated £147,138 to the Exchequer throughout its lifetime, so it makes economic sense to support IVF treatment.

Spare embryos can be destroyed, donated, stored for future use by the woman or others, or donated for research. Many people believe that, once created, embryos should never be destroyed, despite the fact that 70 per cent. of embryos fail to implant and are merely washed down the loo. Is it not preferable to use spare embryos for important medical research? I was pleased when Parliament decided to debate stem cell research a few years ago, and to allow it to proceed in this country, admittedly under tight regulation. There is now a reverse brain drain in this country; people are actually coming from the United States of America to conduct much-needed stem cell research in Britain.

There are widespread concerns—shared by me, incidentally—about the principles and practicality of the welfare-of-the-child provision in the 1990 Act. Section 13(5) requires that

> "A woman shall not be provided with treatment services unless account has been taken of the welfare of any child who may be born as a result of the treatment (including the need of that child for a father), and of any other child who may be affected by the birth."

Although most of us have freedom of sexual reproduction, less fortunate individuals who need assisted reproduction actually have to be judged by others, mainly from the middle classes—general practitioners and people on various ethics committees. That is not right. Those people are not in touch, in my opinion, with some of the people on poorer estates in my constituency who are desperate to have children but who are infertile. I do not believe that they should be judged in the pursuit of having a child, and that is one of the reasons why I am against that welfare-of-the-child provision. It is highly discriminatory, especially to people who are leading non-conventional lives.

Our committee heard lots of evidence from professionals, such as GPs and clinicians, who are expected to implement that procedure, but they find it almost impossible to do so. How well does a GP know all the women who are on his or her books? Can they judge? The evidence that we took was that they cannot judge in the majority of cases. The medical profession wants the welfare-of-the-child provision in the 1990 Act to be abandoned. Our Committee also felt that adequate mechanisms are already in place to ensure that any child born in an assisted manner will be protected. Of course we must remember that, since that legislation was passed, we have passed the Children and Adoption Act 2006, which also gives the born child a great deal of protection.

I wish to mention just one more thing: the insemination of single women. It seems ironic that, when we produced the report, the people in the media who wanted to do radio and television interviews with me—I think that it was the same for other members of the Committee—focused on one thing: sex selection, not on IVF, PGD or many of the other things in the report, not all bad and mostly good. Today, with me, they have been focusing on the insemination of single women. Why do not the media get real, look at the whole report and judge it across the spectrum?

During our inquiry we visited the Harley street office of a business called Man Not Included, which offers an internet service to collect and deliver fresh sperm to single women, including lesbians. As it deals in fresh sperm, its services are not covered by the 1990 Act. In my opinion, those internet services need regulating. I have two concerns, one of which is on grounds of safety? How can we be sure that sexually transmitted diseases are not being transmitted from the donor of the sperm to the recipient woman? That needs regulating.

I am also concerned that, whereas the Human Fertilisation and Embryology Authority has a register that lists all the donors of gametes and all the recipients of gametes, those internet services do not have to register donors or recipients on the central register. We are very keen for that to happen now that children, some time in their future, can find out exactly where their parentage is based, but those services will not allow any of the children born as a result of using their services to trace their parentage.

I am in favour of PGD because it will eliminate some of the most difficult diseases that we are facing. I am also in favour of the creation of a parliamentary bioethical committee, on which lay members and professionals from the industry could serve—it need not be made up only of parliamentarians—but what really gets to me is the fact that a quango, the HFEA, is making important decisions without reference to elected Members of Parliament, and it is about time that those important decisions were brought into the Chamber and our Committees, so that we can debate them properly.

It would be a brave person who could predict where these areas of research will take us next, but one thing is sure, they will always be controversial and we will always need to debate them in parliamentary time. I have many other comments to make, but in fairness to other hon. Members, I will sit down soon. Let me finish by saying that our report contains 104 recommendations and, alas, it impossible to touch on most of them this afternoon.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I offer guidance to the House and seek the co-operation of hon. Members. There are two subjects for debate today. I must try to protect the interests of those who wish to speak on the subject that is before us and also

of those who hope to have an opportunity to speak on the second subject. I hope that a measure of rationing will come into the remarks that are made if I am to call everyone who is seeking to catch my eye in this debate.

5.30 pm

Robert Key (Salisbury) (Con): I shall endeavour to speak as briefly as I can, as I am the only Member on the Opposition Benches, apart from the hon. Member for Oxford, West and Abingdon (Dr. Harris), who served on the Committee. I have a few things to say, but what I say will be much shorter because I can simply say that I agree with all 104 recommendations produced by the Committee.

I support the motion, which aims to supply funds and grant-in-aid for the Human Fertilisation and Embryology Authority. I congratulate Dame Suzi Leather on the work that she and her colleagues do on a remarkable committee. I think that there will probably be a need for more resources in future, not fewer.

I speak also as one of only two Members in the Chamber today who served on the Committee that considered what became the Human Fertilisation and Embryology Act 1990. I think it is true to say that my hon. Friend the Member for Congleton (Ann Winterton) and I agree on almost everything, and have done for almost 23 years, except on this issue. We have disagreed with each other for 23 years about some of the important issues that are now before us. I strongly respect her views although I disagree with them.

We are dealing with a report that was produced in the previous Parliament. It was undoubtedly the most interesting and significant Select Committee that I served on for 23 years, despite [illegible] having served on five Select Committees. I thank the hon. Member for Harrogate and Knaresborough (Mr. Willis), who is the current Chairman of the Committee, for his thoughtful contribution to the debate. I thank particularly the hon. Member for Norwich, North (Dr. Gibson), who throughout all the trials and tribulations of a remarkable Committee managed to lead us to a conclusion and to get a report published when it was the wish of some that that should not happen. It would have done a great disservice to the House if a report had not been published.

We are dealing with some of the last great taboos. That is why it is important to tackle them head on. To know what we should do about human reproductive technology, we should start by understanding and appreciating the widely differing views that people hold about the nature of the human embryo.

A young man living in a Jewish community about 2,000 years ago would probably have accepted the traditional Jewish position on the status of the embryo—it is not a person but must be treated with the respect due to a form of human life. That is surely something with which most of us could agree.

In the fourth century, teaching in Roman north Africa, St. Augustine of Hippo believed that the human embryo did not have a soul because it was not sentient. Writing in 13th century Naples, St. Thomas Aquinas rekindled Aristotlean philosophy and decided that humanity began with ensoulment at 40 days for a male foetus and 90 days for a female foetus. Was not that progress?

The Bishop of Rochester advised our Committee last year that the gradual emergence of a person was the usual approach in the Christian tradition until 1869, when Pope Pius XI abolished the distinction between early and late abortions. By 1984 the Warnock committee had concluded, rather in the Christian tradition, that a human embryo develops over time: It said that a human embryo cannot be thought of as a person or even as a potential person; it is simply a collection of cells which, unless it implants in a human uterine environment, has no potential for development.

I do not think that a human being is created at the moment of conception. That is the moment that takes the egg and the sperm a step nearer to implantation, with humanity commencing at 14 days with the appearance of the primitive streak, the precursor to the spinal chord, signifying cell differentiation and the beginning of sentience. I believe that life is a continuum with a genetic line moving ever onwards, unless it dies out through lack of procreation. That, surely, is why we humans are so interested in our ancestors and, indeed, the fortunes of our children.

There is a huge problem now. Only 30 per cent. of fertilised eggs of embryos implant. What about the rest: the spare embryos? The Church of England Mission and Public Affairs Council said in its report on embryo research:

> "The superabundance of embryos, seventy per cent of which do not implant in the womb, is echoed throughout nature... Seed or eggs which do not reproduce are frequently sources of food for other creatures."

The former Bishops of Oxford and Salisbury, in the other place, have in the past both talked of the problems that arise if all human embryos are regarded as having full human status from the moment of conception. If 70 per cent. of embryos are destroyed, do we believe that they are ensouled human beings and does that mean that heaven is largely populated by embryos? I do not know. I look forward to someone helping with that problem.

Research on human embryos can be undertaken without compromising their special status, but the research must have proper legal and ethical oversight. I also believe that it is right to create embryos for research purposes, always insisting on the 14-day rule. The hon. Member for Harrogate and Knaresborough said that Parliament sometimes had to tell scientists to stop that process. We cannot stop science or prevent progress. Science is moving onwards at a fast pace all the time. The report suggests that both Houses of Parliament should have a role in listening to all the arguments, in representing the different views in the legislative process and in deciding what should be legal for the time being—because what is legal now was not legal 20 years ago.

Mr. Willis: That is exactly the point that I was making and I am sorry if I misled the hon. Gentleman. It is important that Parliament be given an opportunity. The bioethics committee is the right vehicle for that.

Robert Key: I am grateful to the hon. Gentleman for his clarification. The problem is that reproductive technology is moving way ahead of us as legislators. That was always going to happen. I remember saying in

[Robert Key]

the Chamber during the Third Reading debate on the 1990 Act, "They will be back." I am quite surprised that it has taken the scientific community and the Government so long to come back to the House. I support the Select Committee's call for parliamentary oversight and a new parliamentary Standing Committee on bioethics. Only then will all sides have the chance to be heard and will there be an opportunity for the evidence to be weighed.

I wonder how many Members and how many of our constituents are familiar with the complexities of reproductive cloning, hybrids and chimeras, pre-implantation genetic diagnosis, embryo splitting, parthenogenesis, cell nuclear transplants, sperm sorting and haploidisation. Those things are happening around us, for our constituents, in our constituencies, every day of the year. They are real. They are happening today. We cannot ignore them. We cannot say that we wish that they did not happen, because they are happening.

For that reason, I was surprised by the announcement from the Vatican last week, as reported in *The Daily Telegraph*. The headline was:

"Vatican vows to expel stem cell scientists from Church".

When the Committee visited the Vatican, it was a huge privilege to be invited to visit the archbishops and bishops and their medical advisers and experts, who did us great courtesy and showed us great respect, as we did them. They will be reading this debate—if not watching it in the Vatican. I would like, therefore, to put on record my thanks to them for putting up with us when we challenged them with some very difficult ideas—perhaps of a nature with which they were not familiar. Perhaps they were not used to being confronted by parliamentarians, because the politics of Italy are different and the role of the Church in Italy is different.

I am sorry that the Vatican made that announcement last week and that Cardinal Alfonso Lopez Trujillo said, in an interview with *Famiglia Christiana*, an official Vatican magazine:

"Excommunication will be applied to the women, doctors and researchers who eliminate embryos"

and to the

"politicians that approve the law"

I therefore commend the courage of the Italian senator, Paola Binetti, a member of Opus Dei and a prominent campaigner for Catholic rights, who said:

"I am upset and stunned."

and continued:

"It is a mistake to give out the idea that God is angry with Man because he is not in agreement with him."

I agree with that. The Vatican's reaction looks a bit like panic.

I want to make a few comments about the question of so-called eugenics and designer babies. The whole argument is tainted by our memory of the appalling atrocity of Nazism and all that happened then. The word "eugenics" is Greek and simply means well bred and well-being—a good baby. Of course, that is not how it is usually applied. Surely there is a great difference between seeking to create a child with particular characteristics such as blue eyes—or a child who is sporty or musical—to make a master race, and trying to filter out the damaging parts of this fragile human life where that is humanly possible. I have wrestled with that problem for years.

I recall that when the Human Fertilisation and Embryology Bill was going through the House in 1989 and 1990, I asked my bishop, John Baker, whether he would help. On 20 February 1990, he wrote this to me:

"Where nature itself spontaneously aborts a good many embryos in these very early stages of life, it is hard to feel that to do so deliberately for good reason is contrary to God's own mind, so far as that is revealed in his created order. Moreover, if we are to be realistic, we human beings are not spiritually, psychologically and socially all so marvellous that we can promise the spina bifida or cystic fibrosis sufferer a quality and fulfilment of life that will make the burden of their sufferings worthwhile. On the whole if you can choose to launch either a life without these such handicaps or one with them, it seems morally better to choose the former. Many parents must pray for a disease-free child; when we are given the power to bring that about ourselves, what does it say about our prayer if we refuse to use that power?"

That puts that argument rather powerfully, and it is as true now as it was.

It is very important, therefore, to be careful when we are talking about designer babies to be clear that we are not talking about designing something to our own wish or to our own vision of a perfect child, but using science, which in my view is God-given, to enable us to use our brains to stop suffering as far as we may. I also feel—the hon. Member for Bolton, South-East (Dr. Iddon) said this eloquently, and I agree with everything that he said—that within the law, families should make decisions on their reproduction and not the state. The state does have a role, but we need to rebalance the arguments.

Finally, I want to say a quick word about abortion, because we cannot ignore it; it is part of the issue, and our report said what we thought we should be doing about it. If we want less abortion, we must look very carefully at the figures. Of the 185,000 abortions a year, just 124 occur after 24 weeks. If we are seeking to reduce the quantity of abortions in this country, does it make sense to vilify the tiny number of extremely vulnerable women in the most difficult and terrible circumstances who are in that category, and to say that they are somehow doing something unspeakable? I think not.

Let us look at the other end of the scale, too. Frequently we are told how awful it is that there are so many teenage pregnancies. I asked the Office for National Statistics for the figures, and in my constituency in the past 10 years the number of abortions among girls under 16 was 14. The ONS refused to set the figures out by year because it said that that would break confidentiality. We are talking very small numbers. The highest proportion of abortions in this country are performed on single women and those who have had abortions before. Perhaps that is where we should be considering education; something is wrong there. The hon. Member for Morecambe and Lunesdale (Geraldine Smith), who, sadly, is no longer present, used the word "Frankensteins", but the proportion of abortions on the grounds of chromosomal abnormality is one third of 1 per cent.—that is all. If we want fewer abortions in our country—and, God knows, I am sure we all do—we will need more human reproductive technology and much more education.

5.43 pm

Dr. Ian Gibson (Norwich, North) (Lab): I quake a little when somebody says that we should have these debates in Parliament, because we will need about six weeks to go through the many issues that reflect our consciences and beliefs. It was not easy chairing the Committee—delightful bunch of people as they are; men and women united, just for a minute. I assure the House that I would much rather take penalties in the last minute than have to chair a Committee that was so severely divided. My attitude was, "Let's just stay here all night", and without my hon. Friend the Member for Bolton, South-East (Dr. Iddon) moving a guillotine motion—nasty man—we could have debated the issues for hours and hours. That reflects the problems.

We have come a long way in science from the days when we believed that only one parent was responsible for the creation of an individual. One was either an ovist or a spermist—there are pictures of sperm with young people within them—and that was how it all happened. It is not so long ago that we believed that. It is not so long ago, too, that we did not believe in genes and DNA—in fact, science in the Soviet Union was based on that for many years. In this area, knowledge moves on and beliefs change, and they do so pretty fast.

We as a Parliament need to regulate and legislate in respect of many of the processes that we have been discussing. However, we have to do more than that: we have to think about why we are regulating or legislating. In industry, there is continuous debate about whether legislation inhibits productivity, industrial growth, and so on. Sometimes we do nothing and sometimes we overreact, but I think that we in this country do nothing rather well. We do not get caught up in regulation, yet the world does not crumble about us. The same is true in the field that we are debating now, and that was the spirit in our Committee: we wanted to examine what was happening and make sure that we got legislation where it is needed. We were told at the beginning of our inquiry that nothing needed to happen—that we should leave the subject alone. Well, 104 recommendations suggest that something needs to change.

One has to ask whether the purpose of regulation should be to provide legal protection for the embryo, or to provide some regulation of assisted reproduction, or both. In fact, a regulator is not needed to protect the embryo. If the law says that a person cannot clone an embryo and someone does, one just calls 999 and gets the police in. Regulating IVF treatment is different, of course. IVF treatment is increasing and will continue to do so. Endocrine disruptors, which we have heard about, and many other factors are lowering sperm counts and otherwise making people infertile, but the desire to have a baby is an innate human characteristic, so there will be more pressure on IVF provision. The hon. Member for Congleton (Ann Winterton) will remember that when IVF was first introduced, people said that it was a pariah that would destroy the world and that it must not happen, but now it is a standard technique, even though there is not enough of it in the health service, and it is improving all the time. Should the regulator regulate only for technical standards, or do we want it to enforce directions on how treatment is administered, or so on? The spirit of our recommendations was not dogmatic: we were trying to help the new science to develop.

The HFEA was an extremely important addition under the 1990 Act. Regulation was extremely important to building public confidence in that legislation. However, events have moved on. We are not all old Labour—despite what some believe, we know that changes have to happen. We have to move on and the HFEA and its functions need to be examined seriously. For example, does it have the right people on it? It would not worry me at all if pro-life people had places on the authority, which they have been denied. We should get them in, have those arguments and not restrict them, because that diminishes the authority and makes people suspicious.

Is the HFEA rigorous enough about licensing and inspection? The HFEA has a triple role—regulator, policy maker and Government adviser—but it is not possible to fulfil all three functions. That is why the Committee said that we should try to separate them and why we said that Parliament's role was extremely important. There is a plethora of knowledgeable, concerned people present in the Chamber and many more outside. I believe that the public would welcome involvement in the debate.

The HFEA is to merge with the Human Tissue Authority. We wonder whether that is a political move. The virtues of such a merger have to be explained, because—of course—the British Medical Association is none too happy at the prospect. We could think about merging the HFEA and the Human Genetics Commission—Baroness Kennedy's group, which examines many issues, such as the new genetic science and its effect on disabled people. The bodies could all work together in harmony much better than they do.

We have heard about the problems of reproductive tourism. I think that it will be hard to stop both that and reproductive cloning, which someone will carry out successfully some day. I remember when people said that we could not clone a sheep or cat, but we have done that, so humans will be in the wings. We thus need to think about the regulation that we will need for inspecting that.

Do we need a national bioethics committee? The public now want a consideration of morality and their views to be put in the relevant arena. Everyone else seems to have such a committee, but we do not. Is that because such committees are perceived as expensive talking shops? Could we establish a body that was really meaningful? Will Parliament really be the best place to make the big decisions? Should we stop giving such issues to quangos?

Judgments are also made by local ethical committees. Are the decisions that are made at local level tough enough, or is it the case that just the great and the good—the local vicar and so on—are appointed to those committees and that they have a nice afternoon cup of tea and a biscuit and then go home? The question of how we achieve localism in such decisions is serious.

Things will never stand still in this area because new, unforeseen possibilities will arise and be combined with market forces and new dilemmas that emerge. As many hon. Members have said, regulation must keep up with that without inhibiting research—even if one thinks that that could be stopped. I accept that scientists can be arrogant and think that they can rule the world, but that is why they must engage with the political process and be brought into that arena. If they are kept out,

[Dr. Ian Gibson]

they will have that opinion. We should not really start from where we are now, but think about starting all over again, given all the new developments that have taken place.

It is lovely if there is a mum, dad and child. It is lovely when a man meets a girl and they fall in love, before there is the question of having children, and they then live happily ever after and everything is perfect in God's perfect land, as Neil Young would say. However, sadly, it does not always work like that for some people, and there are other types of relationships. The world has moved on to accept such people and be disciplined about them. We must incorporate that in our thinking. The problem is not major, but we must take it seriously. Nothing is really sacred, not even the Human Fertilisation and Embryology Act 1990—but gosh, to hear some people talk, one would think that it had to be protected at all costs.

5.52 pm

Mr. Charles Walker (Broxbourne) (Con): Thank you, Mr. Deputy Speaker, for calling me to speak in this important debate. I will try not to inject too much emotion into it, but when we talk about human life, emotion is not always misplaced. I hope that the hon. Member for Harrogate and Knaresborough (Mr. Willis), my hon. Friend the Member for Salisbury (Robert Key) and others will bear with me.

I am a little concerned that the subject has been broached by the Science and Technology Committee, because it sounds rather abstract to talk about human reproduction in terms of science and technology; that is a rather sterile heading. Nevertheless, that is the Committee that has considered the matter.

Mr. Newmark: As a member of that august Committee, I am curious about what name my hon. Friend would come up with.

Mr. Walker: Forgive my naivety, but I would have thought that this could have been considered by the Health Committee. Perhaps it would be a good start if we were revolutionary and established a Select Committee on the family. However, the subject rests with the Science and Technology Committee; those are the terms of our debate.

I share a growing concern with many of my constituents that children are often seen as the ultimate accessory. People used to have Gucci handbags or high-pedigree Dalmatians, but now it seems that people express their individuality by going around having children. On that basis, the child's welfare is important. Not everyone has the right to have a child. I believe, although it might be unfashionable to do so, that children are a gift. I have spoken to many people in the homosexual community about the lifestyle that they choose to lead. Many of them are perfectly comfortable with the idea that their lifestyle choice excludes them from having children. Therefore, before we go down the road of supporting the idea that same-sex couples should have access to IVF, we should realise that it is the minority of such couples who are looking to do that.

Dr. Evan Harris: Will the hon. Gentleman clarify what he means by a lifestyle choice? Is he arguing that gay people make an optional choice and that they should just choose to be straight and get on with it, as he does?

Mr. Walker: Not in the slightest. I made the lifestyle choice of getting married and having children. People make such choices. If one chooses to live in a same-sex relationship, it is difficult to have children naturally. I have a good friend who is a homosexual. He and his homosexual partner found a surrogate mother and had a child. Those two men are excellent parents and I am fond of them both, but that does not mean that I believe that children's best interests are served, in the main, by having two fathers, or that I subscribe to the idea that gay couples should automatically have the right to have children.

The scientific community seems to have its own agenda. We read in the newspapers today that Britain is about to have its oldest mother because a woman of 60—I believe—is about to have a child. Whose interests will that serve—those of the child who is born, the woman having the child, or the scientific community? What will happen next year? Will a woman of 70 or 80 be Britain's oldest mother? The House needs to exercise control over what the scientific community is doing in this area, because the child's welfare should be absolutely paramount.

Dr. Harris: How old does the hon. Gentleman think that the oldest father should be by law? Should we limit the reproductive capabilities of men?

Mr. Walker: Absolutely not, because as the hon. Gentleman knows full well, men are biologically able to go on having children into their 70s and 80s. However, what is proved by deliberately taking a woman who is past her point of fertility—perhaps 15 or 20 years past—and impregnating her?

Dr. Harris: On that basis, would the hon. Gentleman support preventing men over 50 from using potency aids, given that such aids are an intervention to help them to have children?

Mr. Walker: If the hon. Gentleman really believes that giving 60, 70 or 80-year-old women the choice of having children is a good thing that will benefit the welfare of those children, I am afraid that we will have to disagree. Where we will disagree, time and time again, is about the idea that the welfare of the children should be paramount, and the fact that it is probably not in the interests of a one or two-year-old to have a 70 or 80-year-old mother.

When we have debates on reproduction in the future, I hope that we will remember that children live with the consequences of decisions made by adults. They do not ask to be born, but they will be with us for a long time. I also hope that we can have a bit of emotion in such debates, because when we talk about human life and small people, it is perfectly reasonable to get emotional about their future and their welfare.

5.59 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I will try to bring the debate back to the mainstream of the subject. We should remember the context in which we start. On the whole, the Human Fertilisation and Embryology Act 1990 and the system of regulation have served us well for the past 15 or 16 years. But time moves on, the science has moved on at a great pace, and the time has naturally come to start reviewing the situation. The Government had already decided that it was an apt time to do that, and so had we, especially as several controversial decisions were coming up. It was a natural time to look into the matter.

We need to continue our history over the past 16 years of having a framework that provides good clinical services for those who need infertility treatment, and a good research environment that is well regulated so that researchers know clearly what they can and cannot do. For that reason—the fact that we have a working environment that is safe and well controlled—more than any other, we lead the world in matters such as embryology research and embryological stem cell research.

In other countries there is not necessarily such an environment. There have been plenty of examples of that. Where have the threats to clone human beings been coming from? They have come not from our own regulated environment, but from countries where, for whatever reason, the Government have not been able to get to grips with the issues.

Those issues seem to come back to questions of religion and ethics. That was apparent when the Committee went to Scandinavia and then to the Vatican. The Scandinavian attitude was pragmatic. Basically, it boiled down to this: if there is no demonstrable harm to the child, it must by okay and things should be left alone. However, the Vatican had a very different attitude. In his refreshingly sane contribution, the hon. Member for Salisbury (Robert Key) described the theological progress on this issue. The Vatican position is that human life starts at the moment of fertilisation, and that even the zygote has the full rights of a human being.

That creates a great cultural limitation on what can be done, and for a long time Italy was totally unregulated and had no legislation on in vitro fertilisation. The consequence of that was some awful practice. One man was threatening to perform human cloning, and finally Italy legislated, but its legislation in this area, which it introduced just a few months before we did, was very imperfect. For instance, it demanded that all embryos should be immediately implanted once they were produced, and that they could not be stored frozen. That meant that there was a much greater risk of harm, both to the child and the mother, because it was not possible to screen out unhealthy embryos, to do pre-implantation genetic diagnosis—PGD—or to eliminate the possibility of implanting an embryo that was very genetically defective. The net result is a higher incidence of multiple births and birth defects, and greater harm, because the legislation is not sensible and has not grasped the nettles that needed to be grasped. We in this country have grasped them in the past, and we need to continue to do so.

Let us look at a few examples of the problems that arise, which mean that we must carefully re-examine the legislation. One problem is the PGD issue. At present, that is strictly limited to serious life-terminating genetic diseases, but the science has moved on so dramatically that a vast range of diseases can now be diagnosed in the embryo—and to a far greater extent than it is currently licensable to use that technique. We must take stock and ask, "Is it reasonable to avoid using the embryo that would produce a type 1 juvenile diabetic, for instance, and to use the one that would not?" There are many such diseases, which are survivable but clearly undesirable. That matter must be discussed sanely and rationally. Such borders need constantly to be revisited.

Let me give another example. In the context of tissue typing, there was the Hashmi case: the Human Fertilisation and Embryology Authority licensed an application to produce a baby who could be a tissue donor for its sibling, who already existed but had thalassemia and did not have much of a life expectancy. Tissue typing was essential; otherwise the stem cells would have been rejected.

That case has led to a succession of legal challenges, because the HFEA was working right at the policy limits of the legislation. Effectively, it was almost making law. Was it within its statutory limits or not? The High Court said no, but the Appeal Court overturned that judgment, and the case went to the House of Lords; I do not know what its decision was. We should not determine such issues through the courts. We need to make sure that the regulations and laws that we set down in this place are clear enough to keep lawyers out of this area, so that it can be left to doctors and would-be parents.

I have given two examples, but there are others. I am thinking now of mitochondrial diseases. At present, cell nuclear replacement can be used only for research purposes, but the time will come when it will be technically possible to use it therapeutically. That is not currently legal, but why should it be illegal?

As for cloning, we as a society are totally opposed to human reproductive cloning, and our report—contrary to what some people might suggest—does not suggest for one moment that we should do anything more. Therapeutic cloning is a totally different issue; that is absolutely essential if we are to pursue the production of new embryonic stem cell lines. But in 20 or 30 years, if techniques of reproductive cloning have become demonstrably safe, it is perfectly possible that Parliament and the public might want a different outcome. That is certainly not true at present, but the question needs to be revisited from time to time.

This House should play a central role in determining these issues. It should not be left to the HFEA to make policy in these difficult areas. It has enough of a job to do with its licensing and regulatory functions. I strongly subscribe to our recommendation that there should be a House bioethics Committee that should keep this area under constant review, make annual reports to Parliament, recommend amendments to legislation when it feels them to be appropriate, and conduct pre-legislative scrutiny of draft legislation as it emerges. Such a body should be the key actor in the future, but the whole of Parliament should have a vote on its recommendations. That way, we will take full responsibility for them.

6.10 pm

Mr. Brooks Newmark (Braintree) (Con): As a society, we are increasingly uncomfortable with the existence of received wisdom and moral certainties. It is probably also true to say that we are becoming uncomfortable even with the principles of secular morality—be it utilitarian or libertarian. Such secular morality is increasingly branded as an extension of "public interest", so that it need not appear to be morality at all. The Warnock report proposed that the putative regulatory body for biotechnology should not be

"exclusively, or even primarily, a medical or scientific body. It is concerned essentially with broader matters and the protection of the public interest."

It is perhaps fitting that a body that exists to deal with, among other things, the ethical dilemmas posed by genetic hybrids and chimeras, should be similarly heterogeneous. But it is true that scientific evidence and more traditional moral yardsticks must continue to complement one another. The ascendancy of science untrammelled by other concerns leads us into dark places.

The Committee's investigation of eugenics and pre-implantation genetic diagnosis, for example, touched on the potential disaster of social objectives triumphing over ethical objections. Perhaps that is the danger implicit in conflating ethical, clinical and political judgments, which is why I believe that the Human Fertilisation and Embryology Authority might no longer be fit for purpose. There must now be a solid case for reconsidering its remit—and, consequently, its composition—from the ground up.

The intention to merge the HFEA and the Human Tissue Authority into a new regulatory authority provides an important opportunity to address the fundamental concerns about the biotechnology regulatory regime that the Committee expressed. The fact that the new authority will no longer be called the regulatory authority for fertility and tissue does not mean that it cannot become a "RAFT" in troubled ethical waters. The HFEA's most important failings are not those related to the practical problems that, to some extent, afflict all Government organisations. It is no surprise that the Committee's recommendation 66 highlights critical failings in the agency's data management policies. Nor is it a surprise, for example, that the Government's response lays the blame on the goose that has so often failed to lay a golden egg: IT infrastructure.

I was, however, more struck by the Committee's findings on the HFEA's inadequate expertise. I want to focus my remarks on recommendation 47, and particularly the following statement:

"We believe that ultimate authority on issues of public concern should lie outside of the scientific and medical communities."

That is a sound principle, although many would argue that the scientific and medical communities do not harbour nefarious intentions of the kind that would make them incapable of self-regulation by their various professional bodies. But even if the status quo of lay dominance over day-to-day decisions is to be preserved, it is indefensible for the HFEA to lack a sound basis of scientific expertise; that must be corrected in any new body.

My concern is that insufficient parliamentary time is given to these complex ethical decisions, which are based on a rapidly evolving scientific evidence base. The introduction to the Committee's report notes the statement, made during an earlier inquiry, that, after 12 years of the Human Fertilisation and Embryology Act 1990, it was necessary to

"reconnect the Act with modern science."

It also reiterated earlier criticism of the complacency of certain members of the HFEA, and the Department of Health's "limp response" regarding a policy of constant review. If the HFEA is not keeping abreast of a rapidly advancing field because it has insufficient expertise or organisational capacity, it is clearly necessary to do one of two things.

The first option is to return regulation to the relevant professional bodies. The Royal College of Obstetricians and Gynaecologists stated in evidence that

"the body regulating this area should have sufficient expertise in its make up to tackle some of the difficult clinical, scientific and ethical issues presented to it".

Does that description not include the professional bodies themselves? We should at least be asking whether regulation can safely be left in the hands of the royal colleges or the British Medical Association, safe in the knowledge that they are deemed capable of engaging with other complex areas of medical ethics. After all, the Committee made a number of recommendations concerning professional bodies' increased involvement in the management of clinical and laboratory standards. It is only a small step from that position to professional bodies' wholesale involvement in the development and review of an appropriate regulatory regime. It is only the Warnock principle of lay primacy over these ethical questions that holds us back.

Alternatively, we must establish a regime of regular statutory review by Parliament. It is time to turn our backs on a generation of ad hoc, laissez-faire intervention by Parliament, which relies on the initiative of Back Benchers to ensure that the law is kept in touch with science. That is particularly apposite in the case of the law relating to abortion. I am not an expert on accepted parliamentary practice concerning Back-Bench initiation of legislation, but it seems in this instance to be a convenient caveat to justify the Government's inertia.

I do not want to go too far off piste and into the dangerous territory of advocating a review of the time limit applicable to abortion, about which we have heard much already. The decision whether to allow abortion up to 24 weeks, 20 weeks or even 18 weeks should be based on the available scientific evidence and should, if anything, err on the side of caution when it comes to the protection of a potentially viable foetus—in other words, a potential life. But, above all, I do not believe that the Government should absolve themselves, or Parliament, from the responsibility of regularly engaging in the ethical debate on the regulation of human reproductive technology. I believe that Parliament, not the HFEA, is the only crucible in which these questions can be discussed fully, because we are uniquely placed to respond to the scientific evidence, as well as to ethical problems and public opinion. The HFEA is quite wrong to view its role as insulating Parliament from difficult ethical choices.

I am heartened by the strength of support of witnesses called by the Committee for Parliament's increased participation in difficult ethical situations. The Committee's recommendations about parliamentary involvement are very welcome, particularly on the need for Parliament to be able to revisit contentious issues. But more than that, I am pleased that the Committee recognises the benefit of the increased public confidence that stems from greater parliamentary involvement in difficult ethical questions. It is, after all, easy to lobby a Member of Parliament on a free vote—and much less plausible that anyone should lobby the HFEA.

The HFEA is an unhappy compromise between scientific, evidence-based decision making and the Warnock principle governing the primacy of lay ethical opinion. If that primacy is still required, its proper forum is Parliament—a point that the hon. Member for Bolton, South-East (Dr. Iddon) alluded to earlier. The Government must now take steps to see that Parliament is entrusted with the regular review of the legislation governing biotechnology. Only Parliament has the resources to co-ordinate and balance the available scientific evidence, the ethical concerns, and the vagaries and inconsistencies of public opinion that are vital to this area of law. More importantly, only Parliament has the moral authority to ensure that the law keeps pace with scientific advances, without exceeding ethical boundaries or failing to meet public expectation.

6.19 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): I appreciate the opportunity to address the House on recommendation 77 of the Science and Technology Committee, which calls on both Houses

> " to set up a joint committee to consider the scientific, medical and social changes in relation to abortion that have taken place since 1967, with a view to presenting options for new legislation."

I take the opportunity to examine that recommendation, and particularly the suggestion that there might be a case for reducing the time limit. I want to put on record some facts about how many late abortions there are, and I want to consider whether there really have been scientific, medical or social changes of sufficient importance to warrant serious consideration of changes in the law. I do not believe that there have been.

It is important to recognise the passion that is provoked by the subject. It confronts many people's core beliefs, and that includes me. It is one of my core beliefs that it is important for every woman to be able to control her fertility. Without such a basic right, women have no chance of equality. No contraceptive method is 100 per cent. effective, and no woman should be forced to carry and bear a child that she profoundly does not want. Abortions must therefore be available. It is right for everyone involved in the debate to declare their own interests, not in the Alda Barry sense of declaring an interest, but as regards their core beliefs.

It is important that those on the other side of the debate make it clear where they are coming from on the issue. One of the reasons the argument for restricting the time limit is so unconvincing is that it is often put by people who themselves are not convinced by it, and who take the pragmatic stance that if they cannot make abortion illegal or criminal, they will do their best to restrict access as much as they can.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The hon. Lady says that all women should have the right to have an abortion. What about the right of the father if he desperately wants to have a child and does not want his partner to have an abortion? What rights does he have?

Emily Thornberry: The right is fundamentally that of the woman who carries and bears the child. We are not going to agree on that, just as I am not likely to agree with Cardinal Keith O'Brien who, as I understand it, is arguing for a restriction on the time during which abortion would be possible I presume that he believes that abortion should be illegal and that there should be no abortions, yet he joins the debate. I believe it is women, not Parliament or the Church, who should be making such decisions.

On the question whether there have been sufficient scientific or medical changes to support a change in the law, let me start with a few facts about late abortions. No one wants to have a late abortion if there is any other realistic option. Less than 1 per cent. of abortions take place after 22 weeks, and 87 per cent. of abortions take place before 13 weeks.

Mr. Walker: You say that 1 per cent. of abortions—

Mr. Deputy Speaker: Order. I say nothing. It is the hon. Lady who says.

Mr. Walker: I apologise, Mr. Deputy Speaker. The hon. Lady says that only 1 per cent. of abortions take place after 22 weeks. Can she give a rough breakdown to explain why those abortions take place so late?

Emily Thornberry: Yes. Women who have abortions late are very young, or women going through the menopause, women who do not speak English, women who come across the one fifth of GPs who say they are broadly anti-abortion, women who have had difficulty accessing services and women who are scared, ill educated or marginalised. It is those people who are confronted with such a decision and who, with the assistance and support of medical services, make that extremely difficult decision. It is for them and not for the hon. Gentleman to make that decision.

There have not been any dramatic scientific breakthroughs in recent years. The survival rates are still very low for babies born before 24 weeks, and those that do survive frequently survive with severe disabilities. Last June, doctors at the annual conference of the British Medical Association overwhelmingly rejected a motion calling for the upper limit to be cut from 24 to 20 weeks—77 per cent. of doctors voted against it.

The spark that has reignited the debate on time limits is not medical advances, but the beautiful and highly emotive 4D images of foetuses offered by Professor Campbell in his private London clinic. Foetuses can be seen opening their eyes, kicking their legs and sucking their thumbs, but as Allan Templeton, the secretary of the Royal College of Obstetricians and Gynaecologists has said, the images add little to the science. If we want a debate about the science, let us talk about the science. He says:

> "Observing these developments and physiological movements is not changing anything about the time of viability. These images however have given rise again to the question as to

[Emily Thornberry]

whether or not there should be a reduction in the time limit of 24 weeks. It is distressing that so much of the comment has been so ill-informed."

Mr. Newmark: What scientific evidence was there for the doctors who made that decision—the 77 per cent. who voted against reducing the time limit for abortion from 24 weeks to 22 weeks? Was there any scientific evidence behind that decision? *[Interruption.]*

Emily Thornberry: I am advised that there was a full report of the matter in the *Evening Standard*. I am grateful to my hon. Friend the Member for Norwich, North (Dr. Gibson). I do not have with me a copy of that well known scientific journal. The point is that there has not been a breakthrough in the science to prompt the Committee to claim that we should re-examine the matter.

At the beginning of the debate, the hon. Member for Harrogate and Knaresborough (Mr. Willis) was asked what particular medical or scientific changes his Committee refers to when it recommends reconsidering legislation. As I understand it from his response, there is none.

Mr. Willis: My response was that I do not know of any such changes. That is different. The purpose of an inquiry would be to put the issue to bed. If the hon. Lady is right and there is no new scientific evidence, that would come out in such an inquiry and would be laid before the House. If she is wrong and there is new evidence, that would come out in the inquiry and be laid before the House. For the life of me I cannot understand why the hon. Lady should even question the principle of re-examining the evidence after 16 years.

Emily Thornberry: My central point is this: if we want to have a cool and rational debate on the subject and we want it to be prompted by the science, come to us with the science. If not, the debate descends into raw emotion and prejudice. I stated my position at the beginning. We have heard from other hon. Members what their position is. In the end, the decision often comes down to emotion, how people feel and their own sense of what is right or wrong. That is why I believe it is for individual women to make the decision, because it is a profoundly personal decision.

The Marie Stopes International study on late abortion provides many of the figures and stories that I have quoted. I will be happy to provide the hon. Member for Harrogate and Knaresborough with a copy. There have been studies about why women have late abortions and the circumstances that provoke those late abortions.

Every time I have been pregnant, I have had the great good fortune that my children were wanted and we eagerly anticipated them. It is difficult to imagine how it must be for women who profoundly do not want to be pregnant, who do not know what to do, who do not speak English, who may be 14, or who may be 48 and already have four grown-up children. Abortion is already so stigmatised that we must be very careful when we tread down this path.

In the end, although we have many disagreements, I presume we all agree that every abortion is a tragedy, and that every child should be born into a home that wants it and loves it. At least we can all agree with the hon. Member for Salisbury (Robert Key) when he said that if we want to try to make life easier for families, the most important thing for us to do is to improve sex education in schools and relationship education so that people treat one another with respect, so that young girls know that they do not need to sleep with their boyfriends in order to be important and in order for their boyfriends to love them, and so that people have respect for themselves and one another. That should be comprehensively taught in our schools, and we should also ensure that people have access to abortion and to information, so that we can all aspire together to ensure that when a child is born, it is wanted and loved.

6.29 pm

Adam Afriyie (Windsor) (Con): With 104 recommendations, the report by the Science and Technology Committee is as deep as it is wide. As a current member of the Committee, I did not play a part in its production. Given its size, I am quite glad about that. I thank the original members of the Committee, especially its former Chairman, the hon. Member for Norwich, North (Dr. Gibson), for the inquiry and for the clear report and recommendations.

The report rightly and necessarily challenges our emotional, ethical and religious boundaries. In the field of human fertilisation and embryology, scientific advances, developments and possibilities arise almost daily. I am concerned about the group of people who donate in order to help childless couples to conceive and have children. Recommendation 33 criticises the Government in relation to the removal of anonymity for those donors. It states:

"We regret the Department's poor use of evidence in policy-making and its failure to commission and have published the necessary research underpinning its decision on the removal of donor anonymity."

One could argue that there is now a threat to the flow of donors who have been giving willingly. In their response, the Government reject the recommendation on the basis that they used questionnaires, consultations and surveys to discover the views of interested parties. However, discoveries in social, behavioural and economic science often require concerted effort through research or the commissioning of research for science-based evidence.

My question to the Minister—if she would please listen—is this: what scientific evidence was used to inform the Government's decision completely and retrospectively to change the policy on the disclosure of information on donors? The service provided by donors to couples struggling to conceive is undeniable and self-evident. If the policy is not based on appropriate evidence, the Government may undermine the supply of donors and create a great deal of unhappiness for childless couples in future.

6.32 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): It is a pleasure to speak in this debate. I tried to catch your eye for several reasons, Mr. Deputy Speaker. I have a long-standing interest in this issue. I was

mentioned several times earlier in the debate. I was a member of the Science and Technology Committee that worked on the report—work being the operative word—and I am a current member of the Committee. I am a member of the British Medical Association's ethics committee, having been re-elected by doctors last week. In addition to all that, I am the Front-Bench spokesman.

The introductory speech by my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis) was all-encompassing of the main points of the report and a very fair version of it. He inherited the report and cannot claim that it is his baby, to coin a phrase, but he described it well.

The hon. Member for Norwich, North (Dr. Gibson), who chaired the Committee, did a fantastic job in difficult circumstances. I hugely admire his commitment to science and to his work in the Committee. I extend those remarks to the hon. Member for Salisbury (Robert Key), for whom I have huge admiration that increased, were that possible, as I listened to his speech.

Producing the report was difficult, because five people supported many of the recommendations and five people opposed them. The difficulty faced by those of us in the notional majority was that when it came to debating and voting on the recommendations, the minority had found it difficult to turn up because of the pressures that have been described. It is hard to develop coherence when people vote four against one in some sittings and five against five in others.

I do not accept that the report is libertarian. It is liberalising. However, it does not argue for a change in the 14-day limit, which is the fundamental limit in the 1990 settlement and in Warnock; it does not argue against the Warnock consensus on the gradual acquisition of rights in consideration of the interests of the embryo and the foetus; and it does not argue, as it could have done, for liberalisation of abortion law. It was not extremist or libertarian, but it is fair to say that it was brave.

The Human Fertilisation and Embryology Authority felt that it was attacked in the report, but it was not, as the hon. Member for Braintree (Mr. Newmark) explained. I must be careful about the HFEA, because two of its last three chairs are constituents of mine. The estimable Ruth Deech and the estimable Bishop of Oxford, recently retired, are extremely senior people in their field and brook no unjustified criticism. However, the report should not be seen as a criticism of the HFEA, which does a difficult job using a law that is 16 years old and creaking at the seams and should not be dragged through the courts.

I greatly enjoyed the speech by the hon. Member for Congleton (Ann Winterton). Although I disagree with her, she speaks for many people. She made several points that are worth responding to, including some in which she mentioned me. She talked about society's distaste for some of the report's recommendations, although she did not provide data to back that up, except in the case of sex selection, which I accept that a majority of people currently oppose. However, it is not good enough for us to base our law and lawmaking on the yuck factor, particularly when it involves fundamental rights such as the reproductive rights of other adult human beings. That is why the Government were right to legislate to permit gay adoption although a majority of people found that distasteful and something that they did not understand. I am fairly sure that the hon. Lady voted against permitting adoption of children by gay couples. The Conservative approach is usually to argue for less state intervention in private lives unless there is good evidence of harm that requires it. That is a reasonable position. However, it was suggested in several well reasoned contributions that the instinct on some of these issues is to regulate and to legislate to restrict freedom, in which case it is necessary to provide the relevant evidence.

Much has been said about abortion and whether we should debate it. Recommendation 77 argues for a future debate after a review of the law. The hon. Members for Brighton, Kemptown (Dr. Turner) and for Bolton, South-East (Dr. Iddon), who are assiduous members of the Committee, spoke well and clearly on the subject. I do not agree with the hon. Member for Bolton, South-East that there have been lots of debates on abortion, in Government time or otherwise. There have not. We had the Abortion Act 1967 and the Human Fertilisation and Embryology Act 1990, and last July I called an Adjournment debate on abortion time limits. Other than that, I can find no record of parliamentary time devoted specifically to abortion, other than on ten-minute Bills. We need to have such a debate in order to retain public confidence.

The hon. Member for Islington, South and Finsbury (Emily Thornberry) gave a full-blooded pro-choice speech that I greatly enjoyed. It is important that that view, which reflects the majority view in the country, is heard. We do not often hear it because the other side is well organised and feels equally strongly about such matters. However, the hon. Lady must acknowledge that her argument—and the reasons that she gave and that the Stopes report set out—that the individual decisions are for women to make applies at 25 weeks as well as 24, and that Parliament must set a limit. The question is how Parliament determines that limit.

In 1990, the limit was based on viability at 24 weeks. If that period has reduced, the hon. Lady may continue to vote for 24 weeks as a practical limit, and I might support her, having listened to the arguments for why any such reduction should cut across the rights of women in difficult positions. However, as my hon. Friend the Member for Harrogate and Knaresborough said, Parliament must debate that and make its decision: for a practical limit of 24 weeks, a viability limit of 24 weeks or a lower limit, if it believes, on the basis of scientific evidence, that the limit on which viability was previously based has reduced.

I share the hon. Lady's scepticism about whether medical advances have reduced the time on which viability is based—if we believe that to mean a reasonable chance of surviving a reasonable length of time without unreasonable disability—from 24 weeks. However, like my hon. Friend the Member for Harrogate and Knaresborough, I do not know the answer and Parliament should have an opportunity of examining the science before deciding.

Our recommendation in the report went beyond viability and considered other issues, including medical and social advances that suggest that, for example, access to early medical abortion, which is an easier way to have abortions—if we are to accept abortions, we should not force women to go through more difficulty

[Dr. Evan Harris]

than necessary—reduces later abortions. There is a good argument for making access to early medical abortion easier.

The hon. Member for Bolton, South-East set out why we believed that sex selection for social reasons might be considered, and that good arguments against it would have to be made. He also clearly set out our reasons for supporting research.

It has been said that I have strong views on the suggested welfare of the child provision. That also applies to the rest of the Committee. I believe that a provision for considering the welfare of a potential child when dealing with the creation of families by the small group of people who are infertile is discriminatory. It is the wrong way to protect the welfare of the child, which we must do. Social services and child protection bodies are best placed, when a child is born, to make a risk assessment, especially if they have had a warning when someone began the treatment process that there was some anxiety. Experts should make such an assessment, not gynaecologists or general practitioners who hardly know their patients and are not in a good position to make such decisions. We heard evidence in Committee that such intervention was pointless because it was ineffective and ignored, and that the birth of only 10 children a year was avoided through the process. They could be looked after through the other means that I described. Do we want state regulation of fertility? I do not believe that we do, certainly not without good evidence that it would be better to do that. Are we genuinely arguing that it is better not to be born than to take such steps?

On the need for a father, I believe that it is discriminatory and restrictive to subject some women to such a test. The state must have good reason for intervening in such matters and there is no good evidence to show that the children of lesbian parents or single women who specifically seek reproductive treatment are any the worse off for that background. Evidence exists to show that children born to poor families do worse than those born to rich families. Would hon. Members call for clinics to check on the need for cash in the family before offering fertility treatment? No, of course we would not do that. That would also be discriminatory, even though there is more evidence of poor welfare in those circumstances.

Providing for the need for a father creates a market for internet services such as Man Not Included. If we start regulating those services, women will turn to strangers to be impregnated, and there is no protection in such cases. I do not believe that it is a matter of common sense because one person's common sense is another's prejudice.

Daniel Kawczynski: The hon. Gentleman says that we should not discriminate against lesbian couples but, unfortunately, life is discriminatory. The Almighty decided that children would be made through intercourse between a man and a woman. That is nature's way of creating children. Why does he discount that?

Dr. Harris: We could have a philosophical debate about what God intended and how much of medical science is playing God and going against what nature intended. Treatment for erectile dysfunction also interferes with what God intended but we do not hear many men arguing against access to such treatment.

Daniel Kawczynski: Speak for yourself.

Dr. Harris: I shall not take the hon. Gentleman up on that in the debate because I must finish my speech quickly.

The hon. Member for Windsor (Adam Afriyie) made a good point about the Government's evidence for the removal of donor anonymity. He may know that one of the problems with that is that families who use donors choose not to tell the child because they do not want that to be discovered. That means that fewer children have access to such knowledge. There was no good evidence of harm in the current circumstances or of any benefit from following the suggested path. However, there was good evidence of the threat to gamete supply, which has been affected by donor anonymity. I feel strongly about the use of the precautionary principle, which my hon. Friend the Member for Harrogate and Knaresborough mentioned.

When there is clear evidence of benefit or likely potential benefit, the rule should be that there should be good evidence of serious harm before closing down research options. As the hon. Member for Salisbury said, there is a moral imperative to do good. We should try to maximise the benefits of the treatment. There is a moral imperative to treat infertile women and couples, to conduct research using stem cells to cure disease, and to develop new technologies.

Mr. Newmark: Is not there a moral imperative to protect the unborn child?

Dr. Harris: There is a question about what constitutes the moral rights of the unborn child and where they come in. We had the debate about the 14-day limit and that on the limit on viability. We are considering those matters. There is a balance to be struck.

The report is not a slippery slope. If there is a slope, it goes upwards. I do not speak for my colleagues, but allowing people to take advantage of the technologies and helping people when there is no evidence of harm constitutes an upward moral slope. In any event, we are not considering a slope but a step. That hard-earned legislative step is considered every 16 years at least. That is why we have confidence in proposing that we go down the path that the report suggests.

On the abortion limit and a debate and vote on viability, *The Sunday Telegraph* reported during the general election campaign:

"Harriet Harman, the Solicitor General, said: 'This has always been a matter of individual conscience. If something is a free vote it cannot be in a general election campaign... We can debate it later.'"

The Government rightly acknowledge that they do not have a mandate for the status quo for ever and that they should give Parliament the opportunity, through a review and a debate, either to keep the status quo or to change the law. We must have that opportunity.

6.48 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I congratulate all those who contributed to the excellent debate. I hope that it greatly improves the understanding of those who have listened to it and those who read it of a range of issues that will—I hope—come before the House and that require, as the hon. Member for Norwich, North (Dr. Gibson) said, a great deal of debate.

I thank the hon. Member for Norwich, North and the Committee for the excellent report. I do not have to agree with all of it to realise that it is an important piece of work. As the hon. Member for Harrogate and Knaresborough (Mr. Willis) said, it shows the work of Select Committees at their best. It does not simply hold the Government to account, which is important, but tries to enhance Parliament's role in the discussion and shaping of policy. That is especially apt in circumstances in which the House has responsibility not only to review the law but to make decisions in future about the shape of legislation on the subject—on a free vote.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) mentioned the two important words "free vote." Before I venture into the subject of the report, I emphasise that point. Hon. Members who were present during the passage of the Human Fertilisation and Embryology Act 1990 will recall that, two years before the measure was introduced, the Conservative Government said that such issues would be considered on a free vote. So they were. It is one of the Committee's recommendations that the Government should make it clear that the passage of any legislation on this matter will be conducted on a free vote basis. That would certainly be true for the Conservatives, among whom there are different views that it is legitimate for any hon. Member to express.

The hon. Member for Harrogate and Knaresborough did a marvellous job of encapsulating many recommendations in a number of key themes. I prepared a set of notes for this debate containing all the issues that I thought we should discuss, but I have discarded them because, in the course of the debate, each of those issues has been raised. That is the mark of an excellent debate that has covered all the necessary ground extremely well. Some might think that it has covered more ground than was desirable, but I believe that we have done the subject real justice.

The hon. Gentleman touched on a matter of considerable importance, namely the procedure involved in taking this subject forward. I also want to emphasise that point before the Minister responds to the debate. On the strength of the consultations that have been carried out, I believe that we have reached a point at which the Government could come forward with proposals. Bearing in mind what happened during the passage of the Human Tissue Act 2004, I believe that the Committee is right to call for pre-legislative scrutiny of any proposed legislation. I hope that the Government will therefore publish a draft Bill for that purpose. I also hope that the Minister will confirm that that process will be conducted on a free vote basis. These are obviously matters for the House as a whole, rather than solely for Front Benchers.

The need for a Select Committee on bioethics merits further discussion. We have discussed a range of issues this afternoon, and there are others, such as surrogacy, that have not been mentioned. The need for discussion on other matters, including the use of gene therapies and genetic research, demonstrates the desirability of having a body of continuing expertise to be developed in the House, on which we could all rely. The Science and Technology Committee has done a marvellous job in producing this report, but we cannot ask it to be responsible for continuously updating Parliament's views on these issues.

We say that we have had no legislation on these issues since 1990, but we have returned to them from time to time. I recall that, when we debated stem cell research four or five years ago, many Members felt as though they were suddenly being asked to consider the matter without having had the opportunity to do so before. The same applies to the issue of abortion, which, as the hon. Member for Oxford, West and Abingdon said, does not get debated if we are not considering legislation on the matter. A Select Committee would offer greater opportunities to debate all these issues.

The hon. Member for Morecambe and Lunesdale (Geraldine Smith) made a powerful case for the need for a debate on abortion. Taking a very different tack, the hon. Member for Islington, South and Finsbury (Emily Thornberry) argued her case on the issue. I want to echo what the hon. Member for Oxford, West and Abingdon said on the issue. We cannot decide here and now whether there is sufficient evidence to justify the view that 24 weeks is too late a point—based on the viability of a foetus—for abortions to take place except in the most exceptional circumstances. The Committee makes a perfectly reasonable case for that subject to be examined. Although such an examination would not necessarily lead to the introduction of legislation, there are proposals about access to early terminations of pregnancy—involving a nurse carrying out the procedure, for example—that might require legislative reform.

My personal view is that it would probably be unwise for that issue to be wrapped up in the reform of the Human Fertilisation and Embryology Act 1990. I would not want hon. Members to have to take a view on the desirability or otherwise of a whole piece of legislation on the ground of their strongly held views on abortion, when the bulk of the legislation ought to be able to proceed without having to deal with that issue. In that respect, it would be helpful if Ministers would make it clear that those issues will be considered separately, and that, if a Committee of the House were to propose options for the reform of the law on abortion, the Government will do as a previous Government did and make parliamentary time available for the House to conclude any such discussions.

My hon. Friend the Member for Congleton (Ann Winterton) took us into the question of the welfare of the child, on which the Committee made a number of recommendations. The way in which the Committee did that was rather curious, because it suggested that the welfare of the child, as currently expressed in the legislation, should be abandoned, but then went on to say that it should still be considered if there were a risk

[Mr. Andrew Lansley]

of significant harm to a child, and that there should be a threshold in such circumstances. I cannot see how a legislative framework that requires third parties to intervene to bring a child into the world cannot consider the welfare of the child.

Dr. Evan Harris: The Select Committee's report states, on page 46, that

"if the welfare of the child provision is to be retained in any revised legislation it should be based on the principle that the state has a role in determining who can have fertility based on their personal history and circumstances."

We also stated, in relation to medical treatment, that doctors are required to have regard to these issues without an extra layer of regulation. We do not need a specific provision that allows clinics to discriminate, because having regard to the welfare of the child is already embedded in good clinical practice.

Mr. Lansley: I understand that, but unless there is wholesale deregulation of assisted reproductive technologies, those who carry out fertility treatments must take responsibility within a specific regulatory framework. It would send the wrong message if we were to abandon a particular aspect of that framework. If we were to go down a much more deregulatory path, however, the situation might be different.

My hon. Friends the Members for Congleton and for Broxbourne (Mr. Walker) expressed a view that is shared by many people about the best circumstances in which to bring a child into the world. I do not think that we have any doubts about what they said; I hope that we do not. However, when we ask whom we should prevent from having the opportunity to provide a loving home to a child, that is a different question. The argument was put to the Committee that the Human Fertilisation and Embryology Act 1990 was out of kilter with the Adoption and Children Act 2002, but it is not. Under the Adoption and Children Act, social services considering a child for adoption have to consider the child's welfare very carefully, and to decide whether it will be cared for and given a loving home. That is a perfectly reasonable test. The issue is not whether the welfare of the child should be considered in any proposed legislation but whether we should preclude providing artificial reproductive technologies to lesbian or gay couples.

Mr. Walker: Does my hon. Friend agree that the hon. Member for Oxford, West and Abingdon (Dr. Harris) was getting slightly confused when he talked about male erectile dysfunction? This is a serious point. If a man is treated for erectile dysfunction to improve his sex life, that is one thing, and I hope that, if two lesbians were having problems in their sex life, they would receive the necessary treatment. However, we are not talking about erectile dysfunction and sex lives here. We are talking about having children. I think that the hon. Member for Oxford, West and Abingdon was confusing the two issues.

Mr. Lansley: I am grateful to my hon. Friend. We are, of course, talking about children, and about the circumstances in which couples, and in some cases single people, have access to help to become a parent. From my point of view, a gay couple who go through the process of surrogacy are capable, and in some circumstances entirely capable, of providing a long-term loving home for a child. If a lesbian couple or a single woman wish to have fertility treatment—rather than, for example, donor insemination—that is a perfectly acceptable way of proceeding. Personally—I emphasise that I speak entirely personally—I would prefer that, legislatively, we enabled children to be brought into the world to parents who want to give them a loving home, using the welfare of the child as a continuing measure, rather than trying to restrict that. Too few children are being brought into loving homes, and too many are being brought into unhappy homes where they are not loved and not looked after.

The hon. Member for Norwich, North, who should take pride in ownership, with his Committee, of this report, said that he would rather take penalties in the last minute than go through this again. We would all prefer that, as he might succeed. He touched on the whole question of the HFEA's role. I confess that I do not understand why the Committee concluded that the HFEA's tasks of policy interpretation and of inspection and maintenance of standards are necessarily incompatible or subject to a conflict of interest. I think that its understanding of the role that fertility clinics play and of developments in technology—and its interface with clinical practitioners—are an essential part of informing policy. I accept his point that by dint of working with 1990 legislation the HFEA must increasingly make policy decisions that were not anticipated in 1990 and which legislators at the time would have expected to be brought back to Parliament for consideration. That is one of the reasons why we must have legislation, which I hope might establish a slightly more flexible structure that allowed Parliament to take more of the policy decisions, a decade or two hence, rather than leaving such matters entirely to the HFEA.

In passing, as the hon. Member for Oxford, West and Abingdon spoke well of HFEA members, let me say that I have been impressed by their work in my dealings with them. I know that the Committee has had criticisms of them, not least in the past. I am grateful for the work that Dame Suzi Leather has done as chairman. She is now moving on, and although I do not necessarily agree with every one of her statements, I think that she has helped tremendously and tackled some difficult issues extremely well in a public context.

My hon. Friends the Members for Salisbury (Robert Key) and for Braintree (Mr. Newmark) touched on the contest between scientific capability and the framework in which it should be exercised. I am not sure that I could ever help my hon. Friend the Member for Salisbury with his question about what heaven might consist of, and I doubt that he was asking my advice on the subject. However, his comments about not stopping science are terribly important, and pre-implementation genetic diagnosis is a good example. We are clear that there are circumstances in which we would not want PGD to be used. For example, would we expect it to be used to try to eliminate a small increased risk of a certain disease later in life? No, I do not think so. In that area, however, the legislation will introduce not broad prohibitions, but a range of criteria, which will have to be determined over time and as science

develops. That is one of the compelling reasons for having an interface between lay and scientific views. As the Committee made clear, however, that interface should not just take place in the HFEA but in a dialogue between the HFEA, the scientific and medical community and Parliament. It is important for that to dialogue to continue.

To echo a point that was implied by my hon. Friend the Member for Braintree's comments, science may continue to change, but science does not drive ethics. As we have in part set out to do, we must make clear not just the ethical framework but the ethical standards that apply to this area of technology. Reproductive cloning is a good example. I cavil slightly at the argument that reproductive-cloning technology might have changed in 20 years' time, which of course it might—human reproductive cloning might even have been achieved in other parts of the world. However, I cannot for the life of me see why this country's legislative framework should do anything other than say clearly that we are against it and that it will not happen here. I do not subscribe to the view that because science changes, our law must change. On some matters, we must be quite clear. The legislation will contain both broad prohibitions and sets of criteria in certain areas, and we must be clear about the distinction between the two.

The hon. Member for Brighton, Kemptown, (Dr. Turner) referred to clearer legislation on sex selection criteria, which is a good example. We must make clear where those boundaries are to be set. The Committee was right that, for instance, the criteria for the use of human-animal chimera, PGD and pre-implantation tissue typing must be set out to a greater degree in the new legislation.

My hon. Friend the Member for Windsor (Adam Afriyie) made an important point about donor anonymity. In Committee, we made precisely that point, and voted against the regulations on those grounds. I am disappointed that the Minister brought forward legislation and whipped it through without a free vote. The Committee noted that, and subsequently discovered that the legislation was drafted on the basis of poor evidence. As a consequence, those providing fertility treatments are suffering.

The hon. Member for Bolton, South-East (Dr. Iddon) made an important comment, which I echo, about the availability of fertility treatments. I declare a sort of interest, although not a personal one. While Louise Brown may have been born in Oldham, the scientific work was undertaken at Bourn Hall clinic in my constituency, and I am vice-chair of the all-party infertility group. Two years ago, the Prime Minister said that the NICE guidelines, especially on the availability of three cycles of IVF, should be achieved, and that the Government would make clear further progress on that. More than two years later, that has not happened. As a consequence, there are still serious inequalities in the availability of treatment. With regard to my constituents, from last September to this spring, my primary care trust stopped making fertility treatments available. It has now started to make them available, but it has limited the number of contracts to 200, which means that fewer couples are gaining access to fertility treatment than are coming on to the waiting list. Some PCTs are setting perverse criteria, such as not making fertility treatment available until women are 36 years old, whereas the NICE guidelines were designed to optimise the cost-effectiveness of fertility treatments provided through the national health service.

The hon. Member for Bolton, South-East took an admirably utilitarian view of fertility treatments, and said that they contributed to the country's economy as a whole, which is no doubt true. From my point of view, I just meet couples who want to provide a loving home to children and who, in my view, should be given the opportunity of having their physical impairment remedied by the NHS, as it remedies many other diseases. Infertility is a disease, and it has a big impact on people's lives. Bringing loved children into a loving home would have an enormously positive impact on those lives, and would do a great deal for society.

Mr. Walker: My hon. Friend says that infertility is a disease. Is infertility in women who have passed the menopause a disease, or just a natural progression of age?

Ann Winterton: It is a condition.

Mr. Lansley: My hon. Friend says, from a sedentary position, that it is a condition. Something that causes people considerable distress is a disease, and it can be a consequence of what is clearly a disease. For example, one of the reasons we are fighting chlamydia is that in later life it will lead to an increased incidence of infertility. Members may say that infertility is a subsequent condition arising from a particular disease, but that is splitting hairs, and I do not want to split hairs in this context. We are dealing with couples who want to provide a loving home, and I think that one of our responsibilities as a society is to increase the number of such opportunities.

Daniel Kawczynski: Will my hon. Friend give way?

Mr. Lansley: I am sorry, but I am about to end my speech.

I welcome the Committee's report, and hope the Minister will tell us that she will present legislation that will allow the House to put today's discussion into legislative form.

7.10 pm

The Minister of State, Department of Health (Caroline Flint): We have had a good debate. We have heard a variety of speeches from Back Benchers—12, I believe—in three hours or so, reflecting the complexity and diversity of opinions on what we have been able to discuss today, let alone other aspects of the report that there has not been time to mention.

I welcome the report, and thank my hon. Friend the Member for Norwich, North (Dr. Gibson), who chaired the Committee that produced it. He passed the gauntlet—if that is the right word—to the hon. Member for Harrogate and Knaresborough (Mr. Willis). As he said, I am due to appear before the Committee next week, and I am sure that it will explore many of the issues raised today in much more depth.

[Caroline Flint]

We have benefited from a number of authoritative reports produced by a variety of Select Committees of both Houses in recent years, but I think it fair to say that few have been as extensive as the one that we are debating today, or have produced such wide-ranging recommendations. The report followed a year-long inquiry involving written evidence gathering, examination of witnesses and, as we have heard today, fact-finding missions abroad. The result of that process has been very thought-provoking. It has led to analysis and to a set of recommendations which—although we may not all agree with them—prompt questions that need to be put, given the pace of change in both science and technology and social issues over the past decade or so in this area of public policy.

Those who read the report, regardless of whether they agree with its proposals, will be compelled to examine their own reasoning and rationale in regard to a host of fundamental legal, ethical and social questions and dilemmas, many of which go to the heart of no lesser questions than what it means to be human and what are the proper limits of toleration in a modern pluralistic society. It is hardly surprising that the report did not have an easy gestation, or that the Committee could not reach unanimity on underlying principles. I should refer at this point to the special report that records the dissent of five Committee members. That too has been reflected in the speeches we have heard, particularly that of the hon. Member for Congleton (Ann Winterton).

I do not think, however, that a lack of unanimity is necessarily to be regretted. It illustrates the complexity and depth of feeling that surrounds these issues, and opens them up to wider debate. Certainly our consultation, whose findings we published earlier in the year, revealed a wide range of views. It would be unfair to suggest, as some Members may have been inclined to suggest today, that there is only one view in the scientific community, or that it does not take the issues seriously. The feedback that I have received suggests that, far from having a "go fast" attitude, many in that community want the issues to be aired fully. They want a full discussion, because they want to feel that there is confidence in their professionalism and their approach to the important matters that have been raised today.

I do not believe that any of the issues we have discussed are easy or admit of a simple solution, or at any rate a solution that can be reached by a simple or easy route. In January 2004 we announced our intention of reviewing the 1990 Act—a process that would include a public consultation exercise in 2005. The Select Committee's report provided an excellent starting point. We took up many of the issues raised and suggestions made by the Committee, and signalled our willingness to consider potential changes. I hope that our response also identified points on which we agreed with the Committee, and showed that when we did not agree we took on board some of the points that have been made again today. I am thinking of, for instance, the regulatory and policy-making role of the HFEA and the question of where Government oversight should lie.

It is right for us to take time to think through the issues and develop our response properly. As I have said, we made clear our agreement with some of the report's recommendations, and made plain our intention to gather views on others from a wider audience. In common with the Committee, we concluded that the basic foundations of the 1990 Act, as rooted in the earlier report from the Warnock committee of inquiry, remained sound.

I think we should all be very proud of the legislation. Yes, science has moved on, but I think we should be proud of the basic foundation that has served the country so well, not just nationally but internationally. My hon. Friend the Member for Brighton, Kemptown (Dr. Turner) made a good point: that in not being prepared to explore some of the issues that we have explored, those in other countries have allowed the creation of an atmosphere in which it has been possible to develop some of the worst examples of what we do not wish to see. That has often brought into question practices in our own country, but our debates on the issue, and our underpinning legislation, have stood us in good stead and protected us from some of the wider and scarier practices overseas.

The foundations of the report include the idea of a special status applicable to the human embryo, the need for active monitoring and regulation, and a clearly defined time limit on the development of embryos in vitro for research. When we announced our review of the Act, we made clear that several aspects of the current law and scheme of regulation would not be reopened for debate. We felt that those aspects had been conclusively, and in some cases very recently, resolved by Parliament, or the Government had already made clear their established policy intentions. They include the removal of donor anonymity. The hon. Members for South Cambridgeshire (Mr. Lansley) and for Windsor (Adam Afriyie) have expressed concerns about its removal, but children's organisations and others have said that they consider it right. We have talked a great deal about family and identity today. The view has been expressed that children conceived by means of donors have a right to receive information about those who allowed them to be created in the first place.

As I have said, on the whole the 1990 Act has stood the test of time, and is a tribute to the foresight of its creators. It resulted from an extensive process of deliberation and consultation over several years. It established the principle of independent oversight of an area of medical practice, and I believe it has proved to be remarkably robust in the face of legal challenges. I also believe that it has promoted public confidence in assisted reproduction treatment, and has played a large part in enabling the United Kingdom to move to the forefront of cutting-edge developments in scientific and medical research.

There has been criticism of the HFEA, but I think that it continues to do a very good job in dealing with the novel and complex issues that inevitably come its way. I agree to an extent with the hon. Member for South Cambridgeshire, who said that it was difficult for organisations to look purely at regulation without examining issues relating to policy development as they see it, in the context of their inspection and regulatory processes. I join the hon. Gentleman in thanking Dame Suzi Leather for her leadership and steering of the HFEA. I also thank all members of the board, who constitute a mix of professional and lay people.

Law and regulation have not stood still since 1990. The House has passed both primary and secondary legislation, either in response to developments or to seize new opportunities. Nevertheless, the Committee and the Government have agreed that there is a growing need to revisit the law, particularly given the rise of new technologies. The Committee had previously expressed that view as a need to

"reconnect the Act with modern science".

There can be no doubt that developments are moving fast. They include technological breakthroughs in the screening of embryos for hereditary diseases, and we have seen the number of babies conceived through IVF worldwide pass the 3 million mark. That figure includes 100,000 children born in the UK. We need to establish a framework that is broadly acceptable to society, and fit for purpose in the 21st century.

We should remember this, too. It comes from the Warnock report, and it has the same resonance today as when it was first written:

"the law must not outrage the feelings of too many people, but it cannot reflect the feelings of them all."

That is an important quote today, as it was then. The report continued:

"It must therefore be drawn with a view to the common good".

I believe that a consultative and deliberative approach is key. As we have said, we are keen to continue to explore how wide-ranging a debate we can have and to continue to provide opportunities for more involvement and more debate.

There were 535 responses to our consultation; more than 100 organisations took part. We saw the wide diversity of views. None the less, the ultimate basis for regulation in this area is the public good, and commonly acceptable limits and boundaries. Therefore, the considered views of society as a whole, identified through exercises such as the consultation, the Select Committee report, this debate and debate in the months ahead, are crucial to making sure that we end up with a law as successful as the original law on which it will be founded.

It is clear that responses generally favour measures such as a ban on non-medical sex selection, and retention of a "welfare of the child" consideration in some form. I will talk a bit more about that later. Respondees were generally less convinced of the need to make changes to the scope of permissible embryo research. It will be for Parliament to weigh those arguments, opinions and evidence in its consideration of any proposals to change the law that the Government may bring forward.

There has been much discussion about the role of the HFEA. Some take the view that Parliament could take more of a role not only on that matter but on that movable feast, the way in which science and society develop. In our response to the Committee, we did not feel that a bioethics committee was necessarily the right way forward. We took that view on the basis that the present distributed model of advisory bodies with more specific briefs remained the best option, as it enables specific bioethical issues to be addressed by dedicated groups with the appropriate expertise and sufficient time to devote to the issue. However, we share the Committee's view that airing and debating bioethical issues in Parliament is important, and we are willing to give further consideration to the appropriate level of parliamentary control over delegated powers under legislation. We accept the benefit of wide consultation. As I have said, I am looking to explore how much further we can develop that debate in the months ahead.

Establishing a regulatory authority for tissue and embryos is not just a costcutting exercise, as some people have suggested, or just a neat joining of two organisations. We believe that, through bringing the HFEA and the Human Tissue Authority together, we can have a single competent authority acting as a regulator under the blood, tissue and cells directives, which will reduce any risk of overlap and duplication. We also think that RATE will be better able to work with other regulators such as the Healthcare Commission to ensure common standards and practices. Having a single source of authoritative guidance on all issues related to the use of human tissues of all kinds will be helpful in one organisation. Again, that will help to ensure good practice and guidance established on common principles in those related areas.

My hon. Friend the Member for Bolton, South-East (Dr. Iddon), the hon. Member for Harrogate and Knaresborough and other colleagues talked about the sex selection of offspring. That issue is a good example of why we have chosen to review existing law and regulation. It is established policy that the selection of embryos on the grounds of sex, other than for serious medical reasons, should not be allowed. That position is maintained by the HFEA, which has undertaken extensive public consultation and surveys. That was complemented by the response to our own consultation. However, there is not an explicit statutory ban in law, and nor does the HFEA's policy apply to treatments that fall outside its remit. The rise of new technologies, such as sperm sorting, could therefore allow sex selection to take place in settings outside the scope of regulation.

We consulted on options, including a ban, or a partial ban in line with the Committee's recommendation to allow sex selection for non-medical reasons in order to "balance" a family. It is clear from responses to our consultation that people favoured an explicit ban with no exception for family-balancing, and a range of other surveys have shown widespread public antipathy to sex selection for social reasons.

We must give serious consideration to how a statutory ban could work in practice. As I have said, services on the internet are one factor. My hon. Friend the Member for Bolton, South-East asked whether the Government would regulate internet sperm providers. We have said in our consultation document that we intend to make the operation of internet services involving supply subject to regulation. We have sought views on the detail of that, but clearly, we can apply it only in the UK. We cannot necessarily apply it to overseas practices.

The welfare of the child and the need for a father are another social concern. Concerns about the general welfare of children underpin many aspects of the current legislation. For example, concern about the psychological well-being of the child is a key reason for the ban on human reproductive cloning. However, the

[Caroline Flint]

extent to which the law should intervene in decisions to provide treatment in individual cases, or impose "social" criteria for assisted reproduction clinics is less clear-cut. Whatever view we take individually on the merits of different family forms, the issue is about whether it is the state's role to impose a view. I listened carefully to the comments of the hon. Member for South Cambridgeshire

In 1990, Parliament chose to require clinics to take account of the welfare of the child, including the need of the child for a father; any change to that position will again be a matter for Parliament. The Committee's report is very clear. What emerged from the consultation, interestingly—and, on this occasion, it contradicts the comments of my hon. Friend the Member for Bolton, South-East—is that the medical profession, as represented by the royal colleges and the BMA, feels that there needs to be something that recognises the welfare of the child. The BMA wants a general welfare of the child provision to be retained, and the Royal College of Obstetricians and Gynaecologists wants to subsume those considerations within good medical practice. Therefore, there is a view that the welfare of the child is still an important consideration to be taken into account.

The question of the "need for a father" has again been aired. It is not a straightforward matter. The requirement to take account of the need for a father is not a prohibition as it currently stands. The HFEA is required to give clinics guidance on taking account of the welfare of the child. On that point it says:

> "Where the child will have no legal father, the treatment centre is expected to assess the prospective mother's ability to meet the child's/children's needs and the ability of other persons within the family or social circle willing to share responsibility for those needs."

We are looking at the response to our consultation on the issue. I am sure that there will be further discussion. Again, we felt it important to put those questions in our consultation because we wanted to reflect the fact that perhaps over time opinions had changed, and the emphasis on the welfare of the child should be paramount in relation to decisions on the issue.

PGD has concentrated colleagues' minds. The hon. Member for Salisbury (Robert Key) and my hon. Friend the Member for Brighton, Kemptown both spoke about the issue. The screening and selection of embryos, and the grounds on which that may be undertaken, feature heavily in the Committee's report and have done so in preceding reports. Indeed, I believe that that issue, more than any other, led to the instigation of the Committee's inquiry. Although the courts have upheld the HFEA's power to make licensing decisions in that area, the topic remains controversial.

The analysis in the Committee's report is instructive. It raises several facets of the debate, including making sure that embryos are not created and destroyed frivolously, balanced against the avoidance of serious inherited disorders or the ability to treat a seriously ill sibling. It goes on to consider the appropriate setting for decision making and the respective roles of Parliament and the regulator. Responses to the consultation, where they agree that pre-implantation genetic diagnosis should be allowed, show that there is a view that there need to be some more explicit criteria in legislation to determine legitimate purposes for which embryo screening and selection may take place. Again, we need to think about how we deal with the pace of change in the science and the role of the authority in the future, as well as Parliament's input into the decisions.

My hon. Friends the Members for Morecambe and Lunesdale (Geraldine Smith) and for Islington, South and Finsbury (Emily Thornberry) and the hon. Members for Congleton, for Harrogate and Knaresborough, for Oxford, West and Abingdon (Dr. Harris) and for Salisbury (Robert Key) debated time limits. The subject was also touched on by other hon. Members in various ways.

One of the differences between the last time Parliament discussed time limits and now is that then relevant professional bodies exerted considerable pressure in favour of a change. Some hon. Members may have participated in that debate, and I was certainly aware of it. It was clear that the professional bodies felt that the time limits needed to be changed. However, today, the Government have not been approached by any of the relevant professional bodies to state that they have changed their views since the limit was reduced from 28 to 24 weeks in 1990.

At low gestation age, even if the foetus is born alive, there are high risks of death due to immaturity. Indeed, while the possibility of survival of extremely pre-term babies has improved, data suggest that, even with modern intensive care, chances of survival at 22 weeks' gestation are only approximately 1 per cent., whereas that increases to 26 per cent. at 24 weeks. However, it should be noted that 88 per cent. of abortions are carried out at less than 13 weeks' gestation, 60 per cent. of which are at less than 10 weeks. Less than 1 per cent. are performed at 22 weeks and over. Only 124 have taken place at 24 weeks and over.

Parliament agreed in 1990 that the legal limit for most abortions should be reduced from 28 weeks to 24 weeks. The debate that informed the decision considered a wide range of issues, including both ethical and practical issues. It is still a matter for Parliament to decide, but I wanted to be clear about the pressures that were coming at the time from professional organisations. That is not happening today. Any proposed changes would need to be carefully thought through, and we have not had the pressure from the organisations for change. The BMA and the royal colleges, which advised the need for a change in 1990, have not given any such advice today.

Mr. Willis: If the Minister is confident—I have no reason to argue with what she has said—that the science has not changed, why will she not agree to an ad hoc Joint Committee of both Houses to put the matter to rest?

Caroline Flint: That is an issue for the House to decide. I was trying to point out the differences between the debate in 1990 and today. In 1990, the professional medical organisations urged the Government to make changes, based on the scientific evidence, but they are not doing so today.

We are trying to ensure that women have access to abortion services as soon as possible. Primary care trusts have a performance indicator designed to encourage them to assist women to have access to early abortions. However, we know that some of those taking part in the debate disagree with any abortion. We have also carried out an audit of the gaps in access to contraception for women, and the point has been made this afternoon about access to better sex and relationships education and information for young people so that situations do not end in an unwanted pregnancy for which an abortion may be the only solution for the individual concerned.

Ann Winterton: Is it not a fact that the more her Department spends on sex education, the greater the level of sexual activity among the young? Is it not time to think of such issues differently, because the objectives are not being achieved?

Caroline Flint: Despite some of our best efforts, the provision of sex education is still patchy, although there is some very good practice, both in and outside schools. In fact, most young people do not want information only about sex. Most of those under 16, the hon. Lady will be pleased to know, are not having sex, but they do want information about the changes to their bodies as they grow up and how to cope with peer pressure during puberty. Much of the work that we do on teenage pregnancy also takes into account issues of low self-esteem. Young people need the confidence to not feel pressurised into having sex, but if they are going to have sex, to do so safely. I wish that the picture was as clear-cut as the hon. Lady might like to imagine, but relationships hardly ever are. We could certainly do more to improve sex and relationships education.

Dr. Evan Harris: The Minister is correct to say that there is no call from the royal colleges or the BMA to reduce abortion time limits, and it is fair to recognise that. However, nor is there any opposition from those bodies to a review. The public want a review, and the Minister obviously thinks that public opinion is important, because she followed the public consultation on the changes to donor anonymity, despite the opposition of the BMA. The Minister has to recognise that in the end it will be a matter for Parliament, and many of us feel that it would be timely to address it in this Session, after 16 years, rather than wait for the next Session.

Caroline Flint: This afternoon has been an opportunity for all views to be aired on the issue, as was the hon. Gentleman's Adjournment debate last year. I am sure that the discussion will continue. It is important that we understand how many women are having late abortions and why. For example, some women cannot be screened to see whether the baby they are carrying is likely to have severe disabilities until very late in the process, and they may also need some time to think about what to do—which might be not to have a termination. The timing can mean that women have to make very difficult decisions. I do not think that any of the 124 women who have been through that have taken it lightly, and my hon. Friend the Member for Islington, South and Finsbury made that point well.

We must also consider the science—what is and is not possible. I heard on the radio recently about the scans taken of foetuses that appear to be walking or sucking their thumbs, but some of those scans were taken at 12 weeks, so we need to think about what points people are making and whether the debate is about the wider issue of access to legal abortion, and not just time limits. I am sure that we will come back to the issue, perhaps next week in Committee and in future debates.

My hon. Friend the Member for Bolton, South-East asked about definitions of embryos and gametes, which he feels are inadequate. We have announced that we intend to ensure that the definitions used in the legislation are fit for purpose, taking account of the rise of new technology. That is a primary reason for reviewing the legislation. For example, we will ensure that all embryos outside the body are covered by regulation. However, we have made it clear that, in common with the Science and Technology Committee, we have no intention of altering the 14-day limit for embryo research.

My hon. Friend the Member for Bolton, South-East and the hon. Member for South Cambridgeshire (Mr. Lansley) raised the important issue of access to fertility services. There has been quite a debate about the Human Fertilisation and Embryology Authority publishing its own document on different clinics and what they provide. There were calls from across the Chamber—and, I think, from the hon. Member for Harrogate and Knaresborough—to look at success rates. The picture is not clear, because obviously the results very much depend on the profile of the people coming through. As with anything, we do not necessarily want a league table; we just need to be mindful of the issue. Having said that, it is fair that people seeking IVF and support should have some understanding of what they should be looking out for in a good clinic. That certainly should be part of the commissioning process.

I have been exploring further how we might improve the commissioning process for IVF services, both within a primary care trust and perhaps among a group of PCTs in an area, to see how they might commission such services and get better value for money, and perhaps better outcomes and understanding, too. I am pleased to have supported a new project by Infertility Network UK, which we provide with core funding, on ways in which it can work with PCTs to ensure that fertility patients' voices are heard when decisions about services are made locally.

I am so pleased that the hon. Member for South Cambridgeshire mentioned the link between chlamydia and infertility. I have been trying to get the Department and non-governmental organisations to think much more closely about the connections between those two issues, and about why the screening programme for chlamydia is so important. We should do whatever we can to prevent the likelihood of future infertility, and one of the ways we can do that is through better screening for chlamydia; another is by people practising safer sex more regularly.

We believe that stem cell research offers enormous potential to deliver new treatments for currently incurable illnesses, such as chronic heart disease, diabetes and Parkinson's disease. We want to encourage

[Caroline Flint]

research exploring all sources of stem cells, including embryonic stem cells. In the March 2005 Budget, the Chancellor announced the establishment of the UK stem cell initiative, a taskforce charged with developing a vision and a costing strategy to make the UK a global leader in stem cell research. It is undoubtedly the case that frustrated scientists in the US who want to do the world some good through such research are coming to Britain to share their expertise and to be part of such an important scientific development, which brings hope to so many thousands of people, and so many future thousands of people, too.

The hon. Member for Windsor made a point about the decision to remove donor anonymity. We took account of the views provided in response to a public consultation and a further targeted questionnaire sent to clinics and, through them, donors. The fundamental matter was whether it was right to perpetuate the situation whereby donor-conceived people were denied information held on a national database about their donor. Following consultation, we decided that it was not. Again, that is an issue about the rights of donor-conceived children to have some information about their own life and background. We asked some other questions about that in relation to the consultation and we have also been looking into wider issues around information, which we are hoping to share in the near future.

We have had a wide-ranging debate. Clearly, there is an interest in the subject in the House, of which I have taken note. I have also taken note of the many different points that hon. Members on both sides of the House have raised. As I said before, we should be proud that we have a law that has done a huge service to the development of policy on the subject, both on science and social grounds. However, we have to reflect social as well as scientific changes, and we have to reflect on the best way to get a regulatory authority that has some flexibility, while considering fully Parliament's oversight role for the future.

I thank everyone for taking part in the debate, and I very much welcome having had the chance to respond to it.

Question deferred, pursuant to Standing Order No. 54 (4) and (5) (Consideration of estimates).

Electoral Commission

[Relevant documents: Oral and Written evidence, taken by the Constitutional Affairs Committee, Session 2005-06, on Electoral Administration, HC 640-i and 640-ii.]

This Estimate is to be considered in so far as it relates to the Electoral Commission (Resolution of 27 June).

Motion made, and Question proposed,

That, for the year ending with 31st March 2007, for expenditure by The Electoral Commission—

(1) further resources, not exceeding £15,334,000, be authorised for use as set out in HC 1039,

(2) a further sum, not exceeding £15,777,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid. —*[Mr. Watts.]*

7.45 pm

Peter Viggers (Gosport) (Con): This is the first occasion on which the House has ever had a general debate on the work of the Electoral Commission. As the House will know, the commission is entirely independent of Government, so the opportunities for private Members to initiate debate about its work are limited. I am therefore particularly grateful to the Liaison Committee for agreeing to provide time for this debate. I know that the Electoral Commission prizes the fact that it is directly accountable to Parliament through the Speaker's Committee on the Electoral Commission, for which I answer in the House, and has very much welcomed this first general debate on its work.

The House will see from the Order Paper that the Constitutional Affairs Committee has drawn attention to the evidence it took on electoral administration, which is one of the many facets of the work of the Electoral Commission. I shall say more later in my speech about how the various strands of parliamentary scrutiny of the Electoral Commission fit together, but I would like to make it clear at this stage that it is not the intention that the debate be restricted solely to the commission's work on electoral administration, important though that issue is.

The debate is particularly timely because, five years into the Electoral Commission's life, it is a good time to take stock of its record and to consider where its priorities should lie for the future. The Committee on Standards in Public Life recently began hearing evidence in its inquiry focusing on the Electoral Commission's mandate, governance and accountability. I know that a number of Members on both sides of the House have already given evidence to it. I know, too, that the electoral commissioners themselves are taking this opportunity to consider the future direction of the commission, and that is entirely right. This debate will provide an opportunity for a wider cross-section of the House to make known its views on the Electoral Commission, and I hope that both the Committee on Standards in Public Life and the commissioners will take the views expressed into account when reaching their conclusions.

Mr. Anthony Steen (Totnes) (Con): I am having some difficulty understanding section 16 of the Political Parties, Elections and Referendums Act 2000, which outlines the arrangements for the transfer of the functions of the parliamentary boundary commissions to the Electoral Commission. Could my hon. Friend explain why the Committee on Standards in Public Life has anything to do with delaying that actually happening?

Peter Viggers: The committee is not delaying that; the Government have given power to enable the transfer to take place, but the proposal to make the transfer has not yet occurred. I will refer to that point later in my speech.

The Committee on Standards in Public Life, to which my hon. Friend referred, played a decisive part in the establishment of the Electoral Commission. In November 1997, the Prime Minister extended that committee's remit by adding to its existing terms of reference:

"To review issues in relation to the funding of political parties, and to make recommendations as to any changes in the present arrangements."

In the committee's fifth report, on the funding of political parties in the United Kingdom, published in October 1998, it recommended the creation of a

"totally independent and authoritative Election Commission with widespread executive and investigative powers"

to underpin its recommendations relating to party funding.

The committee also envisaged that its proposed commission would report on the conduct and administration of principal elections or referendums within six months of their taking place, advise the Government on the modernisation and revision of electoral law, be consulted by the Government ahead of changes relating to electoral law and administration, and act as the registrar of political parties.

Crucially, the committee envisaged that its proposed commission would be, and be seen to be, an independent and impartial body, the members of which would be chosen on a non-partisan basis and by means of a non-partisan procedure, while none the less being acceptable to the leaders of the main political parties. It also recommended that the commission's budget should be set in such a way as to preserve its authority and independence.

The Government responded to the committee's report in July 1999 and were altogether more ambitious about the role of the new commissions' functions. They accepted the recommendation to establish an independent and authoritative Electoral Commission, but they went on to say:

"The Electoral Commission's role will not be a purely enforcement one. It will have a wide-ranging remit to review electoral law and practice, much of which dates back to the last century. As well as being a force for the modernisation of electoral machinery, the commission will have an important role in promoting public awareness of the democratic process and encouraging greater participation in it. The establishment of the Electoral Commission also provides an opportunity to rationalise the number of disparate bodies responsible for different aspects of the electoral process and to bring overlapping functions together under the overall control of one organisation."

However, the Neill committee also made it clear that the Electoral Commission's core functions would be those recommended by the Committee on Standards in Public Life. It stated:

"The bedrock functions of the Electoral Commission as recommended by the Neill committee will be those relating to the new regulatory framework for the reporting of donations to political parties, the ban on foreign donations and the controls on campaign expenditure at parliamentary and other elections."

The Government also saw the establishment of the Electoral Commission as an opportunity to re-examine the arrangements for the review of electoral boundaries. The committee has expressed doubts about the Electoral Commission assuming the responsibility of the parliamentary boundary commissions, but the Jenkins Commission on the voting system, whose report was published shortly after the committee report, had argued for greater co-ordination and for bringing that work under the Electoral Commission.

The Government therefore created in the Political Parties Elections and Referendums Act 2000—usually referred to as PPERA, but I prefer to call it the 2000 Act—the legislation that gave effect to the new arrangements for regulating the finance of political parties and a range of other matters: a statutory framework in which responsibility for both reviewing parliamentary constituency boundaries and local administrative and electoral boundaries could be transferred to the Electoral Commission. To date, only responsibility for local authority administrative boundaries has been transferred to the Electoral Commission.

Mr. Steen: I am great supporter of the Electoral Commission's work—it has done a wonderful job—but does my hon. Friend agree that the boundary commissions are in a terrible mess. There are all sorts of boundaries commissions—local government, central Government and so on—and I cannot quite work out which one does what. Does he agree that the boundary commissions are already producing new boundaries for the next election that are not within the 70,000 electorate limit that has been recommended. Some are as high as 110,000, and some are as low as 30,000. Is it not about time that the boundary commissions' work, which is failing, was transferred to a better and more competent body?

Peter Viggers: If the Under-Secretary of State for Constitutional Affairs, the hon. Member for Lewisham, East (Bridget Prentice) should catch your eye, Mr. Deputy Speaker, it is possible that she might refer to this matter because she has laid down a timetable within which the work of the boundary commissions will not be transferred to the Electoral Commission, while leaving it open for it to be transferred at a later date. However, I would prefer to leave that to the Minister, who can speak with authority on it.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Part of the problem with the boundary commissions is that some of the seven criteria under which they operate are mutually contradictory, and we have had reference to one of them so far. Would anything in the rules of transfer allow the Electoral Commission to look at the criteria under which the boundary commissions undertake their work?

Peter Viggers: The hon. Gentleman has made his point, but, if I may, I would prefer to leave that issue to the Minister, who can speak with authority on the matter. I am grateful to the hon. Gentleman for making his point.

John Bercow (Buckingham) (Con): Recently, entirely of my own volition, I provided to the Electoral Commission details of sponsorship of a number of visits that I had made overseas, overwhelmingly in the course of my then duties as shadow Secretary of State for International Development. However, given that one already has a responsibility to declare such interests in the Register of Members' Interests, is there not a danger of duplication—I put it no more strongly than that—if by virtue of the 2000 Act, one is also required to make a declaration to a body that could perfectly well apprise itself of that information from a publicly available source?

Peter Viggers: It is not often that an hon. Member can give total reassurance to a colleague, but I assure my hon. Friend that the current legislation has now amalgamated the requirement to make a declaration to the House authorities and to the Electoral Commission and I share his relief.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Is it not fair to say that the Electoral Commission pointed out such duplication and was very happy for that change to be made?

Peter Viggers: Indeed, I confirm that the Electoral Commission was entirely happy about the change.

Simon Hughes (North Southwark and Bermondsey) (LD): Will the hon. Gentleman give way?

Peter Viggers: I must press on at this point.

I think that I have made the point that the 2000 Act substantially enlarged the original plan for an elections commission, which became the Electoral Commission and has been given very wide powers. The Government saw the functions of the new Electoral Commission

"as crucial to maintaining public confidence in our democratic institutions".

It therefore shared the view of the Committee on Standards in Public Life that the commission should be wholly independent of the Government and be seen to be scrupulously impartial in its dealings with political parties. It was therefore deliberately not constituted as a non-departmental public body, but was made directly accountable to Parliament. During the passage of the legislation through the House, the Government introduced stringent restrictions on the extent to which commissioners could be involved in active politics.

The arrangements for setting the Electoral Commission's budget were designed to reinforce that independent status. That responsibility was given to a statutory committee—the Speaker's Committee—of nine Members of Parliament, including Mr. Speaker and of which I am a member. The Committee is deliberately constituted so that no party has a majority of the membership.

David Taylor (North-West Leicestershire) (Lab/Co-op): I understand that in the evidence given to the Select Committee on Constitutional Affairs, the budget was then about £26 million a year, which represented about three times the figure that a broad range of similar activities had cost when they were subsumed within the Home Office. I support the work of the Electoral Commission and am very impressed by its chairman, but is the hon. Gentleman convinced that the extra two thirds, whatever that may be—£16 or £17 million—represents good value for money for the extra responsibilities that the Electoral Commission has within its brief?

Peter Viggers: I will be dealing with exactly that point in a few moments if the hon. Gentleman will contain himself. May I just deal with the matter of the Speaker's Committee?

As there has been some discussion in evidence to the Committee on Standards in Public Life about an alleged lack of transparency in the operations of the Speaker's Committee, I should perhaps note in passing that it was a deliberate decision of the House, welcomed by all the principal parties, that Mr. Speaker should chair the Committee that bears his name. In 2000, the Political Parties, Elections and Referendums Bill as originally envisaged, provided for Mr. Speaker merely to appoint members to the Committee. Mr. Speaker's predecessor agreed with the Government that she would become an ex-officio Chairman of the Speaker's Committee, and that decision was welcomed by all the principal parties. The view has been taken that it would be inappropriate for a Committee of which the Speaker is an active participant to meet in public. That is the basis on which the Committee currently operates. There is obviously a trade-off to be made between the degree of transparency and Mr. Speaker taking an active part in the Committee's work. For my part, I have no doubt that the benefit of the authority of his involvement far outweighs the effects of the inevitable but limited reduction in transparency

The Speaker's Committee also approves the Commission's five-year corporate plan. The Government intended the functions of the Speaker's Committee to mirror as closely as possible those of the Public Accounts Commission in relation to the National Audit Office. They nonetheless had anxieties about how those arrangements would work in practice and included safeguards in the legislation designed to prevent what they described as runaway expenditure. The Speaker's Committee is therefore required to consult the Treasury on both the estimate and corporate plan and to have regard to any advice that the Treasury may give. It must also have regard to the most recent annual value for money report on the Electoral Commission produced by the Comptroller and Auditor General.

Both the Treasury input and the NAO reports are very much more than a tick-the-box exercise. The NAO typically reports each year on a specific policy that accounts for a significant amount of the Electoral Commission's expenditure, such as its public awareness strategy, on which the NAO has reported to us twice. In many cases, the NAO's choice of subject reflects the concerns that the Speaker's Committee has expressed, so there is a welcome synergy between us. It is also a very transparent input; the Speaker's Committee publishes these reports for all to see.

The Speaker's Committee has a significant part in promoting understanding between the Electoral Commission and the House. However, it is not the only body with a role in this place. I welcome the fact that various departmental Committees have examined the commission's policy stances on a number of important issues. While it is the duty of the Speaker's Committee to be mindful, on behalf of the House, of what we call the three Es—economy, efficiency and effectiveness—it is open to others to hold the commission to account in the context of its wider interests for its policy stances. The two strands of parliamentary strategy are complementary, not competitive.

Taken overall, I would submit that there are few tranches of public expenditure of a similar size for which Government are responsible that are subject to the same level of sustained and systematic parliamentary scrutiny as is the Electoral Commission.

About five years on after the creation of the Electoral Commission, where do we stand? The commission started out with an agenda that its chairman described to the Speaker's Committee in November 2001 as "very ambitious" in relation to its remit and the existing resource level. The commission has grown. Its net resource requirement for 2006-07 is £26.18 million, and it now has an average full-time equivalent staff of 150, compared with 25 in March 2001.

The commission has thoroughly documented its work in the successive annual reports that it has presented to Parliament. I will comment later on some aspect of its record.

Over the past five years, the political outlook has changed considerably. The conclusions of the Jenkins Commission, which clearly had a marked effect on the Government's thinking about the role of the commission, have not been implemented. The electoral modernisation has thrown up real doubts about the wider impact of some of the changes that have been made, such as easier access to postal votes. More recently, the controversy over loans to political parties has raised doubts among the general public over the effectiveness of the controls enacted in the year 2000, and further dented public confidence in politicians and political parties. At the same time the level of voter engagement remains historically low.

Not surprisingly, this change in political outlook has impacted on the Electoral Commission and raised questions as to whether the original 1991 blueprint still meets the current requirements. Thus some have expressed the view that the commission's remit is too broad and that it would be a more effective body if its remit were concentrated on its core regulatory functions. Others have accused it of lacking political awareness, suggesting that it would be more effective if some, at least, of the commissioners had experience of active politics.

The commission has had its disagreements with Government on a number of issues—notably on the extent of the piloting of postal voting in the European elections and the acceptability of all-postal voting at elections, and the need for improved safeguards for our current system of postal voting on demand. There is particularly the debate about individual electoral registration.

In that context, it is worth recalling the key principles on which Henry Samuel Chapman built the first secret ballot law 150 years ago—the rock on which our current system ultimately rests and which

"by combining secrecy with limited vote-tracing both protected the elector and detected fraud when election results were in dispute."

People tend to remember the secret ballot and tend not to know about limited vote tracing, both of which are very important.

That an independent body has a difference of view with the Government over a policy issue is not inherently a problem, but each of these is a sensitive political issue, and there is a risk in these circumstances that such disagreement may lead to a loss of confidence in the political process at a time when there is general concern about overall levels of political engagement. Some, such as the Government in their evidence to the Committee on Standards in Public Life, have therefore raised the issue whether the commission's policy development role continues to be appropriate.

There have been two general elections—in 2001 and 2005—since the Electoral Commission was established, but the most recent general election was the first in respect of which the relevant provisions of the 2000 legislation, including the provisions relating to notional expenditure, applied fully. For all these reasons, and others besides, it seems right that the opportunity is now taken on a number of fronts to take stock of the arrangements put in place in 2000, and to consider how best to move forward. One contribution to this process is, of course, this debate. I welcome the many Members who wish to participate. If the debate did not start at 7 o'clock as we originally intended, I do not think that it is for me to apologise. I am grateful for the attendance. The debate is an important part to the process of discussion.

There are three other strands that I should mention. The first is the Committee on Standards in Public Life's inquiry, which is currently in hand, focusing on the core issues of the mandate, governance and accountability of the Electoral Commission. In practical terms, this means examining the current responsibilities and the balance between the commission's executive and advisory functions. The inquiry is expected to be completed by the end of the year. I have been pleased to give evidence to it on behalf of the Speaker's Committee. I will do so again, and I look forward to seeing the Committee's conclusions.

The Speaker's Committee has taken steps to satisfy itself that its conclusions that the estimates and corporate plans that it lays before the House are, in the words of the 2000 Act, consistent with the

"economical, efficient and effective discharge by the Commission of its functions".

Those are the three Es that I mentioned earlier. The Committee was itself planning a general inquiry that would have encompassed issues relating to the commission's governance and accountability, but deferred these elements when it learned of the proposed inquiry by the CSPL. Instead, the Speaker's Committee asked the Scrutiny Unit—that is the scrutiny unit at the House—to carry out a detailed study of the commission's business and financial planning processes, how it assesses the effectiveness of policy outcomes and how the statutory roles of the Treasury and the National Audit Office contribute to the discharge of the Committee's duty.

[Peter Viggers]

The Speaker's Committee entrusted this review to the scrutiny unit, which has the necessary specialist expertise to conduct precisely this sort of review. I understand that this is the first exercise of this type that the unit has undertaken. The Committee was pleased with the thorough job done by the unit, and the positive response of the Electoral Commission to the recommendations addressed to it. The Speaker's Committee is still considering the detailed recommendations that the unit addressed to it, designed to improve the effectiveness of its scrutiny. Already, however, it has set up a sub-committee, which I chair, and the Minister for Local Government is good enough to participate in our discussions. This is to give consideration to the recommendations, and I expect to be putting forward recommendations as to their implementation before the full Committee before the summer recess.

Finally, there is Sir Hayden Phillips' review of the funding of political parties. It is also relevant to the work of the Electoral Commission. Given the extension of the terms of reference in 1997 to the Electoral Commission, specifically to cover party funding issues, it is perhaps surprising that a separate review was felt necessary as a result of the controversy over loans to political parties.

I propose briefly to analyse three specific aspects of the work of Electoral Commission, including its record in each and some of the concerns that have been expressed. They are: first, governance and accountability; second, regulatory functions; thirdly, advisory functions.

In broad terms, the accountability arrangements to the House appear to have worked satisfactorily. As I have already said, the arrangements for regulating its finances have operated effectively, and the run-away expenditure feared by the Government has not materialised. All the existing commissioners whose original periods of office have expired have been reappointed; none of the reappointments has proved controversial in the House. The commission has been to keen to participate in Select Committee inquiries, and this has provided an opportunity for its policy stances to be examined critically.

Less satisfactory, perhaps, have been the arrangements for the political parties to make an input to the commission. While the political parties panel, constituted under section 4 of the 2000 Act, has provided a mechanism for party inputs at an official level, the parties and the commission appear not to have developed a similar mechanism at a political level. Given that commissioners are by definition people with no political experience insofar as that relates to donations, political employment or standing for election for at least 10 years before their appointment, this has been seen as a weakness, in that the commission has had little exposure to front-line political reality. This, some would argue, has been reflected in the overall way in which it has interpreted its role, and on occasion in the nature of the proposals that it has made.

In relation to its regulatory functions, the commission has continued to register new political parties. The number on the register has more than tripled since 2001 to 394. The commission has also received and published details of more than 13,000 donations to political parties totalling more than £180 million, and some £86 million of campaign expenditure at six elections and one referendum, since 2001, while investigating where there is doubt about whether the existing rules have been followed.

A welcome change, for which provision will be made in the Electoral Administration Bill, will be the one-stop-shop for Members, whereby the information needed by the Commission for its register of recordable donations may be drawn from information given to the Register of Members' Interests. However, as the recent controversy over loans to political parties has shown, there is evidence that public confidence in some parts of the political arrangements is fragile at best.

It is right to record that the Electoral Commission has successfully completed the 126 reviews of local authority electoral boundaries in England that it inherited from the Local Government Commission for England and has implemented all the consequent changes in good time for the next election in the reviewed area. It successfully conducted the regional government referendum in the north-east of England in November 2004.

Simon Hughes: On the local government boundary issue and the transfer of functions to the Electoral Commission, is it the view of the Speaker's Committee that that job has been well done? If it is, has the committee taken the view that therefore it would be logical—this point was made earlier by one of the hon. Gentleman's colleagues—for the commission to be given as soon as practicable the responsibility for all other boundaries, because the precedent is a good one?

Peter Viggers: My best answer to that is that the Speaker's Committee takes the view that the Electoral Commission has fulfilled its role satisfactorily—even very satisfactorily—but that it does not follow logically that the work of the boundary commission should be referred to it. I hope and trust that the Minister will refer to that matter later.

Mr. Steen: As I understand it, my hon. Friend is saying that the commission's job with regard to local authority boundaries has been very satisfactorily dealt with—as my hon. Friend, if I may call him that, the hon. Member for North Southwark and Bermondsey (Simon Hughes) pointed out. Why is my hon. Friend the Member for Gosport (Peter Viggers) not as bullish about parliamentary boundaries? Is it because he has not got the remit to speak, or is it that he feels certain reservations that he does not feel able to share with the House?

Peter Viggers: It is for the Government, and not the Speaker's Committee, to take the initiative on this issue, so my diffidence is entirely justified.

The Electoral Commission has built up a role in providing authoritative advice and guidance to those involved in running our elections—the electoral registration officers and returning officers. It has to be borne in mind that it is the officers, not the commission, who have the direct responsibility. However, we should consider some of the figures being put forward for the number of errors on the electoral roll—both people who are not on

it who should be and people who are on it who should not be. Dr. Pinto Duschinsky, in evidence to the Committee on Standards in Public Life, recently suggested that there might be up to 7 million errors—a projection of an estimated under-registration of 3.5 million. That figure is disputed by the Electoral Commission. There clearly remains substantial scope for improvement on that score.

The commission has also worked hard to promote public awareness of, and participation in, the democratic process. However, it is certainly open to colleagues to comment if they feel that the Electoral Commission need give that area less emphasis in future. That is a matter for colleagues to advise on.

The Electoral Commission has come a long way in the past five years. It has established itself as a serious and respected player on the electoral scene—from a standing start. It has not been helped in that process by some of the rough edges on the legislative framework—at least some of which arose from the rushed enactment of the Political Parties, Elections and Referendums Act 2000. The Electoral Administration Bill addresses some of those matters, but there remain a number of other issues, such as the qualification for office, which may also be relevant.

The considerable achievements are a tribute to the hard work and dedication of the Electoral Commission; the chairman, Sam Younger, and his fellow commissioners; Peter Wardle and his predecessor as chief executive; and all the staff. I visited the Electoral Commission recently to reopen their refurbished offices and I was greatly impressed first by the youth of the staff and then, in discussion with them, by their commitment and enthusiasm. They are a good team. I also pay a personal tribute to Dr. Christopher Ward, the Clerk of the Speaker's Committee, who has been enormously helpful to the Committee.

I know from the Speaker's Committee's own examination of the commission that the commissioners accept the need to consider at this juncture whether their priorities are clear enough and, in particular, whether they have achieved the right balance between their different functions. As the commission recognises, a key issue that it currently faces is the extent to which the balance between its different roles—between its regulatory and advisory functions—may need to change in the light of the developments since it was first established in 2000. As I said at the start of the debate, tonight is a first. It gives the House an opportunity to reflect not only on the considerable achievements of the Electoral Commission to date, but on how we would like to see it move forward in the light of the challenges that we face in the electoral field and elsewhere. I look forward to hearing colleagues' views. I apologise for taking so long, but there are certain matters that it is important to put on the record.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, I should say that the division of time between the two debates has not worked out quite as it normally does. A lot of hon. Members are seeking to catch my eye. In order to get as many people in as possible, it would be most helpful if hon. Members could curtail their remarks if they can.

8.15 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I, too, welcome the debate. I share the view of the hon. Member for Gosport (Peter Viggers) that it is important. However, as he pointed out, it is the first time since the Electoral Commission was formed that such a debate has been held. In many ways, the arrangements that the Electoral Commission has with the House—in terms of how it reports to the House, how it is scrutinised and how it performs its function—have played the role of an inspired invention. I am talking about resolving through the legislation the difficulty of how such a commission would work—deeply involved as it was going to be in matters that could be politically controversial, even though it clearly should not be politically biased in its own right. How that situation was resolved in the legislation, and the function of the Speaker's Committee on the Electoral Commission in that respect, constituted that inspired invention.

However, in reality, as the hon. Gentleman said, the Electoral Commission is the equivalent of a medium-sized non-departmental public body. It has a staff of 150 and a budget of £26 million. Normally, as far as the Government are concerned, the structure for such bodies—particularly, say, next steps agencies—will be a parent Department, a framework agreement and a series of relationships with that Department in order to specify how the accountability is to be undertaken. No such framework exists for the Electoral Commission. There are a number of other unique elements of that relationship with the House that do not in any way parallel the relationship of any other body of similar size.

In practice, the Speaker's Committee has performed something of a scrutiny role towards the work of the Electoral Commission through its meetings. However, as the hon. Gentleman said, those are not held in public. He gives understandable reasons for that, but it does have something of a result. The Speaker's Committee accidentally, rather than deliberately, scrutinises what the Electoral Commission is doing. We have an indirect form of running accountability to the House, through the short time allotted to questions to the Chairman of the Speaker's Committee each month.

I ask myself whether the commission might be more formally scrutinised through the medium of a Select Committee, as a departmentally attached agency might be. I can suggest a candidate for that role: the Constitutional Affairs Committee, of which I am a member. In any event, the Chair of that Committee, or a Committee designated by the legislation, sits on the Speaker's Committee by statutory authority. It might be possible for the Speaker's Committee to change its function. It could take upon itself a scrutinising role through the appointment of senior Back Benchers to form a scrutiny committee. Perhaps a good alternative would be for that Select Committee function to be more formalised in connection with the way in which the Electoral Commission works.

The hon. Gentleman also mentioned what I think is a very restrictive definition in the legislation of who may be appointed as an electoral commissioner, or even an assistant electoral commissioner. It is enshrined in the legislation that if a person is to be appointed to such a post, they cannot have been a member of a

[Dr. Alan Whitehead]

political party or held any form of office in one, and cannot have been employed by a political party or, indeed, have been a named donor to one. It is understandable that a number of those restrictions may be imposed, but it is perhaps less known that also set out in the legislation are similar if slightly less onerous restrictions on all members of staff of the commission. Therefore, almost the entire commission will never have had any dealings with political parties, certainly not for a very long time.

As the duties and responsibilities of the Electoral Commission lie at the heart of the functioning of the democratic system of government in the UK, and political parties are an integral part of that, the involvement in the political process of the electoral commissioners and the staff of the Electoral Commission is a pertinent question to consider. As I have said, those who put themselves forward as candidates for the post of electoral commissioner are outside the political process, and it might be necessary to readdress the legislation, but the question that arises is whether there should be additional commissioners appointed through the medium of political parties, or whether the nomination of commissioners in its own right should be addressed. After all, political even-handedness is not the same as political celibacy. It would be beneficial to the functioning of the Electoral Commission if the position on the political involvement of both commissioners and staff were reviewed.

As the hon. Member for Gosport also mentioned, the Electoral Commission has devoted a considerable proportion of its resource not just to regulating elections but to the promotion of electoral awareness and to providing information on the practice of elections and referendums. Within the terms of that remit, it has promoted electoral awareness well, but it must be said that the limitations have meant that only one area has been addressed—voter disengagement, and the issue of not knowing what to do about voting in an era of what one might say are atomised families who might previously have gone to the polls together.

The results of the commission's audit of political engagement show, however, that other factors are at work. In particular, there is a distaste for voting among those in their 40s, not just among the newly enfranchised. The question whether such distaste results from the inability of parties to engage voters or from a more problematic anti-politics societal norm is a difficult one to answer, but either way it presents the Electoral Commission with a difficult task if it is to promote voting on a wider basis than simply providing information about how to do it. In essence, the challenge is one of promoting the norms and necessities of democracy and politics themselves, which might be considered outside the commission's remit.

In considering what the commission does to advance awareness of the electoral process, it is tempting, therefore, to argue for a bifurcation of that promoting role. There certainly is a need for information and reminding, and for research into the process of voting—certainly about whether the present geographically based system of casting votes is seen to be appropriate to new generations of voters, and whether changes in its structure can overcome other issues such as the security and integrity of the vote.

However, the process of argument about the role that politics plays in democracy in the UK and why the political process, including elections, is important might be a remit too far for the commission, and the development of political democracy foundations similar to those established in Germany, such as the Friedrich-Ebert-Stiftung and the Konrad-Adenauer-Stiftung, which represent the Social Democrats and the Christian Democrats respectively, might be a better course of action to address the issue. That would entail, of course, the development and resolution of the argument about state funding for political parties, since the establishment of such foundations could not be seriously contemplated within the present structure of voluntary funding of political parties.

That brings me to the role of the commission in policing the regulation of political parties and the control of campaign finance. Other Members have mentioned that the Electoral Commission has in general been relatively effective—within, frankly, a flawed regulatory brief—at implementing and policing the recording and controlling role. The commission has been less effective in the regulation of donations to political parties, partly because of its own issues about asking questions about donations that might be considered at the margins of its remit, and partly because of the limitations of that remit itself.

The question that might be asked of the Electoral Commission is this: what exactly does it regulate? Its name suggests that it regulates elections, but its practice suggests that it regulates the conduct and practice of elections and the functioning of political parties where they relate to elections. As elections are an important but by no means the sole activity of political parties, that entails the close regulation of some party activity relating to the democratic process, but no regulation of other matters, even where those matters are closely connected. For example, the registration of parties in order to nominate candidates is regulated, but the process of nominating candidates for elections is not. The activity of such candidates once nominated may be regulated, provided that it is within the period of an election, but the activity and funding methods of adopted candidates outside an electoral period is not regulated.

In reality, political parties do not make such distinctions, and in any event they do not operate financially and in soliciting and managing donations in identical ways. Therefore, it may be said that the first problem arises from an implied assumption in the legislation that UK political parties are in essence machines for electing people to posts—essentially the American party model—and the second problem arises from an apparent assumption by the Electoral Commission that, provided certain reporting rules and accounting conventions were laid down, it would be possible to gain a coherent picture of parties' funding and hence donations.

The Conservatives and the Labour party do not work, and never have worked, in identical ways. The ways in which the parties fund themselves differ fundamentally. The Conservative party was formed in Parliament and gained supporters' associations that

raised money for the party, while the Labour party was formed outside Parliament and operated as both a federation and a centralised party, combining funds in the middle in order to get into Parliament.

The regulation of donations by the commission therefore often fails to record accurately the real income of parties and does not pick up innovations such as the recent funding of local parties outside the campaign period to promote nominated candidates with the use of money that might otherwise be declared as central donations. Proper regulation under those circumstances would probably entail an extension of the assumption of regulation of political parties generally, and might therefore also entail a required operating standard for political parties themselves. That might call into question the reasonable right of political parties to organise themselves in the way that they feel is best appropriate to their political and geographical circumstances. Regulation that covered the whole range of party financial activity, locally and nationally, regardless of the method of organisation, might be more appropriate, and certainly a more transparent and understandable way for the Electoral Commission to discharge its regulatory function effectively in future.

Mr. David Drew (Stroud) (Lab/Co-op): Does my hon. Friend accept that some of us face particular difficulties inasmuch as, as Labour/Co-operative MPs, we represent two parties? The two parties could operate differently, and therefore any regulation must carefully take account of diversity, because I would hate to have to choose which party I wanted to follow.

Dr. Whitehead: My hon. Friend makes an important point about how we regulate for diversity. I was emphasising the fact that, because of that issue, the commission has, not through any lack of resolve or resourcefulness on its part, but perhaps because of the way in which the legislation and its remit are cast, struggled to regulate campaign and party expenditure. It has regulated well expenditure that clearly occurs within campaigns, but that is and always has been an artificial construct.

One could argue that campaigns in marginal seats start on the day that the original result is declared and the seat is then appraised as being, or becoming, a marginal. Efforts to regulate the campaign better by defining more accurately what the campaign period is will probably be doomed to failure. Indeed, as hon. Members will be aware, that is precisely the difficulty that arose during consideration of how we might legislate for that in the Electoral Administration Bill. Again, the question arises of proper regulation implying oversight over the whole activity of party politics—the entire expenditure of parties both locally and nationally.

My plea to the House in respect of the future conduct of the Electoral Commission is that the commission works well where its remit is clearly defined and where that remit can be undertaken transparently and expertly; it works less well where the remit itself remains unclear, or the arrangements under which the commission can work within that remit are incomplete. Perhaps, as the hon. Member for Gosport hinted, it is time to review and make sure that the remit within which the Electoral Commission works in its regulatory, its advisory and its promotional functions is more clearly defined. In that way, we might ensure that on the sticky issue of how parties are regulated and funded, among other matters, the procedure is clear, and the role that the commission plays in it is therefore also clear.

8.31 pm

Mr. John Horam (Orpington) (Con): In today's estimates debate, it is appropriate to consider whether the Electoral Commission is giving the taxpayer value for money. I believe that it could improve the service it provides and reduce its costs if it took certain steps, which I shall outline.

The commission employs about 150 people. I acknowledge the tribute that my hon. Friend the Member for Gosport (Peter Viggers) paid to their enthusiasm and youth—I was glad to hear that—and to the excellent role played by the chairman. The commission costs the taxpayer approximately £26 million—a figure that could be cut by up to a half immediately if the commission accepted the suggestion inherent in the remarks made by the hon. Member for Southampton, Test (Dr. Whitehead), that all the activity to encourage participation is well beyond the role that the Electoral Commission can realistically be expected to perform. The fact is that, as I am well aware following my recent involvement in the by-election in Bromley and Chislehurst, participation in general elections and in local elections is affected by very different matters from putting an advert on the side of a London bus telling people to go and vote and giving them more information. The issue is far wider and bigger than that, and, to be frank, the Electoral Commission is wasting its time getting involved. The activity was imposed on the commission by the Government—it was not in its original remit—and I think that the commission should get well clear. Quite apart from anything else, that sort of marketing activity requires different skills from the regulatory role that is the commission's core business.

The commission should concentrate on its core business. As we know, it has taken a conscientious and straightforward approach in advocating individual registration and personal identifiers. The fact is, however, that the Government have in large measure refused to implement those measures through the Electoral Administration Bill. At that point, the commission should have had the robustness to say openly that the Government, to their credit, set it up precisely to take such delicate issues out of party politics but then, when the commission made sensible proposals, the Government voted them down, and that is to fly in the face of the logic of setting up the commission in the first place. The Government have adopted a nonsensical position and the Electoral Commission should have been more robust in making that plain. I realise that there are difficulties in the way of the commission making those points in public with force. None the less, it should have tried, especially in view of the information dug up by my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) about the advice given on the Government's consultation document by various Labour consultees that are in favour of individual registration and personal identifiers. That was brought out dramatically

[Mr. John Horam]

in our last debate on the Electoral Administration Bill, and I am pleased because it shows that there is support, not merely from the official Opposition, the Liberal Democrats and the minor parties, but from the Labour party for that sort of sensible improvement. As we have always said, Britain and Zimbabwe are the only countries that do not have individual registration, and it is ridiculous that it should be so.

Several hon. Members have spoken about the Speaker's Committee and accountability and their points were well made. With due respect to the efforts of my hon. Friend the Member for Gosport, who has done a conscientious and comprehensive job, as has the Speaker's Committee, whose independence and neutrality we accept absolutely, the fact is that the Speaker's Office and the Speaker himself have many, many other responsibilities. The amount of time that the Speaker and the Speaker's Committee can devote to these issues *is limited. I do not* know how many times the Committee has met to consider the matter of the Electoral Commission, but I suspect that the number of such occasions is quite small in any one year. That suggests that, as the hon. Member for Southampton, Test said and my hon. Friend the Member for Chichester (Mr. Tyrie) has said on more than one occasion, we need to examine the arrangements for accountability to this House. Various suggestions have been made—some rather complicated—but the matter should be grasped as soon as possible. The present arrangements are not entirely satisfactory, even though the Speaker's Committee is very conscientious.

As my hon. Friend the Member for Totnes (Mr. Steen) pointed out, with great force, in his intervention, the whole business of whether the Electoral Commission should take over the work of the boundary commissions is a total mess. It is profoundly unsatisfactory and there seems to be no clear decisiveness about what will happen.

Mr. Steen: Is my hon. Friend aware that 351 seats in this House cover approximately 61,000 electors, despite the fact that this House has instructed the boundary commission to make each parliamentary seat cover 70,000 electors? Does he agree that the present boundary commission arrangements are not only not working, but they are going against what Parliament has recommended; and that if the boundary commission's responsibilities are not to be transferred to the Electoral Commission, something else should be done so that we get parliamentary seats of the size that this House has recommended—something that has been prevented by the present arrangements?

Mr. Horam: My view is that votes should have equal weight, wherever they are in the country. That is the principle that I would like to see adopted by the boundary commissions. At present, we have four boundary commissions and votes in different parts of the country carry different weights, and that is unacceptable. I would like the Electoral Commission to take that on board and I would like the Government, whatever their views on the matter, to listen to the views of the Electoral Commission. I do not take a strong view either way on whether the Electoral Commission itself should take over the work of the boundary commission, which would be quite a big bundle of work, or whether the boundary commission should remain in some form but supervised by the Electoral Commission. Whatever happens, given that the present round of boundary arrangements is being completed, the Government have plenty of time to consider the matter fundamentally. As my hon. Friend the Member for Totnes says, this is very important, so let us have clear decisions from the Government.

8.38 pm

Barbara Keeley (Worsley) (Lab): As we know, the Electoral Commission is responsible for overseeing several aspects of electoral law, such as the registration of political parties, the monitoring of significant donations and the regulation of party spending on electoral campaigns. A further responsibility is promoting public awareness of, and involvement in, the democratic system. I understand that that responsibility commands 50 per cent. of the commission's budget, and I will refer to that aspect of its role first.

Over the past nine months or so, we have been discussing and debating low turnout in elections and the associated problems of falling electoral registration. In the Second Reading debate on the Electoral Administration Bill last October, hon. Members acknowledged that there was a crisis in registration. The Minister of State, Department for Constitutional Affairs, my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), talked about "democracy deserts" and the fact that 3 million people, most of whom share some of the characteristics of being poor, council tenants, black, or living in inner-city areas, would not be on the register, whereas those who were better off would be. The problem is illustrated in my constituency and local authority area. Registration levels in Salford vary from 75 per cent. to 92 per cent., with some wards having registration levels as low as 64 per cent., which represents less than two thirds of the people in those wards.

Low registration leads inexorably to low turnout, and the turnout recorded in last year's general election was 61 per cent. The Electoral Commission's most recent audit of political engagement showed that beneath the headline figures there were now considerable disparities in the extent of political engagement among certain social groups. That shows that social and political exclusion are strongly related and mutually reinforcing. The report says that professional workers are more likely to feel knowledgeable about politics than manual workers or the unemployed. Only a minority of those in very deprived areas are interested in politics, while a quarter are now unwilling to engage in any activity around influencing decisions. Perhaps most depressing of all, the extent of political knowledge and interest in acting and participating is lower among younger people than it is among the population as a whole. Anyone who is active in political campaigning will know that there is a cohort of younger people who have never voted and are becoming less likely to do so as the years pass. I find it depressing to canvass a 30-year-old who says, "I have never voted."

Such trends are well known by those who are locally and nationally politically active, and they form the subject of comment and debate by bodies such as the

Hansard Society and of reports such as that of the Power inquiry. Having set up the Electoral Commission with the express responsibility of promoting public awareness of, and involvement in, the democratic process, hon. Members should be worried that, five years on, we have a crisis in registration and democracy deserts, with young people and people in deprived areas being uninterested in our democracy and unwilling to vote or to try to influence decision making. Happily, there are measures in the Electoral Administration Bill to start to remedy the problem of registration and to give returning officers more powers to improve access to voting and promote participation.

The Electoral Commission has presided over a slide in registration and has done little that has been truly effective to halt the decline in turnout. Additionally, the commission has quite wrongly argued for amendments to the Electoral Administration Bill that might lead to an even greater decline in registration. It has backed individual registration despite knowing that when such a system was introduced in Northern Ireland, it caused a 10 per cent. dip in registration.

Mr. Heald: Will the hon. Lady give way?

Barbara Keeley: No. We have spoken about these matters a great deal during our consideration of the Bill.

When I spoke on the matter on Second Reading last October, I recalled that an electoral registration officer for the Trafford local authority had said that, in his view,

"whole areas of the electorate would not respond"

to requests for individual registration, especially the poorest responding groups, such as young people. The registration officer for Salford local authority said more recently that he thought that moving to individual registration would have an impact on the register that would be

"a throwback to the days of the poll tax"

because it would make the registration numbers drop like a stone and they would not recover for many years.

I have referred to the cohort identified by the Electoral Commission of young people who do not register or vote when they attain voting age and become less and less likely to register and vote. That links to targets that the commission has set, so I am surprised that it has taken such a stand on registration over the past eight or nine months.

Mr. Stewart Jackson (Peterborough) (Con): Will the hon. Lady give way?

Barbara Keeley: No.

The Committee on Standards in Public Life is conducting an inquiry into the Electoral Commission and has asked about the balance of the division of responsibilities between the commission and other public bodies when promoting public awareness of, and participation in, elections. The balance is not working well at present. Propensity to vote, which is a key aspect of the Electoral Commission's targets 2 and 3 on the increased or maintained likelihood of voting, is measured at 52 per cent. Surprisingly, the most recent report shows that the commission did not until this year establish measures of public awareness on how to cast a vote, where to find out about practical arrangements for voting, and why it is important to vote. Those are key measures to have waited six years to establish.

So we have very low levels of public awareness of, and declining levels of involvement in, our democratic process. On target 3, the percentage of the public who feel that they know about politics has fallen from 45 per cent. to 39 per cent., so the key indicators are in decline.

Mr. Andrew Tyrie (Chichester) (Con): Is the hon. Lady aware of the huge amount of research showing that there is enormous—in some respects, unprecedented—public involvement in politics? I am thinking of the volume of correspondence to MPs, the great increase in activity on the internet and young people's extensive knowledge of, and involvement in, single-issue politics. Is not much of the problem the failure of political parties to appeal to young people, rather than young people deciding to dissociate themselves from politics altogether?

Barbara Keeley: No, I do not agree. I have been heavily involved in a single-issue organisation—Amnesty International—for more than 20 years. Indeed, my husband used to chair the local group, but when he gave it up nobody else was willing to do it. Despite claims of increasing membership of such single-issue organisations, we found that, in the entire borough area that we served, it was very hard to get six, seven or eight people even to attend meetings. People will sign the odd postcard and send messages on the internet, but they will not contribute in various ways to the running of such organisations. That happens not only in political parties and single-issue campaigning groups, but in scouts, guides and volunteering organisations. So I do not agree that the problem lies with political parties; it is a problem in our society that the Electoral Commission was charged with addressing, but which it has not addressed fully.

A further question relating to the Electoral Commission is governance, which has been touched on, and I want to comment briefly on the restrictions on who can be an electoral commissioner or, indeed, work for the commission. My hon. Friend the Member for Southampton, Test (Dr. Whitehead) raised this issue and I agree that the situation needs to be reviewed. There is growing recognition that the restrictions are unworkable. A national body is charged with regulating political parties and their finances—a complicated issue, currently—advising those involved in elections and reporting on major elections; yet knowledge and experience of party structures, organisation, fundraising and campaigning are disqualifiers for either governing, or working for, that body.

In that context, the Electoral Commission would perhaps have benefited from establishing a robust relationship with political parties. When the Constitutional Affairs Committee asked questions on this subject of Sam Younger, the chairman and chief executive of the Electoral Commission, last November, we were surprised to find out that that had not happened. When questioned about the commission's being politically naive—as it was put to him—he

[Barbara Keeley]

admitted that the commission had forged a working relationship with only one political party, meeting quarterly with the Conservatives' 1922 committee of Back Benchers. I found it astonishing, and I still do, that an independent body charged with regulating parties and their finance had, in effect, developed a working relationship with only one party.

Since that shortcoming was identified, there have been a number of informal meetings with MPs, which I and other Labour Members have attended. Sam Younger will soon meet Members of both Houses to discuss this issue and to see whether a way forward can be established. However, the fact remains that, five years after we established the Electoral Commission, it had not forged working relationships with the political parties until members of the Committee on which I serve queried that point. So as with the crisis in *registration, static or falling turnout and low levels of* political engagement, the time must be right to re-examine restrictions on the governance of, and staff employment in, the Electoral Commission, so that it does not continue to be politically naive by design.

The issues to which I have referred have been highlighted over the past eight to nine months, and since then there has been recognition of gaps in performance. It has perhaps been a question of too little, too late on registration, as I have outlined, but rather more has been done on trying to bridge the gap between the commission and political parties. I hope that these improvements continue and gather pace, so that, in the new situation following the passage in a few months' time of the Electoral Administration Bill, there will be a greatly improved Electoral Commission.

8.49 pm

Mr. Andrew Tyrie (Chichester) (Con): I congratulate my hon. Friend the Member for Gosport (Peter Viggers), who gave an outstanding speech setting out what the Electoral Commission has been doing and putting the case for it extremely well. I shall be critical of the Electoral Commission, but the chairman does a very good job and is an outstanding man. We should bear in mind that it is a new institution that has been messed around by some well meaning but ill thought out Government initiatives and incomplete and defective legislation.

The Electoral Commission was created because the Committee on Standards in Public Life said that the oversight of elections should be neutral and should be seen to be neutral, so the task should be taken away from the Home Office. The case for doing so was never adequately made. The Home Office system was not ideal. It gave the governing party an opportunity to rig elections but, in a typically British way, that rarely happened. Indeed, there was rarely even a controversy about the system. One would not recommend such arrangements for Guatemala or the Ukraine, but they seemed to work in the United Kingdom. The old system was also cheap, and this is an estimates debate, as my hon. Friend the Member for Orpington (Mr. Horam) pointed out. However, we cannot put the clock back.

Any change that we make must be subject to one overriding test: does it contribute to the securing of consent from the electorate to the result? With that, we will get an increase in democratic interest and respect for democracy. Without it, we are on the slippery slope to anarchy.

It is difficult to argue that the early years of the Electoral Commission have bolstered consent. Examples to the contrary are legion, such as the commission's failure to get to grips with the service voters farrago. It is astonishing that we allowed ourselves to get into the position where we effectively disfranchised a large proportion of our service voters by mistake. The Electoral Commission was alerted to that extensively by me before the election, as was the Government, but they did hardly anything about it. Another example is the postal votes scandal. The Electoral Commission was originally bright eyed and bushy tailed about extending postal voting. It was far too weak and slow in flagging up the crisis that was developing, which we could already see early on as a result of the pilots.

There is the risk of another problem being generated now in relation to the reform of the boundary commissions. If the Electoral Commission is to have such responsibility, it must open up a public debate, immediately to ensure that a vote is worth the same—that is, that seats are of equal size—throughout the United Kingdom. We cannot carry on with the moribund system that was put in place after the second world war.

There are several other examples, I regret to say, of the Electoral Commission's failure to grasp the nettle adequately. I agree with the hon. Member for Southampton, Test (Dr. Whitehead) that we still do not really know how parties obtain their money. We are supposed to have more transparency, but we have had only a little more. The Electoral Commission should be pressing vigorously and in public debate to make sure that all necessary information is available.

I also worry that we have inadvertently created the conditions in which the Government can behave as though they had been absolved of their obligation to act impartially, as they had when they had responsibility directly through the Home Office. The Government—any Government—can abuse the system more effectively now by claiming that they have been open to independent advice but, having considered it, have set it aside. That is exactly what happened with regard to postal voting.

All the functions that I have described are core functions of the Electoral Commission. I deeply regret that the commission seems to have involved itself far too much in what one might call not the bread and butter, but the jam—that is, the much more interesting work of encouraging greater participation and understanding of the democratic process. We have had a stream of reports and initiatives on that. It is worth pointing out that when the Committee on Standards in Public Life began the process, it did not recommend that this role should be given to the Electoral Commission but argued that the core tasks given to the commission were already sufficient to do the job. I am not convinced that the problem of voter participation will be dealt with by anything undertaken by the commission. That work will almost certainly turn out to be a waste of money.

Barbara Keeley: I find it surprising that the hon. Gentleman is so exercised by equal numbers for the boundary commissions but not worried about participation. As many as 7 million errors may be being made in registers, and 3.5 million people may not be registered. If there is any scandal—he has used that word several times—that is it.

Mr. Tyrie: I am not complacent about it, but I am not as gripped by it as some Labour Members. Voter participation increases dramatically when, as I think is going to happen, an election takes place in which people do not know what the result will be and major issues are at stake. As recently as 1992, arguably the highest turnout in modern British democratic history was recorded. Technically speaking, it was the third largest by a whisker, but a careful look at the degree of redundancy in the register for the earlier elections suggests that there is a good case for saying that there was enormous participation in 1992. It is largely the job of parties to enthuse electors. If we succeed in doing that, we will see a big recovery in registration and turnout in elections.

Mr. Stewart Jackson: Does my hon. Friend agree that lower turnouts are a function of social change? Voters may take a consumerist approach whereby they are less tribal than they used to be, say, in the 1950s, when absolute levels of poverty and deprivation were higher and there was no political education. That social pattern is the reason for lower turnouts through the years, and no amount of Government spending will change that.

Mr. Tyrie: I should like to think carefully about that before agreeing with my hon. Friend. I am keen to speak for less than 10 minutes, so I will not think aloud at the moment.

I want to end by making the five proposals that I have already made in a submission to the Committee on Standards in Public Life. First, the Electoral Commission must concentrate on its core tasks instead of engaging in all these other activities. That will also lead to financial savings. As a former Treasury adviser, savings interest me a good deal.

Secondly, the Electoral Commission must exercise leadership right now with regard to what it will probably have to take on board through its new responsibilities for the boundary commissions. We cannot carry on with boundaries that are always 10 to 15 years out of date in relation to the population statistics and with constituencies of such widely differing sizes. These problems are readily resolvable, but that requires leadership from the commission.

Thirdly, we need much more rigorous and independent thinking to implement reform on postal votes. It cannot be right for us to go into an election as we did last time, with so much scope for scandal. Again, the Electoral Commission must be much more vigorous in public debate to ensure that we do not carry on as we are.

Fourthly, we need much more accurate data on party funding. For example, we cannot carry on with the pretence of transparency but the reality of still not knowing—I hope that Members do not think that this is a party political point—how much and by what means trade unions are supporting the Labour party.

We must also sort out the accountability arrangements, to which many hon. Members referred. It is not the Electoral Commission's fault but ours that they are in such a mess. How on earth did we get into a position whereby the commission is accountable behind closed doors, with no verbatim minutes published, when it scrutinises more than £25 million of expenditure? There is a case for a statutory committee to do the work, chaired by a senior Opposition Member of Parliament, along the lines of the Public Accounts Committee, rather than expecting the Speaker to do it. It is burdensome for the Speaker. The Constitutional Affairs Committee also has a role to play. I have raised that matter in private hearings on several occasions, as the right hon. Member for Berwick-upon-Tweed (Mr. Beith), who chairs the Constitutional Affairs Committee, knows.

My final point is about the Committee on Standards in Public Life. It brought us to where we are and it is important that it considers carefully what we should do now. We cannot and should not meddle with the relevant legislation indefinitely. We must make one more change and allow matters to settle down. Continual change is a recipe for the further erosion of public confidence. My advice to the Committee on Standards in Public Life is, therefore, to think carefully about the matter, get it right and, to sum it up in one phrase, expect the Electoral Commission to do less and do it better.

9.1 pm

Mr. David Kidney (Stafford) (Lab): After the downbeat assessment of the hon. Member for Chichester (Mr. Tyrie), I am happy to follow with a sunnier and more optimistic view of the Electoral Commission. I enjoyed the account by the hon. Member for Gosport (Peter Viggers) of his recent visit to the commission's premises. He does not need telling that one is definitely old when one thinks that even Electoral Commission staff look young. He needs no reassurance from me that, behind chief executive Sam Younger's boyish good looks lies a shrewd, intelligent and experienced operator.

Is it only five years ago that we legislated to set up the Electoral Commission? It is such an obviously sensible thing to do and a constitutional necessity in a democracy such as ours. The public now take the commission for granted, as though it had always existed. I am sure that they found it interesting on the first occasion to learn, after the 2005 general election, the cost of the then Leader of the Opposition's make-up or of the Prime Minister's wife's hairdressing, but, like other hon. Members who spoke, I hope that, after future elections, people will focus more on the serious issues of the source of money and its use.

It is fair to make criticisms of the new organisation's role so far, and some hon. Members have done that. I am sure that the commissioners and members of staff are not too proud to learn from us and other observers where they are going wrong or to try to make reforms to put that right. The debate on the subject and the two reviews that are currently taking place, which have featured so often in other hon. Members'

[Mr. David Kidney]

contributions, are timely. It is a good time to speak about how well some things have gone and how others need attention and change. However, I do not agree that one of the Electoral Commission's statutory responsibilities should be removed.

The Electoral Commission has several statutory responsibilities, which I would hesitate to rank because they are all important. Perhaps, after the most recent controversy about parties using loans instead of donations for funding, openness and transparency in the financial affairs of political parties attracts people's attention. That is one of the Electoral Commission's responsibilities and includes registering political parties, monitoring and publishing significant donations to parties and regulating their spending on election campaigns.

Beyond that, the Electoral Commission has important responsibilities such as reporting on the conduct of elections. We should pause and think about the reports that we have received in the few years since it was set up. They include reports on elections—not only two general elections but local elections and the pilot schemes for different ways in which to organise voting in local elections, for example, through setting up polling stations in popular places such as shopping centres, organising all-postal ballots or attempting electronic voting and counting. These all make a valuable contribution to our understanding of what works and what does not, and to encouraging more voters to come out and take part in the democratic process. The assessments from the commission have helped us in our understanding of these approaches.

The Electoral Commission has done its job in identifying the weaknesses in the postal voting system since the acceleration in the use of postal votes, and it has made recommendations to the Government on the issue. In fact, when we pass the Electoral Administration Bill into law, we shall be enacting some of the commission's recommendations on making postal voting more secure in this country. We ought to give credit where it is due in that regard.

An important role for the Electoral Commission in the next few years will be to oversee the implementation of the new legislation. For the first time, consistent guidance will be given to all electoral returning officers and, also for the first time, the commission will be able to insist that the same information be supplied by all electoral returning officers. In a recent discussion that I had with Sam Younger, he told me about requests for information that he had made to returning officers to enable him to compile his reports. He said that some authorities had not even replied, because they were under no statutory obligation to do so, they were busy with other things, and did not regard it as a priority to give him the information that he needed. That will change under the new legislation, and the commission will be able to get the information that it needs to compile its reports, so that people like us who are interested in these matters will be able to read them afterwards.

A good point was made about the slowness of the response in regard to service personnel, but the commission would probably say in its defence that this is an extremely complex issue and that it has made recommendations to the Ministry of Defence. So far as it is able to play its part in promoting greater awareness of the electoral system among service personnel and the importance of their registering to vote, wherever they are in the world, the commission is doing its job.

I want to talk about the statutory responsibility to promote public awareness of our electoral systems. I disagree with the hon. Member for Orpington (Mr. Horam)—and with the hon. Member for Chichester in so far as he agreed with the hon. Gentleman on this matter—in that I believe that the commission has an important role to play in promoting such awareness. I am not saying that that should be a substitute for our doing our job of making politics interesting, making ourselves trustworthy and attracting lots of people to come out and join the democratic process. However, there is a role for the commission to provide independent expertise, advice and information to those who want it.

I shall give the House an example of this working in other areas, where other regulators have more than simply a regulatory role. The Financial Services Authority—another Labour innovation since 1997—has a statutory obligation to promote financial understanding. The Food Standards Agency operates in a completely different area of policy, although, curiously, it has the same initials. It is another Labour innovation since 1997, and has the role, alongside enforcement and regulation, of promoting knowledge and understanding of healthy and safe foods. Those examples show why the Electoral Commission should have a role in promoting public awareness. It can be trusted, it is independent and it can be authoritative in providing information.

I commend the work that the commission already does in that area. Contrary to what the hon. Member for Peterborough (Mr. Jackson) said in an earlier intervention, education in politics and citizenship has not been part of the national curriculum until recently. In fact, such education was established in 2001, and it is now part of the compulsory curriculum for all secondary schools. One strand of citizenship education is political literacy, and the Electoral Commission has contributed to the teaching of that subject through its "Democracy Cookbook", a valuable source of teaching aids for teachers and others in a learning environment. I therefore congratulate the commission on its work in that role.

Like other Members who have spoken, I think that the Electoral Commission has done its job well as a committee on local government boundaries and is worthy of taking over that role for the boundaries of our constituencies, too. The adage that we should walk before we run is sensible, and if the Minister tells us that there is still a little more walking to be done before the sprint stage is reached, I shall take her advice. The commission is earning its spurs, however, and I am sure that it will in due course be a reliable reviewer of constituency boundaries.

With regard to referendums, the commission has the primary responsibility for their conduct. On the small number of occasions on which it has exercised that role, the commission has done extremely well—although perhaps the Government have not enjoyed the result of one of those referendums—in overseeing the conduct of the referendums, setting up the parties

for the yes and no camps and ensuring that the question is fair. I foresee quite a call on its services in conducting further referendums in future.

Looking to the immediate future, a lot of work will be done on electoral registration and raising the practices of all local authorities to the level of the best, both in the registration of people's entitlement to vote and their ability to cast their votes in local and national elections. The two reviews being conducted at present will lead to recommendations to us to amend the 2000 Act, and I gather from tonight's debate that there will be a willingness to consider sensible and well-thought-through recommendations for change to that law, some of which will be welcome. When we come to legislate, I hope that we will consider not just the receipt of money by political parties but the spending of it, especially between formal elections in this country. I would like to see annual limits on spending introduced and perhaps, as my right hon. Friend the Leader of the House says, an end to the arms race in political spending in this country, with some flexibility in the years of general and European elections.

It is easy for Members of the House who disagree with the Electoral Commission's recommendations to say, "We are hardened politicians and we know this business; they are all novices," because those on the commission are not even allowed to have an experience of politics, as that debars them from being a commissioner or member of the senior staff of the organisation. That is a criticism, and it undermines the authority with which the commission speaks to us, the politicians. I am one of those who supports a change in the rules about who may be a commissioner or senior officer of the commission, and a lifting of the bar on people who have modern, relevant political experience. That could benefit the whole organisation in providing an understanding of what we are about, what is practical and what will not pass through this place. Ultimately, that would benefit the commission and our country's democracy.

9.13 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I have served on the Speaker's Committee almost continuously since it was created. I now do so ex officio as chairman of the Constitutional Affairs Committee. I used to do the job that the hon. Member for Gosport (Peter Viggers) did so well tonight. The Constitutional Affairs Committee has the Electoral Commission as well as the Department for Constitutional Affairs within its remit. I should also mention that I have given evidence to the Committee on Standards in Public Life for its review of the commission. As a declaration of interest, I should mention that my wife serves on the Committee on Standards in Public Life, but I am not speaking on behalf of any of those aforementioned bodies. As time is limited, I just want to refer to the governance points, and to follow some of the arguments made so far.

Generally, as the debate has revealed, the Electoral Commission has done several good things, but it has not dealt successfully with several areas, and several problems have been identified. Some internal problems were identified by the scrutiny unit report, to which the hon. Member for Gosport referred, and which I agree was a very good piece of work.

My first key point about the commission is that I think it needs authority in the political world. It ought to be a body whose recommendations it is very difficult for the Government and Parliament to turn down. That is what we want for electoral commissions in all other countries, and it is what I want for our Electoral Commission. As a number of Members have said today, however, it is undermined by the lack of political experience on the commission. It is too easy for us in Parliament to say, "Sorry, but you do not know enough about it. You have good intentions, but we know what it is like."

Sometimes that it true. We may indeed be more aware of, for example, the fact that proposed improvements would not achieve their intended purpose, because we know how parties operate. I think it would be right for the commission to include a minority of members who have experience of the various political parties but are no longer in the front line of activity in that context, and I think we should change the statute to make that possible.

As was pointed out earlier, it was not originally envisaged that Mr. Speaker would chair the Speaker's Committee. His chairmanship was seen as a way of giving the committee, and hence the Electoral Commission, more authority. That places limitations on the committee. It is clear that if the Speaker's valued independence and impartiality are to be preserved, the minuted discussions about whose absence—in a thoughtful speech—the hon. Member for Chichester (Mr. Tyrie) complained cannot be allowed. If they are, the possibility will arise that the Speaker's views will start to be quoted. Similarly, the Speaker cannot be questioned on the Floor of the House. The hon. Member for Gosport does the job in his place. The Speaker is a very busy man.

The decision to give the committee authority by making the Speaker chairman had certain consequences for the way in which it could operate. It is important to remember, however, that it does not operate in quite the same way as a Select Committee. Its responsibilities are comparable to those of a Minister in relation to a Department: it is responsible for the Electoral Commission's estimate, and effectively it brings that estimate to the House. It does not merely scrutinise how the commission has spent money; it decides in the first place whether it can spend that money—whether the money can be allocated for its purposes.

The Speaker's Committee does a great deal of work of that kind. It challenges the commission's budget. It makes the commission very aware that certain areas of expenditure are under-challenged, that they may not be continued, and that the budget may have to be varied. It does its work through a regular cycle of meetings, with the assistance of the scrutiny unit and, of course, the National Audit Office, which provides it with extremely helpful material. Its function is different from the normal function of a Select Committee.

At the same time, the Constitutional Affairs Committee has a scrutiny role in relation to the Electoral Commission's work, its policy proposals and the Department's relationship with it. It is necessarily an intermittent role. Our Committee has numerous

[Mr. Alan Beith]

other responsibilities concerned with numerous other aspects of the Department's work—including legal aid, the judiciary, other public bodies, national archives and the Public Guardianship Office—although we do question the chairman of the Electoral Commission, and also the chief executive. A number of our recent reports have involved questions to him. We are currently engaged in an inquiry into party funding, an issue that has been mentioned a good deal this evening. We have elicited the views of the commission and many others on that. Nevertheless, it is the case—and will remain the case following any future changes—that the Committee has few responsibilities in this regard.

Do we need to modify the system? There are obviously clear advantages for the Electoral Commission in its being responsible to the House directly, rather than through the Department. I am very glad that that was made part of the system. Indeed, the Constitutional Affairs Committee has suggested that a similar route would be appropriate for the Information Commissioner. We have observed the difficulties presented to him by the fact that his budget was set by the Department and set very late in the day, and the problem—a theoretical problem, at least—that one of the Departments he is scrutinising is responsible for his budget. The direct route to Parliament is therefore valuable.

The hon. Member for Chichester and others have suggested that a new committee, perhaps chaired by a senior member of the Opposition, could conduct its proceedings openly. We might then lose something of the authority conferred by the Speaker's presence, and it might become a little more difficult to resist Government pressure. It is quite useful to have the Speaker on one's side if one has to do battle with the Treasury over the estimates. However, it is a serious proposition that we should look at. Even if such a committee were created, the Constitutional Affairs Committee would still be involved because the policy issues that the Electoral Commission is involved in are very much its sphere.

The logical division of responsibility between the Speaker's Committee and the Constitutional Affairs Committee is that the Speaker's Committee does pay and rations and the Constitutional Affairs Committee does policy, to put it broadly. It never works out quite like that, for reasons that I will not go into in this short debate. I do not think that we could put all those responsibilities and the responsibility for presenting the estimate in one body, but now that we have established the authority of the Speaker's Committee and the relationship is clearer—it is not as messy as has been suggested by some—we should perhaps consider moving to an arrangement in which the Speaker did not need to chair it and its role could develop from there. I do not have a rigid view about that, but I suppose I would be staking my Committee's claim if in conclusion I said that any Constitutional Affairs Committee, whatever its membership—four of its members have taken part in today's debate—would want to continue its scrutiny of the key areas of policy of great constitutional importance with which the Electoral Commission is concerned.

9.21 pm

Angus Robertson (Moray) (SNP): Like others, I would like to concentrate in the short time available on something that has not yet been mentioned: the oversight of by-elections. By-elections have been in the news in England and Wales, but I would like to share an experience of a recent Scottish Parliament by-election that I think should give all Members of the House cause to consider how elections are conducted. In meetings with the Electoral Commission, I have already suggested ways in which the commission should look at the issue.

There is a juggernaut heading in the direction of politics in this country which I find disturbing. It comes through the effective trebling of spending limits in by-elections to £100,000. The political campaigning time is as short as possible; most parties think it to their advantage to call short campaigns in a by-election. As we all know, with some imagination, £100,000 can go pretty far.

I would like to make Members aware of some of the most dubious campaigning techniques that are being used. Again, I will concentrate on my experience in the Moray by-election, held only two months ago to replace Margaret Ewing, who many people in this House will remember served here between 1974 and 1979 for East Dunbartonshire and between 1987 and 2001 for Moray.

It is important to point out that I am raising the issue not out of sour grapes, because at the by-election my party secured its biggest ever majority. It was our most successful campaign ever. I am not going to go into how bad it was for other parties, but it was not good for them.

The campaigning spending in that by-election was published last week. The Conservative party spent £91,000, the Lib Dems £42,000, the Scottish National party £33,000 and the Labour party £10,000. What happened in that by-election? The Conservative campaign was launched on the day of the cremation of Margaret Ewing. The majority of the materials used by the Conservative party, which has traditionally been the main challenging party in Moray, did not contain the word "Conservative" or "Tory". Clearly the impression was trying to be created that its candidate, Mary Scanlon, who had been of high standing as a Conservative Member in the Scottish Parliament for the Highlands and Islands, was "another bonnie fechter", creating the impression that she was following in the footsteps of a Scottish Nationalist. It is beyond credibility. Posters were put up on lampposts throughout the constituency without mention of the party's name.

The real shocker was that apparently handwritten letters were sent to constituents that claimed to be from independent councillors who never gave their permission for their names to be used in the campaign. That led to headlines on the front pages of Scottish newspapers describing the Conservatives' campaign as "deceitful".

The Conservatives were closely followed by the Liberal Democrats, who produced materials that claimed that the SNP candidate was from Aberdeen. That is not true. He does not live in Aberdeen. Indeed, he lived in the same parliamentary constituency as the

Liberal Democrat candidate, who was described as "local". I have given the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) notice that I intended to raise this issue. Clarification has been sought of why such misinformation was used repeatedly in campaign materials, despite the fact that it was established as not being true. Two months later, I still await a reply from the hon. Gentleman.

Simon Hughes: My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who cannot be here tonight, alerted me that this issue might be raised. My understanding is that the candidate came from a village on the boundary of Aberdeen. As one goes into the village, the sign says that one is entering Aberdeen. In common parlance, that would make the claims true.

Angus Robertson: Is the hon. Gentleman denying that the candidate lived in the same constituency as the Liberal Democrats' candidate?

Simon Hughes: I am just saying that the village in question is known as being in Aberdeen.

Angus Robertson: The hon. Gentleman obviously has not been there, because he clearly does not know what he is talking about. The point that I am trying to make is that, for significant campaign expenditure, techniques of character assassination imported from the United States are being used in by-elections, whether in Moray, Bromley and Chislehurst or south Wales. That should stop.

Mr. Heald: What the heck is wrong with us describing an excellent candidate as a bonnie fighter?

Angus Robertson: There would be nothing wrong with that if the party had the honesty to add the party name underneath the candidate's photograph and on the rest of the literature. The party sought to create an impression that she was something that she was not. That is not honest and that is not how political parties should campaign.

Worst of all for the Liberal Democrats was the revelation that they took their own quotes from a report in *The Northern Scot*—regularly voted the best weekly newspaper in the UK—and reproduced them in campaigning literature as the opinions of the newspaper itself. The editor of the newspaper asked whether they really thought that readers and the people of Moray would be stupid enough to believe that the newspaper would prejudice its reputation for impartial political reporting. That scam has been tried elsewhere by the Liberal Democrats, so they cannot pretend that the manipulation of the comments was a mistake.

I venture to suggest that many hon. Members have seen some of those campaign techniques in their constituencies and in by-elections. It has to stop. Such dubious campaign techniques do nothing but undermine the democratic process.

Kelvin Hopkins (Luton, North) (Lab): I sympathise very much with the hon. Gentleman's complaints. He mentioned American campaigning techniques, and I am sure that he will agree that it is significant that sometimes less than half the population participates in elections, even presidential ones. His most important point was about the high level of expenditure. Does he agree that the only way to overcome that problem is to have very low, rigidly enforced limits on election spending, so that we do not go the way of the US, where parties are bought by big business?

Angus Robertson: I sincerely hope that the Electoral Commission will consider the issue of by-elections and the new by-election spending limit. I think that £100,000 for a three or four-week campaign is far too much.

The point about local media coverage is that in Moray we have independent local newspapers that are read by the entire local electorate, but I fear for by-elections in places where the local media have less ability to report impartially on what is being said and done. I would not like to be part of a debate about people's concerns that elections were being bought. We are running the risk of that happening in by-elections, which, as we all know, are important for all political parties as tests of opinion between general elections.

The Electoral Commission has a role to play but the political parties have a role, too, including through the party bodies that bring representatives of all of us together in the commission. Perhaps we should have a mature discussion about ending some of the campaign techniques that undermine the democratic process that we are all trying to support, as is the Electoral Commission.

9.30 pm

Simon Hughes (North Southwark and Bermondsey) (LD): Some of the things that the hon. Member for Moray (Angus Robertson) said were relatively controversial. I remind him that I visited Moray, where I spent an enjoyable day, and I am sure that I told him that I was going there—but by-elections are robust events and local newspapers are often prayed in aid; they certainly have been in every by-election in which I have been involved for 20 years.

Angus Robertson: By Lib Dems.

Simon Hughes: No, by all parties, if the papers can be used to support the party in any way. We could have that dispute, but I shall be happy to continue the conversation outside.

However, there is nothing wrong with asking the Electoral Commission to look at by-elections, which is the relevance of this debate, and I have no objection to that. I share the view that has been expressed on both sides of the House and elsewhere that party expenditure is properly an issue for the commission. In many ways, I regret the fact that that job was suddenly taken from the commission's remit and given to Hayden Phillips—not that I have anything against him, but it seems logical to give the commission the task of looking at spending. There is clearly an issue in respect of the spending that starts in seats—whether the hon. Gentleman's seat, mine or any other—not just a month before the general election, but six months, a year or two years before. That is local spending, although it is

[Simon Hughes]

technically disguised as part of a national budget. All those things justify giving the Electoral Commission the responsibility of looking further at expenditure.

I welcome this debate on the Electoral Commission. My colleagues and I are grateful to the Liaison Committee for proposing the first debate of this kind. We each have a maximum of 10 minutes for our wind-ups so, on behalf of my party, I shall simply make the points that I think are most important. I apologise to colleagues, therefore, for the fact that I cannot reflect on all the other contributions.

The proposal for an Electoral Commission was a good one and we supported it. It is right that the commission came into existence; it has done an important and good job and we support its continuance. The commission has spent a significant amount of money, but that has been scrutinised. Apart from one year, when there was a critical comment about some of the spend, the scrutiny process has endorsed the commission as having spent its money wisely. That is a good commendation, much better than what we hear in many areas of public life, not least Departments such as the Home Office.

The debate plays into the review undertaken by the Committee on Standards in Public Life, which was the genesis of the Electoral Commission, and is thus especially timely. Like the hon. Member for Gosport (Peter Viggers) and others, I have given evidence to the Committee and we await with interest its conclusions at the end of the year. Like the hon. Member for Stafford (Mr. Kidney), I come in to bat strongly in favour of the Electoral Commission. As my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith) said, both on his own behalf and reflecting the views of his Committee, when the Electoral Commission proposes something, the assumption should be that it has the authority to carry the day unless there is a strong argument against it. But that requires two or three things to happen.

First, a minority of the commission's members should be from political backgrounds, because that will provide the antennae and there will be authority from inside and outside. Nobody will be able to say, "You don't know what you're talking about—it's not like this in real life." The real life element will have been inserted. I am clear that that should happen.

I am clear, too, that the structure of accountability, which was conceived for the best of reasons, needs to be reformed, so that it becomes a fully open and accountable process of scrutiny and moves from the present position whereby the Speaker, quite properly, cannot participate fully, because it would be prejudicial to his role as the independent guardian of the House's interests if he were to express views. Therefore, whether with Mr. Speaker or his successors, we need to find another structure to open up the process.

Such things should happen in open forum and the minutes should be recorded, and the Committee might therefore meet more often and be able to take more political responsibility. That would pick up some of the issues raised by the hon. Member for Worsley (Barbara Keeley) and other hon. Members. Any failings—for example, on service voting—might have been picked up much more quickly and action taken much more rigorously. It would have helped the Electoral Commission to do its job better. I can see no disadvantage—but, yes, there must be a minority of political appointees. Four such appointees in a commission of eleven or more would seem entirely appropriate.

One topical debate is still going on: we are debating whether personal identifiers should be part of the registration and voting process, and the Electoral Administration Bill is still before Parliament. My view is that if the Electoral Commission makes a proposal, there should be a mechanism whereby that proposal comes to the House, and that if the Government want to amend the proposal, that is seen as a Government amendment to the independent proposal. We will need to find a mechanism whereby that legislation could be promoted, for example, by the Committee and given special status. That is not impossible and there are parallels in other legislatures.

The next big question is whether the Electoral Commission has tried to do too much, and whether it has concentrated on the right things. My judgment is that it has sought to do what it thought were the relevant things. There are some very good election reports on all the major elections, including on specific sub-issues, such as expenditure at certain elections and the electronic counting of votes, which was tried for the first time at the London elections. Some good policy reports have added to information. An example of one of the ones that matter is the funding of electoral services, which are often underfunded by local authorities.

There is an argument that political advertising should be subject to the Advertising Standards Authority. *[Interruption.]* Seriously—I have argued for that on many occasions before. Those are real issues, on which the Electoral Commission should be able to do the work. I would not join those who say that it must do only its core job; it can do other jobs too, and it has done them well, by and large. It is clear that it chose to concentrate on party funding. That is very important; the electorate want the reforms to be made. Mercifully, we are moving in the right direction, but we are not yet there.

There has been a set of exchanges about the boundary commission reviews. The hon. Member for Gosport confirmed that the boundary commission review of local government boundaries in England had been done well. I am clear that the Electoral Commission should take over, as soon as possible, the review of UK parliamentary boundaries, and I am clear that there should be one UK parliamentary boundary commission for this Parliament. That would save a lot of money to start with. We would not necessarily get constituencies of absolutely the same size. There are some very good Scottish examples. In my view, it would be illogical for the Western Isles, and Orkney and Shetland, as well as Anglesey in Wales not to be seen as natural constituencies. However, the same principle could and should apply across the UK. If there is a case for smaller electorate in a very depopulated or rural area, that principle should be seen to apply equally in Scotland, England, Wales and Northern Ireland, but we must not continue with different electoral norms for this Parliament in the four countries. That is no longer acceptable. We should have the same electoral norm for this Parliament, other than for exceptions that could arise in any of the four countries.

I want to make two last substantive points. What key issues are now on our common agenda? One of them is to ensure that we increase the number of people who are not only registered but vote—an issue that has been raised by other colleagues. A guy called Gordon Spencer, whom I met at an organisation in my constituency, has recently undertaken, as part of his degree, a piece of research based on my constituency, focusing on what makes people turn out to vote, or why they do not vote. I have a copy of that, and it contains examples of the information that we all need. The information shows, most tellingly, not that people were uninterested but that there were practical issues that made a difference. For example, people were away on the day and had not registered for a postal vote; polling stations were not in convenient places, and were not open for long enough in the day. There are many practical answers to the question of how we can increase the ability of the electorate to participate in elections, and we should do that. We are moving in the right direction, but we have a long way to go.

Kelvin Hopkins: Will the hon. Gentleman give way?

Simon Hughes: No. I must finish in a few seconds.

I hope that the Electoral Commission will carry out an urgent piece of work on one last matter. We now have many different election systems in many different parts of the UK. That in itself is becoming confusing. I hope that the commission will review that diversity of experience. There is a simple proposition which would make all our lives easier, and I ask the commission to consider it. Given the exact nature of the process in each of the elections, at least we should move to a situation that wherever they are in the UK, at every election people can express their preferences by a one, two, three system rather than some using preference and others by putting crosses on ballot papers. There would then at least be a greater likelihood of people understanding the system, expressing a preference and participating more significantly. I ask the commission to consider that, and I hope that we as a Parliament will then consider the recommendations that it makes to us.

9.41pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I did not agree with that. However, some themes have come out of the debate—for example, that the Electoral Commission should have more authority. I agree with the hon. Member for North Southwark and Bermondsey (Simon Hughes) and with my hon. Friend the Member for Gosport (Peter Viggers) that it would be wise for the people on the board of the commission to have some political experience, provided that it is not so much as to be overbearing—a modest amount of political experience, which is balanced. That would be a good thing.

I agree with my hon. Friend the Member for Chichester (Mr. Tyrie), who said that the commissioners should do less and do it well. I think that the commission is at its best when it is working from experience in an area at the core of its functions. I would like to see it do more of that and less of the work on the margins.

I am pleased that we are having an annual debate—or are we? It is certainly nice to have the first debate. I have said for some time that it would be useful to have an annual debate about the Electoral Commission. I hope that that will happen in future. I agree with the hon. Member for Southampton, Test (Dr. Whitehead) that we need more scrutiny. However, I would like the commission to remain independent and to report to Parliament. I would not want to see it come under the aegis of the Department for Constitutional Affairs.

I pay tribute to my hon. Friend the Member for Gosport, who opened the debate. He does a good job and handles sensibly his role in representing the Speaker's Committee in Parliament. He takes much trouble with hon. Members if they ask a question. He will often ask them whether they want further information over and above the answers that have been given. That is much appreciated. I join the tributes that have been paid to Sam Younger for the work that he has done.

The issue of the Boundary Commission is a difficult one. I have some doubts about the idea of the Electoral Commission taking over the work of the Boundary Commission. That is partly because I see the work of the Electoral Commission more as a regulator than as an executive body taking forward work such as drawing lines on maps. I would like to see the Electoral Commission considering how the Boundary Commission functions and making comments, based on experience, of what lessons can be learned. There are some points to be made about the figures that are used and whether they are sufficiently up to date.

The process of Boundary Commission reviews is long and some improvements could be made. However, if the Electoral Commission is doing the work, there is a risk that some of the exercises that we would expect from a regulator will not be followed through.

I agree that the boundary committee and the various boundary commissions should come together in one UK-wide body that has particular expertise. In terms of the period over which the Electoral Commission has been working, five years is a good point at which to have a reconsideration. We cannot be entirely complacent. Obviously it is right to say that some good work is done by the Electoral Commission, but if one looks at, for example, the integrity of the ballot and the public perception of that integrity—that must be an important test for the Electoral Commission after five years—many people would say that the standing of the ballot in Britain is probably at its lowest for many years. I notice that, today, the Electoral Commission has brought out its report on the last local elections. It reports that, again, allegations of fraud were a feature of the local elections in 2006, and that the public's perception of whether postal voting is safe from fraud and abuse has fallen from 51 per cent. thinking it is safe or very safe to just 37 per cent. thinking that. We cannot be complacent about the way in which things are working.

I agree with the hon. Member for Worsley (Barbara Keeley) that there is great concern about the number of individuals who are registered. There are some areas where there is a registration desert. The only point that I would make to her is that the levels of registration are unchanged from 10 years ago. A Government who have been in power for nine years have to take some responsibility for the fact that there has been no significant improvement in levels of registration over that period. Nothing has been done so far to ensure

[Mr. Oliver Heald]

that people are actively canvassed and that data are matched—things that we know can be done, from the experience in Australia.

On party funding, I agree that there is an important role for the Electoral Commission. I was as surprised as the hon. Member for North Southwark and Bermondsey that the Government did not choose the Electoral Commission to do the review that Sir Hayden is now doing. As I said at the time, although we have the highest respect for Sir Hayden and his background, the truth of the matter is that we are talking about something that is the core work of the Electoral Commission. One would expect the commission to be doing the job.

As far as by-elections are concerned, I am perfectly happy for the Electoral Commission to look at that. That is an important suggestion. The idea that it is a disgrace—I think that this is the point that the hon. Member for Moray (Angus Robertson) was making—to describe your candidate as a bonny fighter in a by-election is extraordinary. It is particularly unfair of him to make that point with such a good candidate. I certainly do not agree with him about that.

This is a short debate and I can make only a short winding-up speech. If one looks at the overall picture, the worry is about the integrity of the ballot. There has been no shortage of advice about that. It is true that, over the period, the Electoral Commission has changed its mind about postal voting and it has come to individual voter registration rather later than some of us, but its advice has been clear over recent months: we need individual voter registration and identifiers if we are to have a clean system in this country and to get rid of the fraud. It is extraordinary, and a disgrace, that the Government have not been prepared to take the advice of the body that they set up for that very purpose. All the other parties in the House, with the exception of the Scottish National party, which seems to have thrown a wobbly on the issue, agree that we need individual voter registration and we need it now. It is a disgrace that the Government have not done that.

9.48 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): This has been an excellent debate, with a great deal of consensus across the House. I will more or less throw away my original notes and respond, if I may, to some of the threads that ran through the debate.

Members raised three main issues: first, the boundary commission and the Electoral Commission; secondly, the political experience of the commissioners; and, thirdly, the way in which the Electoral Commission reports. Before I move on to that, I welcome the opportunity that we have had to talk about the work of the Electoral Commission. In particular, I thank the hon. Member for Gosport (Peter Viggers), whose efforts have made it possible to obtain this slot in today's estimates debate. I thank the Liaison Committee for accommodating that request.

There are many issues relating to the commission about which we may disagree. However, we all agree that the role that it has to play in ensuring the health of our democratic system is very important. So, as the hon. Member for North-East Hertfordshire (Mr. Heald) said, it is timely, after five years of experience of the commission, that we have a review and learn some lessons about what it has done.

The commission's stated aim is to promote openness in the financial affairs of political parties, to develop electoral law and practice, and to increase awareness of the democratic processes across the United Kingdom—in short, to promote integrity, involvement and effectiveness in the democratic process. I want to say a few words about how the commission has done that over the past few years.

It is clearly of great importance to our democracy that the commission look at the way in which political parties fund themselves. Nevertheless, a great deal of controversy has been generated recently about donations and louns, so it was appropriate for the Government to hand that matter to an independent figure who could look at it in the round, which is why Sir Hayden Phillips has been asked to review party funding. The Electoral Commission will work closely with him in coming to a conclusion.

I am glad that my right hon. Friend the Leader of the House is present, because in response to hon. Members' comments about funding, particularly at election times, I am pleased to put on record the fact that he now agrees with me that there should be a cap on funding across the piece. I am pleased that he will be taking that forward in much more detail.

The commission has worked closely with the Government over the past five years in developing electoral law and practice. It has dealt with the passage of seven Bills through Parliament in that time and has worked closely with the Government in trying to ensure that it is properly engaged once those Bills become law. The Electoral Administration Bill currently before Parliament is a very good example of that partnership.

I should like to rebut a couple of comments that the hon. Member for North-East Hertfordshire and one or two others made about personal identifiers. The Government have said all along that in principle we are in favour of personal identifiers, which is why we have accepted amendments on postal voting and personal identifiers. The hon. Gentleman was quick to quote from the consultation, so let me explain to him and other Opposition Members that the responses expressed a variety of opinions, very often beginning along the lines of that from the London borough of Hillingdon, which said:

> "It is difficult to oppose the idea of individual registration in principle but the practical implications are extremely worrying."

Let us consider instead the comments of King's Lynn and West Norfolk council, which is hardly known as a bedrock of socialism. It said:

> "Undertaking individual registration will have significant resource implications and present almost insurmountable difficulties for staff in contacting every eligible elector. Under-registration and effectively disenfranchisement will be obvious consequences."

The hon. Member for Orpington (Mr. Horam) thought that that was not such a bad idea anyway, and he and the hon. Member for Chichester (Mr. Tyrie) seemed to think that the role of the commission in developing electoral awareness and encouraging people

to participate was, as the hon. Member for Chichester described it, jam. Frankly, I am appalled that members of a democratic institution such as this Parliament think that using institutions such as the Electoral Commission to promote democracy is simply jam. It is far more bread and butter than that.

I turn to the boundary commission issues. I have some sympathy with the view that a number of Members expressed about the fact that the Electoral Commission has been charged with at some point taking over the role of the boundary commission. The Committee on Standards in Public Life is looking at the role of the Electoral Commission. Some stakeholders feel that it might be worth reflecting on whether the Electoral Commission should take over that role. I hear what hon. Members on both sides of the House say about how well the commission has done in local government, and I have some sympathy with their views, but we should wait until the Committee on Standards in Public Life has reported before we take the matter any further. What is more, the boundary commission has to complete its work, which is to report by the end of this year, before we can deal with the matter.

Political experience was a constant theme throughout the debate. Every Member who spoke seemed to feel that the deliberate lack of political experience in the Electoral Commission is not helping it. In my discussions with Sam Younger, to whom I pay tribute, as did several hon. Members, I have said that I think it would be useful, in the interim at least, if the commission had a small group—an advisory panel—of ex-Members of Parliament, who could offer a view on the experience of being a candidate and of all that the election process entails. He has been open to that idea.

Sam Younger has already set up small panels on matters such as candidates' expenditure and fraud, so he may well be open to setting up a group of the type that I have described.

On fraud, in its press release on its report the Electoral Commission states:

"The majority of people (55%) did not think that electoral fraud was a problem at the elections, although allegations of electoral fraud and the way candidates fought their campaigns were a key feature in some areas and in the media.

Those who felt fraud had been a problem said they were influenced by media coverage (51%) rather than first hand experience (4%)".

Perhaps the hon. Member for North-East Hertfordshire will bear that in mind. He continually bangs the drum and suggests that electoral fraud is widespread in this country. It is not.

Where the commission should report is a tricky issue. The commission sees many benefits in reporting to the Speaker's Committee, which highlights its independence from Government. The chairman of the Constitutional Affairs Committee, the right hon. Member for Berwick-upon-Tweed (Mr. Beith), made a good point when he said that his Committee will of course want to examine some aspects of the Electoral Commission's work, so it should have a role. I ask the House to wait to see whether, as a result of the evidence that is put before it, the Committee on Standards in Public Life takes a view on whether it would be more appropriate for the Electoral Commission to report to a body other than the Speaker's Committee. I assure Opposition Members that the Department for Constitutional Affairs is not suggesting that it should take that responsibility; we would much prefer it to be left to some aspect of Parliament.

Finally, let me say a few words about the future. Since its inception, the Electoral Commission has been successful in meeting its wide-ranging remit. There have been differences of view on policy in some areas, but that has not prevented an effective partnership, and those differences are a sign of the commission's independence. We believe that the Electoral Commission's operational role is crucial and probably the area in which, in the next few years, it can add most value to the running of elections and democratic services between elections.

As we have said in our evidence to the Committee on Standards in Public Life, the Government have developed a stronger policy-making capacity since 2000, so it might now be appropriate for the Government to lead in policy development and for the commission to concentrate on ensuring that electoral services are delivered successfully. Meanwhile, we shall continue to involve the commission, administrators and other stakeholders in policy and legislation development to ensure that the electorate's needs are being met. Another area in which it might be time for change is how to ensure that, while retaining the commission's independence, there is political input into its work—a point that was raised in the debate.

9.59 pm

Peter Viggers: With the leave of the House, Mr. Deputy Speaker. On behalf of the Speaker's Committee, I thank all the participants in the debate, which is particularly well timed in view of the inquiries that are now taking place. All the comments that have been made will be noted. In so far as any relevant facts have been raised, I shall ask the chairman of the Electoral Commission to write to the hon. Member concerned. Finally, let me say again that we are extremely grateful to the Liaison Committee for allowing this debate to proceed.

It being Ten o'clock, MR. DEPUTY SPEAKER *proceeded to put forthwith the Questions relating to Estimates which he was directed to put at that hour, pursuant to Standing Order No. 55(1) and (4) (Consideration of estimates).*

DEPARTMENT OF HEALTH

Resolved,

That, for the year ending with 31st March 2007, for expenditure by the Department of Health—

(1) further resources, not exceeding £37,417,520,000, be authorised for use as set out in HC 1035,

(2) a further sum, not exceeding £38,276,451,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

ELECTORAL COMMISSION

Resolved,

That, for the year ending with 31st March 2007, for expenditure by The Electoral Commission—

(1) further resources, not exceeding £15,334,000, be authorised for use as set out in HC 1039,

(2) a further sum, not exceeding £15,777,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

ESTIMATES 2006-07

Resolved,

That, for the year ending with 31st March 2007—

(1) further resources not exceeding £189,522,522,000, be authorised for use for defence and civil services as set out in HC 1035, HC 1037, HC 1038 and HC 1039,

(2) a further sum, not exceeding £173,632,056,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs of defence and civil services as so set out, and

(3) limits as set out in HC 1035, HC 1038 and HC 1039 be set on appropriations in aid.

Ordered,

That a Bill be brought in upon the foregoing Resolutions: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Stephen Timms, Dawn Primarolo, John Healey and Ed Balls do prepare and bring it in.

CONSOLIDATED FUND (APPROPRIATION) (NO. 3) BILL

John Healey accordingly presented a Bill to authorise the use of resources for the service of the year ending with 31st March 2007 and to apply certain sums out of the Consolidated Fund to the service of the year ending with 31st March 2007; to appropriate the supply authorised in this Session of Parliament for the service of the year ending with 31st March 2007; and to repeal certain Consolidated Fund and Appropriation Acts: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 205].

7 July London Bombings

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

10.1 pm

Mr. David Winnick (Walsall, North) (Lab): The issue that I am raising is not simply a London one. The dead and injured came from various parts of country. On that terrible day, for instance, a 13-year-old girl, Neema Begum, came up to London with her teacher from Walsall. She was to be presented with an award for public speaking in the Youth Parliament. Fortunately, the two were not directly involved, but as they walked from Euston station to Tavistock square, they heard the explosion on the bus that took a number of lives.

On Friday, it will of course be a year since the atrocities occurred on a day of murderous infamy that took the lives of 52 totally innocent people and left a number very seriously injured. It is difficult for normal people to understand the sheer evil, depravity and fanaticism of the four mass murderers. The evil that they did on 7 July last year will not be easily forgotten or forgiven.

I accept that, probably due to parliamentary, ministerial and public pressure, there has been less delay than usual by the Criminal Injuries Compensation Authority in paying out on claims. However, that is little comfort for those who are still waiting for final awards, or even, in some instances, an interim payment. The Minister will be in a position to confirm or deny this, but it seems that a quarter of the claimants have so far not received anything at all from the CICA.

In a parliamentary reply, my hon. Friend the Minister told me that 319 awards have so far been made and that they amount to over £2 million. Of those 319 awards, 189 were final payments. I take this opportunity, four days before the first anniversary of the atrocities, to urge strongly that the remaining claims be finalised quickly. I hope that it will not be necessary to bring up this issue again in a year's time. There is a need for urgency and speed and to overcome red tape, which is of course the main reason why I have raised this issue today.

The London Bombings Relief Charitable Fund was set up shortly after the atrocities. The Government have made a significant contribution to it and like everyone in the House, I welcome that. Nevertheless, the amounts to be paid by the CICA do not reflect the seriousness of the injuries suffered on 7 July.

In the reply to my written question, the Minister set out what is described as the tariff. For instance, the sum for the loss of one leg below the knee is £33,000, and for the loss of one leg above the knee it is £44,000. For the loss of both legs, or of both hands or arms, the sum is £110,000. I should point out that these amounts apply in all cases, and not only to the victims of the atrocities of 7/7. There is a current maximum upper limit of £500,000, which has not been increased since 1996. That upper limit needs to be looked at with some urgency, because in cases involving the most severe injuries—I will mention two such cases shortly—I very much doubt whether that capped sum of £500,000, assuming that it is paid, is sufficient.

It is unclear how many of those seriously injured on 7/7 will receive the maximum, or anywhere near it. I have been informed—I checked the figures with the Library as recently as today—that the highest sum so far paid to anyone who was very seriously injured who survived the atrocities is £152,000, and that only five people have received more than £100,000 from the CICA.

One person who was seriously injured—very seriously—is Martine Wright, who was on the Aldgate train. Her case has been much publicised. Both her legs were destroyed above the knee. So far, Miss Wright has received £100,000 as an interim payment. I know that, apart from the question of compensation, she is very keen for a public inquiry to take place; however, I shall not discuss that today as it is outside the terms of my Adjournment debate. None the less, receiving adequate money so that she can try to get her life together as far as possible is still a necessity. Yes, she has artificial legs, but as she has discovered, she cannot walk all the time. She often goes out in a wheelchair, and as she has stated in a newspaper article, she covers her lower body with a blanket because she does not want people to glance at her, which is perfectly understandable. If any of us suffered such horrifying injuries, we would feel the same. Just imagine the support that she needs in terms of alternative suitable accommodation and future earnings. She is in her early 30s and was an international marketing manager. It is not just her legs that have been badly damaged; in the process, so have many other aspects of her life. Lawyers have told her that it could take a long time for her final claim to be settled. That is unacceptable, and I hope that the Minister agrees with me.

Another claimant is Danny Biddle, who is in his 20s. He lost both legs and an eye in the Edgware road attack. I understand that, so far, he has received nearly £119,000. How long will it be before a final sum is paid to Mr. Biddle? The figure of £119,000 cannot possibly be anywhere near the amount that he is entitled to.

In some cases victims left behind a partner. One such case is that of Richard Gray, who was murdered on 7 July. He was an accountant. His widow, with two young children, is obviously keen to have an adequate sum so that they can survive financially.

I understand from the Library that the average amount paid out so far is £6,000. I know that there are complicated rules. I know the argument that public money cannot be handed out liberally. I understand that if there are rules in force, they apply in all cases. But the victims of 7/7 were the victims of a deliberate murderous attack on the state. To that extent, it could be argued that compensation for them falls into a different category.

The hon. Member for Bournemouth, East (Mr. Ellwood), whose brother was murdered abroad, wants to make a short intervention. I shall make way for him in a moment.

In conclusion, on Friday we will again remember the dead. We will again express our determination to ensure that everything possible is done by the police and the security authorities to try to avoid another murderous attack anywhere in the United Kingdom. We will make it clear that the overwhelming majority of Muslims in this country, like the rest of us, deplore and loathe the mass murderers. I make a plea to the Minister. Hurry up, please. Try to finalise the settlements as quickly as possible. In so far as it is possible, let the sums be realistic.

I have quoted two cases, but there are other people who were seriously injured. The least we can do is try to help them with adequate compensation, so they can get the support that they require in order to rebuild their lives in every way possible. That is why I applied for the Adjournment debate today.

10.12 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I thank the hon. Member for Walsall, North (Mr. Winnick) for allowing me to participate in this important debate, which is taking place at an apt time of the year. I shall keep my comments brief as I am keen to hear the Minister's response to those important remarks, which I fully endorse. As the anniversary approaches, there are still claims for compensation which have not been sorted out.

As the hon. Gentleman mentioned, I lost my brother in the Bali bombing. He was killed by the same organisations as hit us on 7 July, so I speak for those people and for the people I have spoken to who were involved in the Sharm el Sheikh tragedy. We did not get any compensation whatsoever. We did not get any insurance payment whatsoever. Why? Because insurance companies do not cover international terrorism abroad, and the Criminal Injuries Compensation Authority does not operate outside UK jurisdiction.

Will the Minister please review the situation? We see what other countries do. They now provide adequate responses to look after their citizens while they are abroad. We do not find the UK doing that. I appreciate that the Chancellor made an important announcement in the Budget about providing £1 million towards a charitable fund, but we have heard about the sums being handed out, and £1 million is not nearly enough to cover the future atrocities that may unfortunately take place.

I do not expect any compensation. That is not why I am taking part in the debate. My tragedy has taken place. I am anticipating the events that, sadly, will happen. And they will happen. We have only to look at the size of the barriers surrounding the House of Commons to know that we still live in a very dangerous world.

It is wrong that we can receive compensation, poor though it may be, if we are on a Eurostar train that is attacked while it is parked in Waterloo station, but as soon as it leaves British soil we are not entitled to any compensation from the UK Government. A number of good things came out of Bali. We improved the website containing travel advice and we sorted out the emergency response teams that embassies provide. One remaining objective is to sort out the compensation that should be paid in parity to those affected by terrorism in the UK. Terrorism recognises no borders, and neither should the British Government's help to support British citizens.

10.14 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Gerry Sutcliffe): I congratulate my hon. Friend the Member for Walsall, North (Mr. Winnick) on securing this very important debate. I also offer my condolences to the hon. Member for

[Mr. Gerry Sutcliffe]

Bournemouth, East (Mr. Ellwood) on the loss of his brother. I fully understand the issues that he raises, and I will touch on them later if I can. I thank them both for the spirit in which they made their contributions.

The question of help and support for the victims of the 7/7 bombings is very much in our minds as we approach the first anniversary of those dreadful events. My thoughts, and I am sure those of the whole House, go out to those who suffered a bereavement or an injury, whether physical, psychological, or emotional. As my hon. Friend says, none of us can forget those horrific events of last year. This timely debate gives me the opportunity to bring the House up to date with the facts on how we have been able help those who were injured or bereaved by the bombings. I am pleased that the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), who is Minister for London, has joined me on the Front Bench for this important debate.

As my hon. Friend said, it is widely known that 52 innocent people were killed in the bombings and that more than 700 people were injured. The national health service, the police, local authorities, and the special assistance centre and telephone helpline established in the aftermath of the tragedy have each played a key role in offering support and help to those affected. We should never forget those who are committed to the emergency services for the work that they do, and did on that day.

The survivors and the bereaved were eligible for compensation from the criminal injuries compensation scheme, the statutory scheme that pays out compensation to victims of violent crime in Great Britain. Compensation claims are handled by the Criminal Injuries Compensation Authority—CICA—which, as hon. Members will be aware, is an executive non-departmental public body. The authority is responsible for the day-to-day administration of the scheme. It interprets the scheme's rules and decides how much compensation claimants are entitled to according to its terms.

Ministers are precluded by law from getting involved in individual cases or from commenting on CICA's handling of individual applications or its decisions in individual cases. However, CICA, in administering a statutory scheme, is bound by the terms of the scheme as set by Parliament. The authority has limited discretion in applying the rules in individual cases. In that respect, the scheme differs from, for example, the London Bombings Relief Charitable Fund, which, as an independent charity established specifically to help 7/7 victims, was free to set its own rules and guidelines and can make charitable grants at the discretion of its trustees.

As I said, I cannot talk about individual cases. However, I can give the House some more general information about claims made to CICA and describe how it is dealing with claims from those who were more seriously injured, which is the issue of particular concern to my hon. Friend. At close of business on Friday 23 June, CICA had received 516 applications for compensation in respect of the 7/7 bombings. It had also received 12 applications related to the attempted bombings two weeks later on 21 July. However, I am not including information about the 21/7 incidents, because none of those victims sustained severe physical injury but have sought compensation only for the mental trauma they suffered. Of the 516 7/7 applications, 18 have been turned down, although some of the claimants have appealed against that decision. CICA has paid 370 awards totalling £2.3 million, comprising a mix of interim and final awards. In 217 cases, a final award has been accepted and paid, thereby bringing the case to a close.

As for serious cases, CICA has interpreted that as meaning cases where the claimant has lost an eye or a limb or has sustained severe burns or other injury of comparable severity. It has received 17 claims where the principal injury meets that definition of seriousness. According to CICA, in every serious case it has made substantial interim awards on account. In most instances, that interim award has been the tariff award for the most serious injury sustained. Therefore, in several cases the interim award has been well in excess of £100,000. CICA is not yet able to finalise these seriously injured cases, because they all involve claims for compensation additional to the basic tariff award for loss of earnings and special expenses. In all those cases, the final prognosis for recovery is not yet clear and CICA is not yet in a position to make a final assessment of the claim for financial loss.

Mr. Winnick: Will my hon. Friend confirm, unless I am wrong, the figures that I cited, which showed that the highest sum paid so far is £152,000 and that only five people have received more than £100,000?

Mr. Sutcliffe: I published figures in my written answer to my hon. Friend, but I shall ensure that I put the exact detail in writing if they are different from the figures that he cited and those to which I referred.

Work remains to be done on the cases. The Criminal Injuries Compensation Authority will, of course, aim to finalise the claims as quickly as it can. However, when that is likely to take some time, it will be ready and willing to make further substantial interim awards where possible.

The authority continues to receive applications at the rate of about 30 a month, and those newer applications account for most of the cases in which it has not yet been able to make an offer of compensation. There are also 11 bereavement cases, for which the authority has not yet received applications.

Mr. Winnick: I am sorry to interrupt my hon. Friend, but I have looked at his written answer. At the time, I did not ask him the question that I just asked and it is not therefore covered. I understand that the issues are complex and I do not criticise my hon. Friend—he did not know what I might ask. Will he write to me in reply to the question that I asked a moment ago and place the response in the Library as quickly as possible?

Mr. Sutcliffe: I am happy to write to my hon. Friend. Clearly, I want to ensure that the fullest possible information is in the public domain and I shall therefore place a copy of the letter in the Library.

I said that there were 11 bereavement cases for which the authority had not yet received any applications. As I said earlier, the victims of 7/7 and those bereaved by the bombings also had financial support from the London Bombings Relief Charitable Fund. The Mayor of London

and the British Red Cross set it up in the immediate aftermath of the bombings. The Government donated £1 million to the fund in July 2005 and we announced last month that we were donating another £2.5 million to it, so that the trustees could give further assistance to the bereaved and injured of the 7 July London bombings.

Before that second Government donation, the fund had made more than 900 charitable grants, totalling more than £8 million, to more than 300 individuals. It now expects to be able to make another 200 to 300 charitable grants, and I believe that many such grants have already been made to those who were seriously injured or bereaved.

To complete the picture, I remind hon. Members that we also passed regulations in 2005 so that payments from the London Bombings Relief Charitable Fund are disregarded for the purposes of assessing entitlement to means-tested state benefits. We have, of course, thought hard about what can be learned from these dreadful events. We had already been examining ways in which to improve the criminal injuries compensation scheme before the 7 July bombings. However, the events of 7 July obviously highlighted specific problems with the scheme, especially the process involved, the length of time taken, and the amount of the payments, particularly in the serious cases. That is why the Government made a donation of £3.5 million to the charitable fund, which has been able to make payments on a more flexible and quicker basis than a statutory scheme. We have learned lessons—for example, that there needs to be a clearer policy for making interim payments, and that discretion should be used when possible to allow practical common sense to prevail, within the rules of the scheme.

We know that the scheme in its current guise is not perfect. That is why we undertook a public consultation this year, with proposals for refocusing the scheme to increase amounts of compensation for those most seriously injured, while providing more immediate local help and practical support for those whose injuries were less serious. We will publish the results of that consultation exercise later this month and announce our plans for reforming the scheme before the summer recess.

Let me consider the points that the hon. Member for Bournemouth, East made. One of the problems with the statutory scheme is that it was not designed for the sorts of events that happened in Bali or, indeed, those of 7/7. Supporting the charity was the best way in which to introduce some flexibility into the system. However, I know that the concern that the hon. Gentleman raised about terrorist tragedies throughout the world is widespread. Perhaps we can meet him and people who support his cause to ascertain what we can do in future to try to find the best way in which to provide immediate practical assistance to individuals at home and abroad. I undertake to consider that. Clearly, we are now living in a world that is more dangerous than ever before, and it is important that we address the situation by giving support to the people who need it as quickly as possible.

The CICA arrangements are in place, as I have said. I understand what my hon. Friend is saying: we should try to process these issues as swiftly as possible. I have tried to explain that that is what we want to do, despite the difficulties that we face in regard to the rules of the scheme. By supporting the charity fund, we have been able to provide some flexibility, however. We are looking at the future of the scheme and at what needs to be done. I hope that my hon. Friend will accept my explanation. I will write to him on the issues that he has asked me about, and I hope that the House will understand what the Government are trying to do.

Question put and agreed to.

Adjourned accordingly at twenty-five minutes past Ten o'clock.

House of Commons

Tuesday 4 July 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Sporting Events

1. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What steps he is taking to bring more national and international sporting events to Scotland. [80906]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): My right hon. Friend the Secretary of State and I are backing Glasgow's excellent bid to bring the 2014 Commonwealth games to the city. I recently hosted a reception with the Scottish Executive Minister for Tourism, Culture and Sport to encourage support and raise awareness. Scotland's strategy for attracting, organising and delivering major events is, of course, the responsibility of Scottish Executive Ministers.

Mr. Hands: I thank the Minister for that response. I also support the Commonwealth games bid, but I also welcome the Government's intention to host the 2018 World cup. At the moment, the Chancellor seems to be going out of the way to downplay his Scottishness, and when making the World cup announcement, he seemed specifically to exclude Scotland from co-hosting the bid, yet Scotland has some excellent stadiums and some great fans. Has the Minister had any discussions with the Chancellor to make the case for a joint bid between both England and Scotland for the 2018 World cup?

David Cairns: I welcome the hon. Gentleman's support for Glasgow's bid. It will be a great boost not just to the city but to the whole of Scotland, bringing in many additional tourists and, of course, raising the profile of sport, and it will also allow those games to take place in other locations in Scotland—such as the excellent proposal to hold the sailing competitions in Inverclyde.

On the World cup bid for 2018, the hon. Gentleman is quite right: the Government launched a study last year into the feasibility of holding the FIFA World cup in England in 2018. The study is being conducted jointly by the Treasury and the Department for Culture, Media and Sport, and we await its outcome.

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): Does the Minister recognise that a successful Commonwealth games bid by Glasgow will also bring long-term benefits to housing and regeneration in Dalmarnock in my constituency—the best site for the athletes' village—and, overall, bring benefits to Scotland?

David Cairns: My hon. Friend is entirely correct. Of course the most important part of the games is not so much the event itself—although, of course, that will be the centrepiece—but the legacy of sport infrastructure, plus new community infrastructure, that will remain in some of the most deprived parts of Glasgow. So, taken as a whole, this is very exciting prospect for Scotland, to which I am sure every hon. Member will give their support.

TV Licences

2. **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): What discussions he has had with the BBC about rural residents in Scotland using the Post Office to renew their television licence. [80907]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): The contract decision is a commercial matter for the BBC, as the television licensing authority. Of course the corporation has a duty to licence holders to achieve value for money in collecting licence fee revenue.

Sir Robert Smith: I thank the Minister for that answer, as far as it goes, but does he not recognise that the Scotland Office has a duty to speak up for the needs of Scottish residents, particularly rural residents? In my constituency, there were 41 sub-post offices where licences could have been renewed; now there are only 16 pay points where the BBC will allow that to happen. Should the Minister not remind the BBC that it has a duty to serve rural Scotland, as well as urban Scotland, and that is crucial that the BBC go back to the Post Office and look again at whether they can negotiate a contract to allow rural residents to renew their licences at post offices.

David Cairns: No, I regret that I am not able to interfere in the commercial contracts between the licensing authority and the Post Office. The Government's role is to ensure that the Post Office receives the investment that it needs to compete in the modern world. That is why we put in £2 billion of additional support so that it can be part of the universal banking network, for example, and a lot of that support is ongoing. That is the proper role of government; I am afraid that to interfere in those commercial negotiations is not the proper role.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): Does my hon. Friend not agree that, given the proposal to change the terms of the Crown post office in Irvine, the service will not be as good as under the old system? The post offices in the constituencies of my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) and my hon. Friend the Member

for Linlithgow and East Falkirk (Michael Connarty) have also been changed from Crown post offices to franchises, reducing the possibility of buying licences in those new post offices.

David Cairns: I understand the concern that has been expressed, particularly on the proposal to move the post office from 165 High street to 130 High street, where it will become part of a Spar franchise. My hon. Friend will, of course, understand that the Crown post office network represents some 4 per cent. of the entire network, yet it loses £70 million annually. So there are some tough commercial decisions for the Post Office in managing the Crown network, but I hope that his constituents will not suffer any diminution in service of the type that he mentions, because the Post Office has an important role to play, not just in rural Scotland, where, of course, it has a central role, but in urban Scotland, too.

Energy

3. **Mr. Mike Weir** (Angus) (SNP): What recent meetings he has held with ministerial colleagues to discuss energy issues in Scotland. [80908]

The Secretary of State for Scotland (Mr. Douglas Alexander): I have meetings and discussions with ministerial colleagues on a wide range of energy matters affecting Scotland.

Mr. Weir: In the course of his busy schedule of meetings with Ministers, has the Secretary of State has the opportunity to discuss with them the findings of the Energywatch report, "Are fuel poverty targets out of range", which notes that, mainly owing to rocketing energy prices, fuel poverty levels in Scotland are worryingly close to where they were in 1996? Has he pressed the Treasury and Department for Work and Pensions to end the scandal that, in energy-rich Scotland, pensioners are worried about fuel bills, and to increase the winter fuel allowance, which is now nowhere near sufficient to meet our pensioners' escalating energy bills?

Mr. Alexander: Of course the hon. Gentleman is right to recognise that fuel bills have been rising. That phenomenon is not unique to Scotland or indeed the United Kingdom, but reflects general changes that have taken place in energy prices around the globe, because we are now dealing in global markets. He is also right to recognise that, in addressing fuel poverty, there is a contribution to be made by the winter fuel payment. It was a Labour Government who introduced the winter fuel payment and a Labour Government who increased that payment. The winter fuel payment has made a significant contribution to addressing the challenge, but we continue to look at the matter in the light of changing circumstances.

Dr. Gavin Strang (Edinburgh, East) (Lab): Does my right hon. Friend agree that the discussion about the Government's energy review has been rather focused on electricity generation? Given that electricity accounts for less than 20 per cent. of our final energy consumption, will he ensure that his right hon. Friends at Westminster and Holyrood properly address the issue of improving the energy intensity of our economy?

Mr. Alexander: My right hon. Friend makes an important point. Although there has been, perhaps understandably, a continued focus in the media on energy production, we also face further challenges—in particular, in relation to energy efficiency. That has a major contribution to make in addressing the challenge of fuel poverty. I know from my experience as a constituency MP the effect of the warm deal initiative by the Scottish Executive in many communities. It affects pensioners right across Scotland. When the energy review is published, there will be recognition not just of some of the challenges that we face with energy production, but of the wider issue of energy conservation.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Will the Secretary of State join me in congratulating the work force of Dounreay, by whose excellent efforts in decommissioning the legacy cost of the United Kingdom Atomic Energy Authority has been substantially reduced? Will he further support the local initiative to provide alternative employment for those who are so effectively working themselves out of employment, with an alternative energy park at Dounreay?

Mr. Alexander: I am still struggling to establish whether that contribution was pro-nuclear or anti-nuclear—[Hon. Members: "Both"]—which, in a nutshell, is a challenge not unique to the hon. Gentleman, but which applies to his whole party. Of course we welcome and congratulate people on the work that is being done effectively at Dounreay. There will be challenges in terms of how the work force can use the skills that have been developed over a number of decades. I would be happy to receive representations on that matter from him.

Mr. David Marshall (Glasgow, East) (Lab): Will my right hon. Friend make it perfectly clear—and does he agree with me—that nuclear power has to be part of a balanced energy policy, and that if no nuclear power stations are to be built in Scotland, future Scottish consumers will be at risk of more massive hikes in the price of gas and electricity, and of blackouts and power cuts, and will also face considerable problems with security of supply?

Mr. Alexander: The energy review reflects not simply challenges relating to diversity and security of supply, as my hon. Friend makes clear, but the energy mix that is appropriate to a modern advanced economy. That energy mix varies north and south of the border. Both Hunterston and Torness operate in Scotland, which accounts for a higher proportion of the energy mix being produced by nuclear power plants in Scotland than elsewhere in the United Kingdom.

It is important to reiterate the point that I made at the last Scottish questions: when it comes to judgments on new-build nuclear facilities, those matters rightfully

rest with the Scottish Executive and the Scottish Parliament, given the terms of the Electricity Act 1989 and the devolved nature of planning laws in Scotland.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Dr. Elaine Murray MSP has said that Labour policy at the Scottish Parliament elections will be not to veto new nuclear power stations in Scotland, yet the First Minister appears to take a very different line. What is the Labour position in Scotland?

Mr. Alexander: I had the opportunity to discuss the energy review only a couple of days ago with the First Minister. It is not for me today, on behalf of the Scotland Office, to anticipate the terms of the manifesto that will be produced by the Labour party. That will be devised in Scotland, as has been the case in the past.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Regardless of what our future energy needs may be, does my right hon. Friend agree that we will need a strong manufacturing base to build the future power plants? Will he reassure manufacturing companies such as Mitsui Babcock that, if they hang on in there, work will come their way?

Mr. Alexander: Having had the opportunity to visit Mitsui Babcock in Porterfield road in Renfrew on previous occasions, I know of the leading edge technology that it is developing, not least in relation to clean coal technology. When the energy review is published in due course, there will be significant opportunities not only as regards renewables but more generally as regards power generation. I hope that Mitsui Babcock, along with other Scottish companies, seizes the opportunities that that provides.

Jo Swinson (East Dunbartonshire) (LD): It appears that there is still some confusion arising from the Secretary of State's position on this matter. My party's position is clear. Does the Secretary of State agree with Scotland's First Minister, who appears to be suggesting that, with major investment in renewables, Scotland could be free of new nuclear power stations, or with his colleague Dr. Elaine Murray MSP, who says that Labour will not block any applications for nuclear build?

Mr. Alexander: The hon. Lady comes close to offering a new definition of the term "brass neck", given that her place on the Liberal Front Bench is a direct consequence of her predecessor's opinions on nuclear power. We make no apology for the fact that there has been a significant and successful push for renewables in Scotland led by the Labour-led Scottish Executive. At the same time, the position of the Scottish Executive—that issues need to be resolved in relation to nuclear waste—has been made clear for several months. A process has been established by the United Kingdom Government and the devolved Administrations to address that, and that work is ongoing.

Mr. James Gray (North Wiltshire) (Con): When the Secretary of State next has a meeting with the First Minister to discuss the nuclear review, will he bring the Prime Minister's views to his notice? When the Prime Minister spoke to the Liaison Committee this morning, he made it perfectly plain that he personally is completely in favour of nuclear power and that he always had been before he commissioned the energy review. Surely that is an important matter of which the First Minister should be aware?

Mr. Alexander: The hon. Gentleman is one of a number of former shadow Scottish Secretaries speaking today. The Prime Minister has made it clear on several occasions that, along with considering nuclear power, he wants a big push on renewables and a step change in energy efficiency. Those concerns initiated the energy review, and they will all be addressed when the review is published.

Sewel Convention

5. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): When he expects to respond to the report of the Scottish Affairs Committee, "The Sewel Convention: the Westminster perspective". [80910]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): As is customary, the Government's response to the Scottish Affairs Committee will be submitted within two months of the report's publication date.

Mr. Evennett: The Prime Minister has ruled out a ban on Scottish Members from voting on English-only issues on the grounds that

"if you end up with two classes of MP you will end up with a host of real problems".

Does the Minister accept that there are already two classes of MP? For example, I speak for my constituents on matters such as education and health, but he does not do that for his. My constituents are rather fed up with the situation and want to know what the Government are going to do about it.

David Cairns: No, I do not accept that. I believe that the Conservative proposals would lead to multitude of different classes of Member of Parliament and, inevitably, the break-up of the United Kingdom. It is not just me saying that. I quote:

"The danger is that Mr Cameron's plans will only hasten the damaging break-up of a united kingdom...It is up to responsible politicians to seek a more constructive solution."

That was the voice of the *Daily Mail* this morning. If even the *Daily Mail* recognises that the Conservative plans are grossly irresponsible, it is time that Conservative Front Benchers did so too.

Mr. Jim McGovern (Dundee, West) (Lab): Is my hon. Friend aware that under the Conservative proposals the shadow Secretary of State would not be allowed to vote on the future of health services in Carlisle—

Mr. Speaker: Order. The Under-Secretary has enough trouble looking after his own affairs.

Rosemary McKenna (Cumbernauld, Kilsyth and Kirkintilloch, East) (Lab): When my hon. Friend responds to the consultation document, will he ensure that the idiotic and dangerous Conservative proposals, the logic of which would lead to—

Mr. Speaker: Order. Wrong again. I hope that the next one is right. I call Angus MacNeil.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The West Lothian question was rightly flagged up as a problem in the report by the Scottish Affairs Committee. Apart from the radical idea of a penalty shoot-out suggested yesterday in a Scottish newspaper, which of the four suggestions does the Minister prefer? Given the success of independence for the United States, which is marked today, as well as for Norway, Ireland and Iceland, surely independence is the only serious solution, especially for the largest stateless nation in Europe—England?

David Cairns: At least the hon. Gentleman is entirely consistent in his view. It does not bother him in the slightest that there would be multiple categories of MP in this House or that some MPs would vote for some things and some for others, because his party is a separatist party. I understand why his party supports such a daft proposal, but what beggars belief is that the Conservative and Unionist party supports it.

Mr. Ian Austin (Dudley, North) (Lab): When people from all parts of our country have fought together for Britain, traded and worked together for centuries, and built an NHS established by a Welshman, will my hon. Friend rule out any suggestion that we should destroy centuries of successful partnership for short-term, party political reasons? Crossrail, a London Mayor and Northern Ireland are all examples of issues on which many MPs vote, even though the result will never affect many of their constituents. Will my hon. Friend join me—

Mr. Speaker: Order. The hon. Gentleman has made the point.

David Cairns: And an excellent point it was, too. My hon. Friend correctly points out that the United Kingdom is one of the most successful countries in the history of the world. It is successful because it has brought together in a Union nations who stood together, fought together, traded together and built up a country that is the envy of the world. We put that at risk at our peril. It is a shame that the party that used to be a unionist party has abandoned that principle.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Let me make it clear: this party will take no lectures from the Labour party on our unflinching commitment to the Union. The Minister's complacency on this issue is astounding. It is the fact that Labour will do nothing about the so-called West Lothian question that puts the Union in question. Although there are many different views about the answer to the West Lothian question, the Minister cannot deny that there is now cross-party support for the view that the present arrangements are unsustainable—apart from the Scottish Affairs Committee, the Father of the House, the leader of the Liberal Democrats, the hon. Members for Hyndburn (Mr. Pope), for North-West Leicestershire (David Taylor), for Nottingham, South (Alan Simpson) and for Chorley (Mr. Hoyle). Will the Minister, for once, agree with Jack McConnell that there should be a mature debate on this important constitutional issue, not the usual yah-boo politics?

David Cairns: The hon. Gentleman is entirely correct to say that there is a multitude of opinions on the matter. That is why his colleague the shadow Defence Secretary, not to mention his colleague the former Foreign Secretary, have legged it in the opposite direction of his proposal to create a multitude of types of MP in this House. Not only that, but Professor Vernon Bogdanor, who successfully torpedoed the last daft proposal that emerged from the Benches opposite—the Bill of Rights—has said that the in-out solution that the Conservatives are putting forward would be the worst of all possible worlds. When will the hon. Gentleman accept that his proposal to have a multitude of different MPs in this House is a massive step along the road to breaking up the United Kingdom?

Mr. Speaker: Speaking of questions, I jumped a question, so we go back to Question 4. I call Mr. Lazarowicz.

Private Sector Employment

4. **Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): What recent assessment he has made of the rate of growth of employment in the private sector in Scotland. [80909]

6. **Sandra Osborne** (Ayr, Carrick and Cumnock) (Lab): What recent assessment he has made of private sector growth in Scotland. [80911]

The Secretary of State for Scotland (Mr. Douglas Alexander): The macro-economic stability delivered by this Government continues to benefit the whole of the United Kingdom, including Scotland. Scottish employment has hit a new record high with the private sector driving the expansion. There are 124,200 more people working in the private sector than there were in 1999, and every significant business survey suggests that private sector output and employment continued to grow over the year to date.

Mark Lazarowicz: I am grateful to my right hon. Friend for pointing out how Scotland gains from its Union with the rest of the UK. Does he agree that those figures show how Scottish business would be put at risk if it were forced to endure four years with a destabilising referendum on breaking up the UK hanging over its head?

Mr. Alexander: I find myself in complete agreement with my hon. Friend and, indeed, with the Fraser of Allander Institute's study on exactly that question, which made clear the profound risks that other parties would choose to run with the very stability that has been the foundation of our sustained economic success under Labour since 1997.

Sandra Osborne: Does the Secretary of State share my disappointment at last week's announcement by Jabil that it will close production at Ayr by the end of 2007, with a loss of 217 jobs? Given his positive assessment of the Scottish economy, how optimistic is he that those who lose their job will be able to find alternative employment? What will the Government do to assist them in that matter?

Mr. Alexander: Any job loss affecting any family, not just in Scotland but across the United Kingdom, is a tragedy, and we want to work effectively with the relevant agencies, particularly the Scottish Executive, to make sure that the requisite support is provided to anyone who finds themselves in those unfortunate circumstances. I am certainly happy to write to my hon. Friend about the specific instance that she cited, but she is right to acknowledge that that unfortunate loss of employment has taken place against a backdrop of sustained employment in recent years. The Royal Bank of Scotland, in its most recent study, on 12 June 2006, stated:

"On its own terms May was another strong month for Scotland...Employment growth continues apace on the back of the stable expansion, with net jobs growth for the 15th consecutive month."

Angus Robertson (Moray) (SNP): But sadly, the most discussed job creation scheme in the Labour party is not designed to tackle the problems raised by the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne), as it concerns the job prospects of the Chancellor of the Exchequer and his efforts to become the Prime Minister. Why are Scotland's employment rates lower than those in Iceland, Denmark and Norway? Why is Scotland's economic growth only a third of growth in Iceland, and half that in Ireland and Norway? On independence day, instead of aping old Tory arguments, can the Government explain why our neighbours are performing better with independence than Scotland, which is run from London under Labour?

Mr. Alexander: I hardly know where to begin in responding to the political points that are notionally wrapped up in that question. First, I remind the hon. Gentleman that there has been sustained economic growth under Labour, which far exceeds anything that was achieved in 18 years of Conservative government, when two recessions were visited on Scotland. Secondly, we have a record of sustained economic growth in Scotland, which was not achieved to the same extent by previous Administrations. Finally, to respond to the hon. Gentleman's point about the Chancellor's record of economic stability, I direct him to any of the recent international studies that observe that the macro-economic framework established by the Chancellor of the Exchequer in 1997 is the foundation on which Scotland and the whole United Kingdom continue to enjoy such prosperity and jobs growth.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): I have noticed that the Secretary of State is always keen to agree with the CBI when it supports his argument, but does he agree with the new head of the CBI, Richard Lambert, who said that the fact that the public sector in Scotland

"is noticeably larger than for the UK as a whole...is a constraint"

on the dynamic growth of the Scottish economy?

Mr. Alexander: Candidly, I do not agree with that observation, for the following reasons. First, there is no direct correlation between the size of the public sector and the level of economic growth not just in Scotland but, indeed, in other European countries. For decades, Scandinavian countries, for example, have had a large public sector, along with high and sustained employment. Secondly, it is time that the Opposition left behind the rather tired and familiar argument of "Private sector, good; public sector, bad". The recipe for modern economic success relies on effective research and development, along with effective vocational skills and education, all of which is contingent on the sustained economic investment in the public sector achieved under the Labour Government.

Economic Activity

7. **Mr. Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): What recent discussions he has had with Cabinet colleagues on economic activity rates in Scotland. [80912]

8. **Michael Connarty** (Linlithgow and East Falkirk) (Lab): What assessment he has made of the recent Organisation for Economic Co-operation and Development report, "Boosting Jobs and Incomes", in respect of economic activity levels in Scotland. [80913]

The Secretary of State for Scotland (Mr. Douglas Alexander): I have discussions with Cabinet colleagues on a range of subjects. The OECD's "Boosting Jobs and Incomes" report shows that, for the first time in 50 years, the UK has a higher employment rate and a better combination of unemployment and inactivity rates than any other major industrialised country. The latest labour market statistics show that economic activity in Scotland is at the highest level ever recorded.

Mr. Clarke: Does my right hon. Friend recall that in the not too distant past unemployment was twice its present level, and youth unemployment three times what it is now? Will he and his colleagues continue to do their utmost to ensure that we never ever return to those days?

Mr. Alexander: I am certainly happy to give that assurance. May I pay tribute to my right hon. Friend's endeavours to tackle poverty and unemployment in his constituency for many years? He is right to point out that our labour market position is better than it has been in decades. According to the International Labour Organisation unemployment count, unemployment has been cut by a third since 1997, and more than 160,000 people have been helped into jobs in Scotland since 1997 through the new deal, notwithstanding the opposition of Opposition parties.

Michael Connarty: I thank my right hon. Friend for his reply to my question. With the upcoming energy review, there is a massive potential for biofuels. INEOS,

which took over the BP refinery and chemical plant at Grangemouth, wishes to establish a massive new biochemical production plant, which may be located at Grangemouth if we all work together. Will my right hon. Friend pledge to join the local council, local management and myself to win that huge investment for Scotland, which is good for energy production, good for the environment and good for the Scottish economy?

Mr. Alexander: My hon. Friend makes a number of important points. Of course I am happy to meet him to discuss the economic proposition that he describes for Grangemouth. He is right to recognise the important contributions that biofuels can make to the energy review, which will be published in due course. In the Department for Transport we have also championed the renewable transport fuels obligation, which will see a biofuels mix being added to the petrol served at the pump in the years to come. I believe that in the years ahead of the target that has been set by the Government, there is further scope for biofuels, but we need to recognise that there are continuing challenges in relation to biofuels, one of which is to be able to secure biodiversity at the same time as addressing the environmental challenges that my hon. Friend describes.

Foreign Criminals (Deportation)

9. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What discussions he has had with Ministers in the Home Office about the deportation from Scotland of foreign nationals who have served sentences of imprisonment. [80915]

The Parliamentary Under-Secretary of State for Scotland (David Cairns): My right hon. Friend has regular discussions with ministerial colleagues on a range of issues affecting Scotland.

Mr. Carmichael: When the Secretary of State next meets officials from the Home Office, will he raise with them the question of the bail policy operated by the immigration and nationality directorate? It has become apparent to me while I have been pursuing the case of my constituent Sakchai Makao that the Home Office operates a presumption against bail. Can the Minister tell the House how that can possibly be compatible with the European convention on human rights, under which there is supposed to be a presumption in favour of bail?

David Cairns: I recognise the concern that there has been in the hon. Gentleman's constituency about the case he mentions. He is experienced enough a parliamentarian to know that I cannot comment on the particular case, especially as a judgment is due to be made soon. Everything that the Government do in that regard is consistent with our obligations under the ECHR, and the hon. Gentleman will have an opportunity, should he wish, to raise the matter directly with the Home Secretary at the next Home Office Question Time.

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Conservation Areas

15. **Ben Chapman** (Wirral, South) (Lab): If she will make a statement on planning policy in relation to conservation areas. [81873]

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): Planning policy guidance note 15, which deals with planning and the historic environment, sets out the Government's planning policy in regard to conservation areas. Conservation areas represent a key part of the Government's desire to preserve and enhance areas of historic importance, and planning policies reflect this.

Ben Chapman: Does my hon. Friend agree that since they were introduced in the 1960s, the now more than 8,000 conservation areas have greatly enhanced our environment and preserved and maintained local areas? Will she encourage in councils the rejection of the notion that because some historic buildings have gone in particular areas, they should not be accepted for conservation area status? Will she in particular encourage the acceptance of Bebington village as a conservation area and seek to protect the conservation area of Port Sunlight?

Meg Munn: I entirely agree that conservation areas are important for protecting and valuing our historic environment. Conservation areas and the wider historic environment should be recognised in the context of local authorities' work, particularly in their local development frameworks. Whether a local area should be made a conservation area is, however, a matter for local decision, and I am sure my hon. Friend will continue to campaign vigorously and represent his constituents well on the matter.

Greg Clark (Tunbridge Wells) (Con): In accordance with Government planning policy, in 2004 100 per cent. of new homes in south Buckinghamshire were built on brownfield sites, but is the Minister aware that every one of those brownfield sites was, in fact, a garden? Does she accept that the definition of brownfield sites is not relevant in this case, and that gardens should be exempted from the definition to remove such a crazy anomaly?

Meg Munn: I am sure the hon. Gentleman is aware, as I am, that there was a full debate on the matter only the other week—

John Bercow (Buckingham) (Con): The first of many.

Meg Munn: Hon. Members are always entitled to raise the matter. It is important that we develop more homes and that those become available for people to

live in. We know that there are pressures in the south of England, so we need to continue to consider all options and all the issues that affect them.

Mrs. Caroline Spelman (Meriden) (Con): The new Secretary of State challenged planning policy head-on in a conservation area in her own constituency when she opposed the building of a block of flats at Markland Hill. Now that the right hon. Lady is responsible for planning policy, will the Minister urge her to use the benefit of her own experience to reform planning law and restore powers to local people over where and how we get the additional housing stock that we need?

Meg Munn: Of course it is important that local authorities have appropriate decision-making powers in such situations, and of course we are always looking at and reviewing how these issues are dealt with and what needs to be taken into consideration. But any planning decision must have regard to what is appropriate in a particular environment, so the planning policies have to take those into account and give the local authorities the opportunity to make the right decisions in particular areas within a framework guidance.

Building Regulations

16. **Mary Creagh** (Wakefield) (Lab): Whether the review of building regulation G will apply to refurbished homes. [81874]

The Parliamentary Under-Secretary of State for Communities and Local Government (Angela E. Smith): Part G of the building regulations, which relates to sanitation, bathrooms and hot water storage, already applies to refurbished homes. The Department is not currently reviewing part G, but is reviewing building regulations as a whole, including water efficiency and conservation, and will look at risks and standards including those under part G.

Mary Creagh: My hon. Friend will be aware that this year 600 people, three quarters of them children under five, will receive third degree burns to a significant percentage of their body as a result of bathwater scalds. In April this year, 10-year-old Holly Devonport from Wakefield came to this place to launch the hot water burns like fire campaign; she herself lost half of the skin on her body when she fell into a scalding bath as a five-year-old. I urge my hon. Friend to ensure that we achieve change in those building regulations, just as we have made changes to prevent death from electric shocks, gas and fires. Hot water is the last huge risk that is unregulated in the home.

Angela E. Smith: I congratulate my hon. Friend on her commitment and persistence on this issue. She will be aware that in care homes for vulnerable adults measures are already in place through building regulations. We need to consider who is at risk, the level of that risk and the best way to address it. The building regulations review provides an opportunity to do that. I can give my hon. Friend an assurance that we will look carefully at the matter to see what can be done.

Homelessness

17. **Ms Sally Keeble** (Northampton, North) (Lab): What steps she is taking to provide housing for homeless people. [81875]

The Secretary of State for Communities and Local Government (Ruth Kelly): New cases of homelessness are at their lowest level since 1985 and the number of households in temporary accommodation is falling. We are achieving this by investing in homelessness prevention schemes, increasing the supply of new social housing and improving opportunities for moving from temporary accommodation into settled homes.

Ms Keeble: I welcome the progress set out by my right hon. Friend, but will she look at how local authorities interpret the preventing homelessness agenda and the Homelessness Act 2002, especially in Northampton where the local authority has refused to accept responsibility for a man who suffers from leprosy, and faces being turfed out of his home? Does she think that it is acceptable in this day and age that people with such illnesses are left homeless on the streets?

Ruth Kelly: No, I do not. I am not familiar with the case that my hon. Friend has brought to my attention today, but it is important that local authorities not only reduce homelessness but deal with individual cases in a sensitive and appropriate manner. If she would like me to look at the case that she has highlighted, I would be happy to do so.

Mark Pritchard (The Wrekin) (Con): Is the Secretary of State aware that there is no adult homelessness provision in Shropshire, which leads to homeless people sleeping in cars, in derelict cars, on Ercall wood and on the Wrekin itself. Will the Secretary of State liaise with Labour-led Telford and Wrekin council to do something about this ongoing problem?

Ruth Kelly: It is very important that we have appropriate hostels so that rough sleepers can be properly accommodated, that we take action on bed-and-breakfast accommodation so that families do not have to bring up their children in cramped conditions, and that we encourage local authorities to move people from expensive temporary accommodation into more permanent settled homes. The Government, as the hon. Gentleman will know, have taken action across all those fronts, with rough sleeping falling by 75 per cent.; we are ending the number of families in bed-and-breakfast accommodation; and investing £19 million in hostel provision. There may well be individual areas where yet more needs to be done, and we as a Government, working with Labour local councils, are committed to making that happen.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I am sure that my right hon. Friend is aware that homelessness and the shortage of affordable houses are problems not only in the south but in my constituency in Sheffield, in the north of the country. She will have

seen the report of the Select Committee on the Office of the Deputy Prime Minister, which calls for increased house building and for a significant proportion of those houses to be affordable houses for rent. In order to achieve that, will she give greater powers to three-star arm's length management organisations such as Sheffield Homes, to enable them to build new houses and to contribute to dealing with the housing shortage problem, which affects so many people?

Ruth Kelly: My hon. Friend raises an important point. Over the past nine years we have corrected the £19 billion backlog in repairs, which was vitally needed in order to improve our social housing stock. It is right that we now move our emphasis from the decent homes programme—although that needs to continue, of course—to allowing councils, including councils with arm's length management organisations, to build new council housing where that is needed. Over the next few years we will increase investment in new social homes by 50 per cent. We also recently issued a document about innovative ways of allowing local councils and ALMOs to build new homes.

Alistair Burt (North-East Bedfordshire) (Con): I think that the Secretary of State might find that this is the first year since 1997 in which homelessness figures have actually dipped—although Crisis estimates that there are 380,000 cases of hidden homelessness. However, I want to take my question away from such figures. Is not the tragedy of homelessness that its causes and cures are not so much the physical provision of accommodation, but personal matters such as relationship breakdown, mental illness, and the leaving of care or the forces? Is the Secretary of State satisfied that her Department is doing enough to encourage small charities, such as Thames Reach Bondway, King's Arms, Emmaus and the Jericho Road Project, which are trying to tackle the deep-seated causes and to provide stability for the homeless, to prevent them from being placed in accommodation to clear a statistic today only for them to become another one tomorrow when they cannot cope?

Ruth Kelly: The hon. Gentleman makes an important point. It is important that we work not only with local authorities but with the voluntary and charitable sector, to enable people to live independently for longer in their own homes, and also to support them in whatever form of accommodation is needed. We are investing about £1.8 billion through the supporting people programme, which enables people to live independently for longer. But it is also right to invest more money in hostel provision, which we are doing, and which increasingly links the accommodation needs of individuals with their job-search needs and other needs, to enable them to live independently.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Today the Government will publish their Welfare Reform Bill, which includes a major reform of housing benefit. What discussions has my right hon. Friend had with her colleagues in the Department for Work and Pensions on ensuring that the terms of the Bill sustain people in their homes, and do not lead to a rise in homelessness?

Ruth Kelly: My hon. Friend is right to draw attention to housing benefit and how it is framed, and, of course, my Department and the DWP work very closely on those issues. Let me highlight one issue. We are working with innovative local authorities such as Newham to recycle some of the proceeds from housing benefit when they use the private sector rather than the social rented sector to house vulnerable families, so that they can move more families from high-cost temporary accommodation into settled accommodation. I would like to see such innovative schemes expand. Later this year we will announce a fund for London, which may be replicated elsewhere, and which will allow such schemes to be developed further.

Social Housing

18. **Sandra Gidley** (Romsey) (LD): How many families are on council waiting lists for social housing. [81876]

The Minister for Housing and Planning (Yvette Cooper): There are 1.5 million households recorded as on the waiting list for social housing. The accuracy of the list varies from area to area, as it is updated in different ways, and lists do not assess the level of need for social housing in an area.

Sandra Gidley: Bearing in mind the 1.5 million people on the list, is the Minister proud of the fact that under her Government there has been a net loss of 584,000 social homes? Will she consider allowing local authorities to use receipts from social homes sold under the right-to-buy scheme to build more social houses, as well as bringing the 600,000 empty houses into occupation.?

Yvette Cooper: The hon. Lady will be aware that we are increasing the level of social housing and new build by 50 per cent. over the next three years, because we think that we need more of it. We are also investing a lot of the money from capital receipts in supporting housing and infrastructure throughout the country. We have said, too, that when local councils operate the social homebuy scheme, which offers people the chance to buy a share in their home, that money should be recycled into new social housing as well.

Mr. Denis MacShane (Rotherham) (Lab): In south Yorkshire, which covers Rotherham, Sheffield, Barnsley and Doncaster, according to the House of Commons the latest figures for last year show that the number of social housing dwellings built amounts to 15. Why is the figure so low?

Yvette Cooper: My right hon. Friend will be aware that the distribution of social housing depends on the bids that come forward from housing associations in different parts of the country. He might want to talk to his local council about working with housing

associations to come forward with good bids for his area, especially if there is a need for new social housing there. We need to increase the level of social housing throughout the country. It is due to increase by 50 per cent., and the Chancellor has said that social housing will be a priority in the spending review. However, we need closer partnerships among local councils, housing associations and other organisations so that good bids come forward. We also need to use the planning gain system to fund new homes.

Mr. John Leech (Manchester, Withington) (LD): Given that hundreds of families throughout south Manchester are waiting to be rehoused, will the Minister join me in condemning my local council's decision not to guarantee that a proportion of land set aside for development will be for social housing?

Yvette Cooper: Obviously, I cannot comment on individual planning decisions taken by local authorities. However, I can say that we think that local authorities should look seriously at building requirements for social housing into their planning system and approach. It is interesting that of the 140,000 new homes that were built in 2004, some 100,000 were built with no developer contribution to social housing or infrastructure. That is not fair; there should be more contributions.

Mr. Michael Wills (North Swindon) (Lab): Does my hon. Friend agree that one way of meeting the demand for social housing would be for every planning authority to stipulate that at least 30 per cent. of houses in every new development should be affordable?

Yvette Cooper: My hon. Friend is right. We should be doing more through the planning system to encourage more social housing. Clearly, the situation will vary from area to area; nevertheless, that is an important approach, which I know that my hon. Friend feels strongly about and has campaigned for. There are ways to use the planning system better, including by using the section 106 system to support and fund a lot of the new homes that are badly needed in local communities.

Michael Gove (Surrey Heath) (Con): We applaud the Government's aspirations for building more social housing, and I hope that the Minister is successful in persuading her right hon. Friend the Chancellor to help the building of social housing to return to the higher level that we had under the last Conservative Government. The Minister will be painfully aware that there are 90,000 empty residential properties in the public sector—including, of course, Dorneywood. However, her recently introduced empty dwelling management orders do nothing to tackle that problem. Instead of creating new powers to seize the homes of the dead, why do Ministers not take action to deal with the paralysis affecting Labour local authorities, such as those to which the right hon. Member for Rotherham (Mr. MacShane) referred?

Yvette Cooper: As the hon. Gentleman will be aware, his party cut investment in social housing, whereas ours has increased it. It is certainly right that land prices and construction costs were significantly lower in the early 1990s, but that was because his party engineered a massive housing market crash. I hope that that is not his approach to providing new social housing now.

The hon. Gentleman raised the issue of empty homes. He is right to say that local authorities and housing associations need to address the problem of empty homes in their areas and ensure that they are refurbished and fit for use. That is why we are putting so much money into the decent homes programme, and thus dealing with the massive backlog of repairs that his party left behind. It is irresponsible of Conservative Members to say that we must do something about the scandal of derelict and abandoned homes that have been left to blight communities, but then to oppose every single measure designed to do something about it.

ALMOs

19. **Dr. Brian Iddon** (Bolton, South-East) (Lab): When she expects to publish her report on the future of arm's length management organisations. [81877]

The Secretary of State for Communities and Local Government (Ruth Kelly): The review of arm's length management organisations was published on 7 June.

Dr. Iddon: My right hon. Friend surely knows that the Bolton ALMO is unique, in that it is the only ALMO that is regenerating estates in both the public and private sector. Will she therefore consider extending the Bolton model to other areas with high housing demand, especially urban areas with high waiting lists? She will also know that the Bolton housing waiting list has quadrupled in recent years.

Ruth Kelly: I am familiar with the Bolton at Home ALMO, which is unique in dealing with private as well as public sector housing, and is a three-star ALMO with excellent prospects for improving. My hon. Friend asks me whether the model can be extended, and I think that there is potential for extending it to other areas. He also touched on the future of ALMOs. I suggest that he is trying to get at what will happen to ALMOs after the decent homes programme has finished. My view is that it should be for local authorities, in consultation with tenants, to decide what works best for them. That will always be the yardstick by which I judge future proposals: will the proposed model make the quality of life better for the tenants or others who live in the housing stock?

Mr. Greg Hands (Hammersmith and Fulham) (Con): Will the Secretary of State also have a look urgently at the level of ALMO debts that are accumulating throughout the country? The debt portfolio of my local council, Hammersmith and Fulham, is growing—it was projected to grow under the previous Labour administration—from about £295 million to about £500 million. Almost all of that was due to ALMO

debt. Does the right hon. Lady think that that is sustainable? In only four years there has been a £200 million increase in debt.

Ruth Kelly: I am happy to examine the ALMO in Hammersmith and Fulham, which the hon. Gentleman mentions. I think that the hon. Gentleman will recognise the huge additional investment that has gone not only into housing that has gone through the stock transfer process but has also gone through ALMOs to local authorities. We are consulting on ways in which it might be possible for councils that have not gone through the ALMO process to benefit from some extra flexibility, so that they can go on to build more homes and make their communities better, as well as concentrating on the decent homes programme. There is an exciting future for local authorities that want to build up their local housing strategy function and think broadly about not only how to improve the public stock but how to improve the private stock as well, and create better mixed communities.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): When large construction companies go bust, a significant number of small to medium-sized enterprises that have completed their work for the large company will invariably go bust as well. SMEs, as we know, are the backbone of the construction industry and payment security is vital for them if they are to survive. Will my right hon. Friend ensure that during the review, part 2 of the Housing Grants, Construction and Regeneration Act 1996 will be amended to ensure that payment uncertainty in the construction industry is brought to an end?

Ruth Kelly: My hon. Friend makes an important point, and one that I know she feels strongly about. I am happy to consider the issue that she raises in the course of the review.

Local Government Finance

20. **Sir Nicholas Winterton** (Macclesfield) (Con): What discussions she has had with Sir Michael Lyons on reform of local government finance. [81878]

The Minister for Local Government (Mr. Phil Woolas): My right hon. Friend met Sir Michael Lyons shortly after her appointment, when he discussed with her his report "National Prosperity, local choice, and civic engagement", which was published on 8 May 2006.

Sir Nicholas Winterton: The Minister will know that the inquiry under Sir Michael Lyons has cost more than £2.25 million—which does include £230,000-worth of research. It appears to endorse a new council tax on housing, which will affect more than 4 million households. Will the Minister undertake pilot schemes to test Sir Michael's recommendations for changes to local government funding? If he does—and I recommend him to do so—where will these tests take place?

Mr. Woolas: I am always willing to listen to suggestions from the hon. Gentleman. [HON. MEMBERS: "Why?"] They normally come with common sense behind them, so I will consider the point that he makes. However, I hope that he will recognise that the report that Sir Michael published was his interim report. We are waiting with great interest for his final report later in the year.

Mr. Lindsay Hoyle (Chorley) (Lab): I wonder whether Sir Michael, as part of his report on local government finance, mentioned that two-tier systems within Lancashire are far more expensive for the council tax payer. Would my hon. Friend recommend single-tier government for Lancashire, given the benefit that is enjoyed in Manchester?

Mr. Woolas: I think that it would be wise for me not to do so, so I shall not be tempted to take that course of action. However, my hon. Friend may be interested to learn that we have had discussions on the economic prosperity of Lancashire with both tiers of councils very recently.

Andrew Stunell (Hazel Grove) (LD): I am sure that the Minister is well aware of the grossly unfair burden of council tax on many residents, and particularly those who are just above benefit level. Will he encourage the Secretary of State to meet Sir Michael Lyons when she is in Bournemouth tomorrow and encourage him to be radical and introduce a local government finance system based on residents' ability to pay? Perhaps the Secretary of State can play her part by linking her structural review to the Minister's financial review, which would provide joined-up government for local democracy.

Mr. Woolas: I congratulate the hon. Gentleman on, for the first time, not mentioning local income tax in a discussion about council tax at Question Time. I wonder whether that is a straw in the wind, and whether there will be a change in policy—we shall watch that space with interest. The hon. Gentleman's point about the equity of the council tax benefit system, which was the subject of one of Sir Michael's reports, is important, and I repeat that my right hon. Friend met Sir Michael recently.

Mr. Nick Hurd (Ruislip-Northwood) (Con): Having endured the doubling of their council tax since 1997, my constituents are extremely concerned about the impact of revaluation and want to know where they stand. Will the Minister tell us how soon after Sir Michael Lyons' report is published council tax revaluation will take place?

Mr. Woolas: The hon. Gentleman has made an important point. The former Minister of Communities and Local Government, my right hon. Friend the present Secretary of State for Environment, Food and Rural Affairs, made it clear in his announcement to this House that we were postponing the revaluation of domestic properties in England and that he did not expect that revaluation to take place in the life of this Parliament. That remains Government policy.

Travellers

21. **Mr. John Baron** (Billericay) (Con): What assessment she has made of issues relating to travellers in Billericay and district; and if she will make a statement. [81879]

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): I am aware that in Basildon there are currently 185 caravans on unauthorised developments. The Government have offered to work with Basildon and neighbouring authorities to identify alternative sites for Travellers currently on unauthorised developments. The primary responsibility for addressing those issues rests with Basildon council.

Mr. Baron: The Minister will be aware that with the largest Traveller site in the UK, if not Europe, situated in Crays Hill in my constituency, there is a widespread belief that there is a Government bias in favour of Travellers when it comes to illegal sites, as evidenced by the two-year and four-year stays of execution recently given to unlawful Travellers. Nowhere does that bias seem more evident than in the Government's unwillingness to meet local residents from Crays Hill, Hovefields and Pitsea to discuss the matter. As I have a letter from the Minister stating that the Government regularly meet local Travellers—they have wined and dined them—does the Minister think that the Government's refusal to meet local residents is fair, and what is she going to do about it?

Meg Munn: Strong powers are available to local authorities to address unauthorised camping and antisocial behaviour, where it occurs. The key to effective enforcement lies in new site provision.

Mr. Baron: Answer the question.

Meg Munn: The hon. Gentleman knows that I have not met local Travellers to discuss the issue, and that I do not intend to do so. I do not intend meet local residents either because, as other Ministers and I have told him, while a planning application is ongoing it is inappropriate for Ministers to engage in discussions with parties when they may have to make a decision.

Housing

22. **Mr. Andrew Turner** (Isle of Wight) (Con): What steps her Department is taking to manage housing demand. [81880]

The Minister for Housing and Planning (Yvette Cooper): Rising housing demand is driven by demographic change, which includes the fact that more people live alone, and by the needs of the economy. If we do not respond to rising housing demand, we will see first-time buyers priced out of the market, rising overcrowding and pressures on recruitment for businesses and public services, which is why we support the provision of new homes.

Mr. Turner: I am grateful for that answer. Rising demand is driven not only by smaller house sizes, smaller family sizes and longer lives—we welcome that—but by international migration, which accounts for 30 per cent. of rising demand. Is not it cruel and heartless to hand out work permits to people who have no realistic prospect of finding accommodation when they get to this country and who compete, when they arrive, with our most vulnerable fellow citizens for that rare accommodation?

Yvette Cooper: Obviously the hon. Gentleman is right to say that one has to take a sensible approach to immigration and housing policy. However, we must recognise that immigration supports our economy. Migrant workers contribute around 10 per cent. of Government tax receipts and account for only 8 per cent. of Government spending. They are critical to the economy. Of course we must ensure that appropriate housing is in place. I emphasise that 72 per cent. of household growth is accounted for by single households. We need to ensure that we build more new homes to meet the overall needs of the economy, and our changing and increasing population.

Richard Burden (Birmingham, Northfield) (Lab): My hon. Friend knows that housing demand is perhaps at its most acute among the homeless. She will also know that in December she announced £88 million of assistance to local authorities with homelessness projects. However, does she know that on 7 February the Conservative cabinet member for housing in Birmingham claimed, in response to a question from his son, who is also a Conservative councillor in Birmingham, that the city had received "not one single penny" from that fund? He has repeated that on two or three subsequent occasions, even saying that my hon. Friend should apologise to the people of Birmingham. Is he telling the truth?

Mr. Speaker: Order. The hon. Gentleman is an experienced Member. He should know that supplementaries should be brief. *[Interruption.]* Sometimes I have seen the hon. Member for Wallasey (Angela Eagle) take her time over her supplementaries, too. The point is that I went over the time to call the hon. Gentleman, and I therefore expected a brief question. I would appreciate it if the hon. Lady did not tell me how to chair the proceedings. She would not know where to start.

Yvette Cooper: My answer is brief. In December 2005, Birmingham city council was allocated £650,000 of homelessness grant for 2006-07. It has been given an indicative allocation for the same amount for 2007-08. Those are the facts.

Points of Order

3.32 pm

Mike Penning (Hemel Hempstead) (Con): On a point of order, Mr. Speaker. I tabled a question on 23 June to the Home Office asking how many people on the sex offenders' register had gone missing. It was a named-day question for 26 June. It is now 4 July and I have not received even a holding answer. Is it right for Back-Benchers' questions to be completely ignored? What is your advice?

Mr. Speaker: I am grateful to the hon. Gentleman for raising the matter. I have had a discussion with the Leader of the House, who informed me that he is speaking to Ministers to get them to hurry up and put the information before the House.

Mark Pritchard (The Wrekin) (Con): On a point of order, Mr. Speaker. Yesterday, the armed forces Minister presented a written statement to the House about changes to the Defence Logistics Organisation, which will mean job losses in Shropshire. Should not a statement of such magnitude and with such an impact on constituents throughout Shropshire, especially my own in The Wrekin, be oral, not written?

Mr. Speaker: I am not privy to how those statements are made. Whether a statement is oral or written is up to the relevant Minister. Of course, if hon. Members are dissatisfied with that, it is up to them to apply for urgent questions.

Member Sworn

The following Member took and subscribed to the Oath:

David Clifford Davies Esq., for Blaenau Gwent.

PRESENTATION OF BILL

Welfare Reform

Mr. Secretary Hutton, supported by the Prime Minister, Mr. Secretary Prescott, Mr. Chancellor of the Exchequer, Mr. Secretary Alexander, Ms Secretary Hewitt, Mr. Secretary Hain, Mr. Secretary Darling, Mr. Jack Straw, Ms Harriet Harman, Mr. Jim Murphy and Mrs. Anne McGuire presented a Bill to make provision about social security; to amend the Vaccine Damage Payments Act 1979; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Wednesday 5 July, and to be printed. Explanatory notes to be printed [Bill 208].

Caravan Sites (Security of Tenure)

3.35 pm

Julie Morgan (Cardiff, North) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for security of tenure for Gypsies and Travellers on local authority caravan sites; and for connected purposes.

I should like to begin by describing a case that brings security of tenure for Gypsies and Travellers into sharp focus and demonstrates the vulnerability of their position and the resulting injustice. In May 2004, the European Court of Human Rights decided the case of Connors v. the United Kingdom, in which the claimant had been evicted from an official local authority Gypsy site on which she had resided for many years. There were allegations of nuisance, but the local authority did not have to plead those allegations nor prove its case in the possession action that it took in the county court, because the Caravan Sites Act 1968 provides that all that a local authority has to do to gain possession of a pitch on a Gypsy site is to provide 28 days' notice of termination of the Gypsy's or Traveller's licence and then obtain a court order. In Connors v. the United Kingdom, the local authority had served such a notice, leaving the occupant without a defence. The court could neither scrutinise the allegations that had prompted the local authority to serve the notice nor decide whether they were proved and, if proved, decide whether it was reasonable for a possession order to be made. The European Court of Human Rights decided that that lack of any procedural safeguard was a clear breach of the occupant's rights under article 8 of the European convention on human rights, which provides a right to respect for that person's home, private life and family life.

Looking back on that case now, one could say that that appears to be an obvious conclusion. Most council tenants in bricks and mortar housing have full security of tenure under the Housing Act 1985. Only those on a trial period under an introductory tenancy, those whose tenancy has been demoted for antisocial behaviour, or those in accommodation for the homeless do not enjoy those full rights. If a local authority wishes to take possession proceedings against a council secure tenant, it must establish one of the grounds of possession in the Act. In the case of discretionary grounds, as in cases involving rent arrears or nuisance allegations, the court must also be satisfied that it is reasonable to grant a possession order.

In November 2004, the Government sent a memorandum to the Council of Ministers indicating that they accepted that they would have to change the law to introduce security of tenure on official local authority Gypsy and Traveller sites. The indications given at the time were that this would be achieved by referring the matter to the Law Commission, which was working on reforms to security of tenure with regard to tenancies of bricks and mortar dwellings. While that was awaited, Gypsies and Travellers on official sites remained without security of tenure.

In the meantime, on the face of it, local authorities were still entitled to seek a possession order without pleading or proving any grounds of possession. Relying on the Connors case, lawyers representing Gypsies and Travellers facing eviction were compelled to resort to article 8 of the European convention and to argue that this could provide a defence to the county court claim for possession of the land, oblige the court to investigate the allegations and decide the issues, and entitle the court to refuse to make a possession order where it considered it disproportionate to do so.

However, to succeed in that argument Gypsies and Travellers had to overcome the decision of the House of Lords in London Borough of Harrow v. Qazi, decided in July 2003. The House of Lords decided that the defendant could not rely on article 8 as a defence, as the domestic legislation provided an automatic justification for any interference with his right to respect for his home and family life.

The challenge to Qazi returned to centre stage in March this year, when the House of Lords, sitting as a seven-member court, heard the cases of Kay v. London borough of Lambeth and Price v. Leeds city council together. By a majority of four to three, the House held that the Connors ruling was, to a limited degree, inconsistent with its decision in the Qazi case. It decided that the Qazi ruling must be modified to the extent that in cases of a special and unusual kind, such as the Connors case, interference with the occupier's article 8 rights would have to be justified by a decision-making process that ensured that some special consideration was given to those interests.

In May 2006, the Law Commission produced a consultation document entitled "Renting Homes: The Final Report". It is the commission's final report—now out for consultation—on the question of reform of security of tenure for tenants of dwelling houses. Despite what had been indicated soon after the Connors decision, there is no reference by the Law Commission to the situation on Gypsy sites. Moreover, it would appear to be by no means certain that the Law Commission's draft legislation—appended to its report—will go any further. In the light of that, there are still no firm proposals from the Government on what should be done about security of tenure for Gypsies and Travellers on permanent official sites.

I ask this: why should the clearly delineated statutory protection afforded to a council "bricks and mortar" tenant not also be available to a Gypsy or Traveller occupying a pitch on a permanent local authority site in the same circumstances? Both the European Court of Human Rights and the House of Lords have held the present law enacted by Parliament to be in breach of article 8 of the convention, which provides for the right to respect for a person's home and family life. The rights of Gypsies and Travellers on official sites are also in stark contrast with the charter of rights—recently significantly strengthened by the Housing Act 2004—given to occupants of pitches in park homes regulated by the Mobile Homes Act 1983.

More than 50 years after the United Kingdom signed the European convention on human rights, why should Gypsies and Travellers on local authority sites be compelled to rely on the ingenuity of housing and human rights lawyers—and, of course, their availability—to gain what can only be called basic human rights, whereas "bricks and mortar" dwellers have their rights clearly enshrined in statute and readily applied by the courts? The threat of losing one's home, with the risk of children being taken into care, is a

[Julie Morgan]

frightening experience, not just for the tenant or licensee of a pitch but for the whole family.

Parliament's intervention in the form of section 211 of the Housing Act 2004, which gives the courts power to suspend possession orders, does not deal with the mischief that I seek to cure in the Bill. The current state of the law continues to be a source of anxiety, distress and hardship to Gypsies and Travellers on official sites, and clearly defined rights need to be enacted. I tabled the Bill for that reason, and I thank Chris Johnson of the Community Law Partnership and Andrew Ryder for their help in drafting it.

The Bill is designed to adapt the provisions that apply to secure tenants under the Housing Act 1985 to the circumstances of Gypsies and Travellers on official sites. It provides for such rights to be acquired after a successful trial period, and to be lost by means of a demotion order when abused through antisocial behaviour. All that I seek to do is put occupants of local authority official sites on a par with occupants of local authority "bricks and mortar" accommodation. If Gypsies and Travellers on official sites are to be given equivalent security of tenure, it follows logically that they should also have the rights enjoyed by tenants of council housing in relation to succession, assignment, right to exchange and relevant repairing obligations. Accordingly, those matters are also included in the Bill.

In passing, I should like to mention the initiative of Oxfordshire county council, which, in producing new licence agreements for its six county council sites in July 2005, included such rights as a matter of contract.

The Bill is intended to have effect in England and Wales. According to the latest caravan count figures, nearly 50 per cent. of Gypsies and Travellers who live in caravans in England live on official local authority sites. There are no up-to-date statistics for Wales, but I am glad to note that the recent Niner report on Gypsy and Traveller accommodation needs in Wales, commissioned by the Welsh Assembly Government, has recommended that an up-to-date count be undertaken.

The time has come to make sure that Gypsy and Traveller occupiers of local authority sites receive the same protection, corresponding to local authority "bricks and mortar" tenants. We must respect their rights to a secure home and family life. The Bill will provide such protection and security, so I commend it to the House.

Question put and agreed to.

Bill ordered to be brought in by Julie Morgan, Mr. David Amess, Ms Karen Buck, Mr. Martin Caton, Harry Cohen, Jeremy Corbyn, Mr. David Drew, Nick Harvey, Kelvin Hopkins, Bob Russell, Mr. Andrew Slaughter and Mrs. Betty Williams.

Caravan Sites (Security of Tenure)

Julie Morgan accordingly presented a Bill to make provision for security of tenure for Gypsies and Travellers on local authority caravan sites; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 20 October, and to be printed [Bill 206].

Orders of the Day

CONSOLIDATED FUND (APPROPRIATION) (NO. 3) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

FINANCE (NO. 2) BILL *[WAYS AND MEANS]*

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(b) (Money resolutions and ways and means resolutions in connection with bills),

Repos and other structured finance arrangements

That provision may be made in the Finance (No. 2) Bill for the purposes of income tax and corporation tax in relation to—

(a) arrangements for the sale and repurchase of securities, and

(b) other arrangements that equate, in substance, to transactions for the lending of money.—*[Ed Balls.]*

Question agreed to.

Finance (No. 2) Bill

Bill not amended in the Committee and as amended in the Standing Committee, considered.

Ordered,

That the Finance (No.2) Bill, as amended, be considered in the following order, namely, new Clauses relating to Part 6, new Schedules relating to Part 6, amendments relating to Clauses 155 and 156, Schedule 20, Clause 157, remaining new Clauses, remaining new Schedules, amendments relating to Clauses 1 to 27, Schedule 1, Clause 28, Schedule 2, Clause 29, Schedule 3, Clauses 30 to 37, Schedule 4, Clauses 38 to 42, Schedule 5, Clauses 43 to 76, Schedule 6, Clauses 77 to 79, Schedule 7, Clauses 80 and 81, Schedules 8 and 9, Clause 82, Schedule 10, Clauses 83 to 86, Schedule 11, Clauses 87 and 88, Schedule 12, Clause 89, Schedule 13, Clauses 90 and 91, Schedule 14, Clauses 92 to 102, Schedule 15, Clauses 103 and 104, Schedule 16, Clause 105 to 134, Schedule 17, Clauses 135 to 146, Schedule 18, Clauses 147 to 154, Schedule 19, Clause 158, Schedule 21, Clauses 159 and 160, Schedule 22, Clause 161, Schedule 23, Clauses162 and 163, Schedule 24, Clause 164, Schedule 25, Clauses 165 to 178, Schedule 26, and Clauses 179 and180—*[Dawn Primarolo.]*

New Clause 2

TRUSTS RELATING TO DIVORCE, LIFE PROTECTION POLICIES AND DISABLED PERSONS

'The provisions of Schedule 20 shall not operate so as to discourage, impede or prevent the use of trusts which are set up—

(a) as a result of relationship breakdown and create a "relationship breakdown settlement interest", as defined in section 59A of the Inheritance Tax Act 1984; or

(b) in relation to the proceeds of life protection policies, as defined in section 58(4) of the Inheritance Tax Act 1984; or

(c) by or in favour of disabled persons within the definition set out in section 89 of the Inheritance Tax Act 1984.'.—*[Mrs. Villiers.]*

Brought up, and read the First time.

3.48 pm

Mrs. Theresa Villiers (Chipping Barnet) (Con): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

Amendment No. 58, in schedule 20, page 377, line 21, after 'minor', insert '(whether by exercise of trustees' powers under such a will or otherwise).'.

Amendment No. 56, page 380, line 30, at end insert—

'(4A) Where—

(a) section 71 above applied to settled property immediately before 22nd March 2006,

(b) on or after that date a beneficiary (within the meaning of section 71 above) ("B") became entitled to an interest in possession in that settled property, and

(c) before that interest in possession had come to an end and while B was under the age of 25 and before [6th April 2008] that settled property became held for the benefit of B on trusts such as are mentioned in subsection (3)(b)(i) above,

subsections (3) and (4) above shall apply as though the settled property had become held on the trusts referred to in paragraph (c) above immediately at the time B in fact became entitled to the interest in possession referred to in paragraph (b) above.'.

Government amendment No. 70.

Amendment No. 34, page 386, line 3, after 'interest', insert ', or

(d) a relationship breakdown settlement interest.'.

Government amendments Nos. 71 to 74.

Amendment No. 59, page 386, line 42, after 'but', insert '(unless B was the spouse or civil partner of the person entitled to the prior interest)'.

Government amendments Nos. 75 to 77.

Amendment No. 5, page 388, line 18, at beginning insert—

'6 (1) In section 89 (trusts for disabled persons)—

(a) in subsection (4)(a) at end insert—

"(aa) a person who lacked capacity within the meaning of section 272 below, or";

(b) in subsection (4)(c), leave out "or middle" and insert "middle or lower"; and

(c) after subsection (4)(c) at end insert—

"(d) a person who satisfies the Commissioners for Her Majesty's Revenue and Customs that he had a condition that it was at that time reasonable to expect would have such effects on him as to lead to him becoming a person—

(i) falling within subsection (4)(a) or (aa) above, or

(ii) in receipt of an attendance allowance mentioned in subsection (4)(b) above, or

(iii) in receipt of a disability living allowance mentioned in subsection (4)(c) above.".'.

Amendment No. 6, page 388, line 29, after '89(4)(a)', insert 'or (aa)'.

Amendment No. 7, page 388, line 34, leave out 'or middle' and insert ', middle or lower'.

Government amendment No. 78.

Amendment No. 8, page 390, line 26, leave out 'or middle' and insert ', middle or lower'.

Amendment No. 9, page 390, line 46, leave out 'or middle' and insert ', middle or lower'.

Amendment No. 10, page 391, line 2, at end insert—

'(7) The reference in subsection (1) above to a disabled person includes, in relation to any settled property, a reference to a person who satisfied Her Majesty's Revenue and Customs that he would, when the property was transferred into settlement, have been entitled to an attendance allowance or disability living allowance, by virtue of entitlement to the care component at the highest, middle or lower rate, whether or not such an allowance was actually claimed.'.

Government amendment No. 79.

Amendment No. 35, page 393, line 9, at end insert ', and

(iv) not a relationship breakdown settlement interest."'.

Amendment No. 32, page 393, line 9, after 'interest', insert—

'10A (1) Section 10 of IHTA 1984 is amended as follows.

(2) In subsection (1)(b) after "with each other", insert ", or

(c) it is made in accordance with or pursuant to a court order in proceedings for the following types of provision—

(i) financial relief for the parties to a marriage and any children of the family in connection with proceedings for divorce, nullity of marriage or judicial separation including, but not limited to, property adjustment orders or variation of settlement orders under section 24 of the Matrimonial Causes Act 1973 or orders under

section 8 of the Family Law (Scotland) Act 1985 and any successive legislation; or

(ii) financial relief for the parties of a civil partnership in connection with proceedings for dissolution of the civil partnership including, but not limited to, property adjustment orders or variation of settlement orders under Schedule 5 of the Civil Partnership Act 2004 and any successive legislation; or

(iii) where a marriage has been dissolved or annulled or the parties to a marriage have been legally separated, by means of judicial or other proceedings in an overseas country and the divorce, annulment or legal separation is entitled to be recognised as valid in England and Wales, in Scotland or in Northern Ireland, financial relief for the parties to the marriage and any children of the family including, but not limited to, property adjustment orders or variation of settlement orders under section 17 of the Matrimonial and Family Proceedings Act 1984 or orders under section 8 of the Family Law (Scotland) Act 1985 and any successive legislation; or

(iv) financial relief for the benefit of a child including, but not limited to, a transfer or settlement of property under paragraph 1 of Schedule 1 of the Children Act 1989 and any successive legislation."'.

Government amendment No. 80.

Amendment No. 36, page 396, line 15, at end insert ', or

(c) a relationship breakdown settlement interest."'.

Amendment No. 37, page 396, line 30, at end insert ', or

(d) a relationship breakdown settlement interest."'.

Amendment No. 38, page 396, line 39, at end insert ', or

(d) a relationship breakdown settlement interest."'.

Amendment No. 39, page 397, line 24, at end insert ', or

(c) a relationship breakdown settlement interest."'.

Amendment No. 40, page 398, line 10, at end insert ', or

(c) a relationship breakdown settlement interest."'.

Amendment No. 41, page 398, line 28, at end insert ', or

(d) a relationship breakdown settlement interest."'.

Amendment No. 3, page 398, line 39, at end insert—

'(2A) After sub-paragraph 1(f) insert—

"(g) a life protection policy as defined in subsection 4 below;

(h) property representing directly or indirectly any sum paid under a life protection policy, within two years following the death of any person giving rise to that sum."'.

Amendment No. 42, page 399, line 11, at end insert ', and

(iv) not a relationship breakdown settlement interest.'.

Amendment No. 4, page 399, line 25, at end insert—

'(4) After section 58(3) insert—

"58(4) In subsections 1(g) and 1(h) above a "life protection policy" is a policy of insurance where the sum payable on the death or disability of any person is at all times no less than a number of equal to ten multiplied by the highest total sum of premiums paid in any period of twelve months."'.

Amendment No. 43, page 399, line 37, after first 'interest', insert ', or a relationship breakdown settlement interest'.

Government amendment No. 81.

Amendment No. 33, page 400, line 6, at end insert—

'20A In IHTA 1984 after section 59 IHTA 1984 insert—

"59A Relationship breakdown settlement interest

(1) Where a person ("L") is beneficially entitled to an interest in possession in settled property, for the purposes of this Chapter that interest is a "relationship breakdown settlement interest" only if the following conditions are satisfied.

(2) Condition 1 is that the settlement was effected, or if there was a prior settlement it was confirmed or varied, by a court order, in proceedings of the type mentioned in section 10(1)(c).

(3) Condition 2 is that L became beneficially entitled to the interest in possession on or before the date on which the court order came into effect.'.

Government amendment No. 82.

Amendment No. 57, page 400, line 44, at end insert 'or a disabled person's interest'.

Government amendment No. 83.

Amendment No. 44, page 401, line 21 , after 'interest', insert ', or

(iii) a relationship breakdown settlement interest.'.

Government amendment No. 84.

Amendment No. 45, page 401, line 27, after second 'interest', insert 'or a relationship breakdown settlement interest'.

Government amendment No. 85.

Amendment No. 46, page 401, line 30 , after 'interest', insert 'or a relationship breakdown settlement interest'.

Government amendment No. 86.

Amendment No. 47, page 401, line 37 , leave out 'neither' and insert 'not'.

Government amendment No. 87.

Amendment No. 48, page 401, line 37, leave out 'nor' and insert 'or'.

Amendment No. 49, page 401, line 38 , after 'interest', insert 'or a relationship breakdown settlement interest.'.

Amendment No. 50, page 402, line 2, at end insert ', or

(d) a relationship breakdown settlement interest."'.

Amendment No. 54, page 403, leave out line 1.

Amendment No. 55, page 403, line 2 , leave out 'the' and insert 'a'.

Government amendments Nos. 88 and 89.

Amendment No. 11, page 403, line 26, at end insert—

'"lacked capacity" means lacked capacity, within the meaning of the Mental Capacity Act 2005, in relation to any financial matter;'.

Amendment No. 51, page 403, line 26, at end insert—

'"relationship breakdown settlement interest" means a relationship breakdown settlement interest for the purposes of Chapter 3 of Part 3 (see section 59A above);"'.

Government amendments Nos. 90 to 92.

Amendment No. 12, page 404, line 6, at end insert—

'(iii) a disabled person's interest, within the meaning given by section 89B of that Act; or'.

Amendment No. 52, page 404, line 6, at end insert—

'(iii) a relationship breakdown settlement interest within the meaning given by section 59A of that Act, or'.

Government amendments Nos. 93 to 96.

Amendment No. 53, page 405, line 5, after 'interest', insert 'or

(iii) a relationship breakdown settlement interest.'.

Mrs. Villiers: From the day the Chancellor slipped out these proposals contained in schedule 20 of the Finance Bill in Budget note 25 on 22 March this year, they were greeted with dismay and viewed as a matter of grave concern. Protests came from thousands of professionals across the country who were deeply worried that the Government had failed to carry out any consultation on the proposals and that those proposals would have a retrospective impact on thousands of trusts. Above all, Richard Platt, of Brewin Dolphin Securities, spoke for many of similar mind when he said that the proposals would

"hit Britain's hard-working families at a time when the Government is encouraging families to safeguard their long-term financial security."

The Society of Trust and Estate Practitioners, which has campaigned hard on the issue, estimated that at least 1 million wills would have to be reviewed or rewritten. The VAT on the £250 million or so of professional fees incurred in reviewing all those wills would have outstripped the mere £15 million that the Government expected to raise from what must have been one of the least cost-effective tax proposals ever made.

The Paymaster General dismissed the measured concerns that I expressed about these matters on the Floor of the House by saying that I did not know what I was talking about. Despite that robust defence, in Committee the Government then proceeded to table no fewer than 33 amendments to schedule 20 in an attempt to mitigate the serious problems about which I and so many others had protested.

The key changes were to reduce the new tax penalty imposed on trusts where property does not vest until the age of 25, and to restore the spouse exemption for trusts set up in wills. The Chancellor's retreat continues today, with another 27 Government amendments to schedule 20. I welcome Government amendment No. 75 in particular, which more or less completes the Government's U-turn on the spouse exemption and covers the point made in our amendment No. 59. The Government dismissed my arguments on the point in Committee, but they seem now to have conceded that successive life interest for spouses should not always fall under the new regime set out in schedule 20.

John Bercow (Buckingham) (Con): Will my hon. Friend give way?

Mrs. Villiers: Certainly.

John Bercow: I am very grateful to my hon. Friend, and I look forward to supporting the amendments and new clauses that she and my other hon. Friends on the Front Bench have rightly tabled. At the outset of her remarks, she said that the Chancellor had "slipped out" these proposals. It may be that the right hon. Gentleman expatiated eloquently and at length on these matters in his Budget speech, but I do not recall him doing so. Will my hon. Friend refresh my memory as to the correct chronology of events?

Mrs. Villiers: My hon. Friend is correct. The Chancellor did not choose to refer in his Budget speech to these radical proposals, which have been called the most significant changes to inheritance tax for a generation.

I also welcome Government amendment No. 89, which effectively puts into effect our amendments Nos. 54 and 55 and removes serious technical obstacles that would have prevented trustees from making appointments under trusts set up in discretionary wills. I am grateful for the sympathetic approach to the matter adopted by the Paymaster General in Committee, which has been confirmed in the Government amendment. However, some very serious problems in respect of schedule 20, and the Chancellor's proposed new inheritance tax charges on trusts, remain unsolved.

New clause 2 and the other Opposition amendments in the group focus on four main areas: technical issues relating to trusts for young people; disability; life insurance, and trusts arising from relationship breakdown.

First, amendment No. 56 would correct an anomaly in proposed new section 71D, which was introduced in Committee and which reduces the harsh impact of schedule 20 in relation to existing accumulation and maintenance trusts. The proposed new section introduces a new taxation scheme allowing trustees to opt into a regime under which inheritance tax at 4.2 per cent. is paid if a vesting age of 25 is retained. However, if a beneficiary under such a trust has obtained an interest in possession since Budget day, it seems that the new taxation rating cannot apply because the trust entered the relevant property regime before steps could be taken to comply with proposed new section 71D. Thus, there is no opportunity to convert into a form of trust that would satisfy the new rules.

If the Paymaster General will not accept our amendments, I hope that she will at least clarify the matter. In Committee, she maintained that proposed new section 71D had been tabled merely to clarify what had always been the Government's intention. If that is so, it seems very unfair to penalise people who are victims of the Government's admitted failure to make their intentions clear on publication of the Bill.

Amendment No. 58 is also technical in nature, but would make an important change to provisions in respect of the bereaved minor trust. That is an important part of the Government's new framework, and the amendment deals with the circumstances that arise when a will leaves property on trust to a spouse for life, with the remainder going to children on trust, vesting when they reach 25. That arrangement will attract the full force of the new schedule 20 charges, unless it can be varied to comply with the requirements of proposed new sections 71A and 71D. Trustees may

[Mrs. Villiers]

wish to do that, but proposed new section 71A(2)(a) means that a change made by trustees will not enable them to opt into the bereaved minor trust regime. That is because such trusts apparently can arise only under a will and, in the circumstances that I have outlined, the trusts arise as a result of the exercise of the trustees' powers—that is, not directly under the will.

Amendment No. 58 would ensure that a change by trustees in that situation will suffice to bring the trust under the proposed new section 71A regime. If it is not adopted, many thousands of wills, perhaps more, will still need to be reviewed. I hope that, at the very least, the Paymaster General will give the House clarification on that point.

Turning to the more substantive issues, rather than the technical one, our amendments would broaden the definition of disability in section 89 of the Inheritance Tax Act 1984. Section 89 has received little attention up to now, because plenty of more useful and more flexible trusts could be set up for vulnerable people outside the scope of section 89. Now that the majority of such trusts will be hit by the new inheritance tax charges under schedule 20, the section 89 carve-out has suddenly grown significantly in importance.

Some problems in respect of trusts for disabled people have been solved by amendments tabled by the Government in Committee and the retreat continues with their amendment No. 92, which will be considered this afternoon and is to all intents and purposes identical to Opposition amendment No. 12. As drafted, the Bill would impose a double tax hit on the death of a disabled beneficiary under an interest in possession trust. Both inheritance tax and capital gains tax would be payable, which would leave disabled beneficiaries facing a higher tax bill than they would have done before Budget day. I am relieved that the Government have had second thoughts about imposing that extra tax hit on vulnerable people, despite the Paymaster General's rejection of my amendment on that matter in Committee.

Similarly, I welcome the Government's acceptance of the point made in Opposition amendment No. 52—that it would be unacceptable to leave a disabled beneficiary struggling with the administrative problems caused by the related settlement regime of IHTA section 80 when others are exempted. Unless the Bill is amended on that point, people setting up trusts for a disabled spouse will be in a more disadvantaged position than those leaving a life-interest trust in their will to a non-disabled spouse.

Even with the solution of those problems, however, significant difficulties will still arise in relation to the impact of schedule 20 on trusts for vulnerable and disabled people—some of the most disadvantaged communities in our society. Robin Williamson of the Low Incomes Tax Reform Group put it more articulately than I possibly could. He said:

"On Budget day...this year...the Government proposed—without prior consultation—the most far-reaching changes to inheritance tax in a generation. Their intention seems to be to exclude trusts for disabled people from the scope of the new tax charges to be levied on most other types of trust. But the definition of disabled person used for this purpose, substantially unaltered for more than 20 years, is so narrowly framed as to leave many disabled beneficiaries of trusts out in the cold.

While the rest of government forges ahead in its understanding of disability issues, with the Disability Discrimination Acts 1995 and 2005 ushering in a new age of inclusion, the tax system clings obstinately to ancient precedents. The final opportunity to put these matters right comes when the Finance Bill receives its third reading on Tuesday and Wednesday 4 and 5 July. We urge the Government to reconsider, otherwise this once-in-a-generation opportunity to bring the tax definition of disabled person up-to-date and into line with the rest of Government thinking on disability will have been missed."

John Bercow: So that the issue is fully intelligible to those of us who were not privileged to sit on the Standing Committee, and to others outside this place who are very interested in this point, will my hon. Friend explain precisely what is the rather narrow definition that the Government have hitherto insisted on using?

Mrs. Villiers: Yes, I shall explore that point in a moment.

In a joint statement, the organisations Mind, the Society of Trust and Estate Practitioners, the Parkinson's Disease Society, the Chartered Institute of Taxation, the Institute of Chartered Accountants, the Law Society, the Low Incomes Tax Reform Group and the National Autistic Society said:

"We are not seeking favoured treatment, but to prevent vulnerable trust beneficiaries from incurring a tax penalty that they would not have incurred before Budget day. There are so many inconsistencies in the definition in section 89 that we firmly take the view that the legislation cannot go forward as currently drafted without causing severe prejudice to the interests of vulnerable trust beneficiaries, and discrimination between different classes of beneficiary, some of whom may qualify as a "disabled person" under the definition and some of whom will not."

Turning to the point made by my hon. Friend the Member for Buckingham (John Bercow), the current section 89 definition covers two groups: people who, by reason of mental disorder within the meaning of the Mental Health Act 1983, are incapable of administering their property or managing their own affairs and people who are claiming attendance allowance or the highest or middle rate care component of disability living allowance.

4 pm

The Opposition seek to broaden both categories of the definition. In accordance with the representations made by Mind and other concerned groups, we propose to add a reference to the Mental Capacity Act 2005, so that it is sufficient if the beneficiary falls within the definition of incapacity contained in the Mental Health Act 1983 or the 2005 Act.

The problem that we seek to address with the new clause and these amendments was highlighted by James Kessler, QC, when he said:

"The definition of disabled is extremely narrow...the large majority of mentally vulnerable people will not be included. No relief is given for those with partial mental capacity... No relief is available to those who are aged or infirm or incapacitated whose disability is less than the grievous state required for relief."

Sir Nicholas Winterton (Macclesfield) (Con): I seek to broaden the debate very slightly. I fully agree with the argument being advanced by my hon. Friend from the shadow Treasury team, but is it not utterly wrong

that there should be prejudice in the Government against the cascading down of wealth from one generation to the next, particularly against those who are seeking to hand on by way of a trust to those who are disabled, either physically or mentally, or to those who have looked after their elderly parents, thus sacrificing their own career? Their future is prejudiced because of the measure that the Government want to introduce—that is, it is unfair. Does my hon. Friend agree?

Mrs. Villiers: It is certainly enormously important that parents who wish to provide for a disabled child for the rest of their child's life are not prevented or inhibited from or penalised for setting up a trust for that purpose. It seems to be the most worthwhile thing in the world for people to want to provide security for their disabled children. That is what the Opposition seek to do in our new clause and amendments this afternoon.

The Paymaster General (Dawn Primarolo): Perhaps the hon. Lady would explain to the hon. Member for Macclesfield (Sir Nicholas Winterton) that the Government carried out a consultation exercise on this very issue two years ago and that, overwhelmingly, all the organisations consulted said that they want to stick with the provisions of the Mental Health Act 1983. Would she also explain to the hon. Gentleman that we are talking about inheritance tax avoidance, not about planning for disabled children?

Mrs. Villiers: On the second point, the Paymaster General and the Government repeatedly say that schedule 20 is all about preventing the super-rich from sheltering their wealth from inheritance tax, but they adduce no evidence that trusts are used in that way. It is almost impossible to see how trusts can be used in that way, because they are taxed in the same way as an outright gift. The reality is that schedule 20 will hit a vast number of arrangements that have nothing at all to do with taxation. The fact that someone might wish to save their money and put it into a trust to provide after their death for their disabled child seems to have nothing whatsoever to do with inheritance tax.

I am glad that the Paymaster General referred to the consultation that the Government carried out, but she failed to mention that the consultation on the definition is two years old.

Dawn Primarolo: I just said that.

Mrs. Villiers: I am sorry—a slight omission—but certainly no mention was made of the fact that the consultation was carried out in the context of an income tax provision, which did not have nearly the same significance as section 89. Furthermore, again, I quote the QC to whom I referred earlier:

> "Until now the tax reliefs for disabled persons have been almost entirely irrelevant because the value and importance of the reliefs have been trivial. The reliefs have not been significantly used because they are more trouble than they are worth. Thus it does not matter that the definition of disabled has been drawn extremely narrowly."

Even more importantly, the Mental Capacity Act 2005 had not been finalised when the consultation was carried out, so it would have been difficult for the organisations to refer to such matters directly. Although a significant number of charitable organisations were involved in the consultation, only six responded on that issue during the two consultation exercises that were carried out.

A number of influential organisations protested that the definition was too narrow. On this point, the Treasury summary of the responses states:

> "There was concern that the definition of vulnerable set out in the discussion papers—which covered disabled people and orphaned children—was too narrow."

In Committee, the Paymaster General referred to the Disability Alliance as supporting the current section 89 definition. I would therefore like to quote from its response on the consultation, which it publishes on its website. Under the heading "Defining categories of disabled people", it states:

> "The proposals to restrict eligibility to those mentioned in paragraph 2 above appears to be far too restrictive and would exclude many disabled people who are currently defined under social security legislation. In this regard it would not appear to fit in with the government's proposal of fairness."

I was only too happy to take up the Minister's invitation to refer to the consultation.

Mr. Philip Dunne (Ludlow) (Con): The Paymaster General quite rightly points out that the consultation began more than two years ago, but she has failed to acknowledge that no mention was made during that consultation of the main issue before us in relation to the changes in schedule 20—the reduction in age from 25 to 18 for accumulation and maintenance trusts. That was not referred to in the consultation at all. Nor was any evidence given by the Paymaster General in Committee of any systematic abuse. The consultation exercise failed to reveal the issues that the Government are now trying to introduce.

Mrs. Villiers: I agree that it was deeply unfortunate that the Government carried out the two-year consultation and never once mentioned the proposals on inheritance tax that they were seeking to put forward.

Rob Marris (Wolverhampton, South-West) (Lab): Will the hon. Lady indicate whether her amendments are aimed at dealing with trusts for people with disabilities set up inter vivos or on death? Those things are very different in terms of whether one is making provision for a child with a disability. Amendment No. 7 seeks to include the lower rate of disability living allowance as a kind of qualifying gateway. What level of disability is encompassed by the lower rate of DLA definition? Will she give some examples?

Mrs. Villiers: I will come to the second point later. On the first point, the amendments are most important in relation to inter vivos trusts, because at least there are other options open in relation to trusts set up on death. After the Government's amendments in Committee, it will now be possible to set up life-interest trusts under a will without suffering the tax penalties. The primary advantage to be gained by the Opposition's amendments is in relation to the establishment of inter vivos trusts, which would obviously otherwise incur the charges.

Rob Marris: I am grateful for that clarification. Perhaps I have misunderstood the hon. Lady, and she can clarify things if I have, but the reply that the Opposition amendments are related to inter vivos trusts suggests that we are talking about a tax dodge, rather than the laudable aim of a parent of a child with a disability—who will have that disability for life and who is likely to outlive their parents—who wants to make provision for that child after the parent is gone. I can see the situation with trusts on death, but the hon. Lady is talking about amendments relating to inter vivos trusts. I hope that she will realise why there appears—certainly prima facie—to be a tax dodge in that scenario.

Mrs. Villiers: I know that the hon. Gentleman is keen to crack down on tax avoidance, but it is harsh to accuse parents who set up trusts to provide for their disabled children of doing that for motives of tax dodging. Let us take, for example, a situation in which the parents of a disabled child are becoming elderly. They may find it difficult to continue to manage the financial affairs as their own capacity starts to diminish. It is an entirely understandable wish on the part of a parent to get things sorted out, set up and finalised well before they die. There is a real social need to sort out and secure the future of one's children, even before one's death.

The definition in the 2005 Act is much broader than in the 1983 Act and will more easily cover the people with partial, variable and fluctuating levels of capacity to which I referred earlier in the quote from James Kessler, QC.

Moreover, the definition in the 2005 Act is more up to date—many of the relevant provisions of the 1983 Act are soon to be repealed. That Act is geared towards determining whether compulsory treatment is required. The background to its operation is the question whether someone is a risk to themselves or others—that is, whether they should be sectioned. In contrast, the 2005 Act focuses on whether someone has the capacity to manage their own affairs and considers their ability to make decisions about their own lives. It is much more empowering. It focuses more closely on the situation that we are considering, whereby a disabled person may wish to use a trust to assist them in managing their property. Our amendment is focused specifically on capacity in relation to financial matters.

The key problem is that many people who need trusts to help them to tackle the serious difficulty that they may have in managing their finances fall short of the degree of mental illness required to bring them within in the definition in the 1983 Act. For example, many people who have a diagnosis of manic depression or schizophrenia will not be ill enough to fall within that definition, yet they may be the very people who need trusts most of all. As the charity, Rethink, points out on its website, people with manic conditions often believe that they are richer than they are and go on irrational spending sprees. One family wrote to me about the trust that it had set up for their daughter, whose bipolar disorder, more commonly known as manic depression, leads to such irrational spending. They said:

> "We are not wealthy and we imagine our assets are probably about average or less for families that live in this part"—

of the country.

> "We know that other parents in Scotland of modest means whose children suffer manic depression or problems such as drug addiction, alcoholism etc. have also set up IIP trusts. We need flexibility from limited funds to care for the surviving spouse as well as for a mentally sick (but not disabled) offspring. We write to ask you to seek to influence the legislation. We are concerned that trusts that have no tax avoidance intention or action will suffer unfairly large taxation...Our sole intention is to provide trustees to regulate my daughter's income so that she does not make herself destitute by claiming her legal share of assets if they are not protected by an existing IIP trust."

I hardly think that people in that position can be accused of engaging in a tax dodge, as the hon. Member for Wolverhampton, South-West (Rob Marris) suggested. Unless amended, the Bill will impose a 20 per cent. tax charge on capital plus a 6 per cent. tax charge every 10 years on a trust of this nature set up for a vulnerable person. The definition in the 2005 Act was subject to 12 years of consultation. It has a wide range of support among groups working with people with mental health difficulties, and I appeal to the Government to accept its incorporation into the Bill.

Turning to the second limb of the section 89 definition, the Low Incomes Tax Reform Group and its influential coalition point out that the benefits-related test is a very blunt instrument. In many cases, people with serious disabilities will not qualify for the middle or highest rate care components of disability living allowance as required by section 89. To qualify even for the middle rate—here I respond to the intervention by the hon. Member for Wolverhampton, South-West—someone must be so severely disabled that they require frequent attention or continual supervision throughout the day or night. In particular, the provision excludes beneficiaries under trusts set up for personal injury damages or to cover money from disaster funds, who may have a high mobility component and a lower care component of DLA—in other words, they may need an hour's care a day or more but not frequent or continuous care. Surely such cases, where for example personal injury damages have been obtained, are exactly the type of situation in which a trust can be most useful, in that a large cash sum is received that has to be managed carefully to provide for the rest of the beneficiary's life. Again, the Government want to slap a 20 per cent. up-front charge on those damages and a 6 per cent. charge on capital every 10 years. As the Society of Trust and Estate Practitioners points out, such people can ill afford to pay those new charges since the quantum of damages awarded to them has been carefully assessed to meet their needs for the rest of their life.

We should remember that the sums involved in such damages settlements and court cases are likely to be very significant. As they are intended to cover the rest of the claimant's life, with the high cost of living with disability factored in, they may well exceed the inheritance tax thresholds. The Opposition have tabled cautious amendments to extend the scope of section 89 as regards those who can claim the lower rate of the care component. That would embrace many more disabled people. We urge the Government to accept those amendments in order to seize this last opportunity to prevent schedule 20 from penalising some of the most vulnerable and disadvantaged people in our community.

4.15 pm

Rob Marris: I declare an interest, in that I used to work for Thompson's personal injury solicitors, who give money to my constituency Labour party. I point out to the hon. Lady that under her amendments some personal injury victims would get a windfall. When their awards were calculated the then tax regime would have been taken into account, and if she then ameliorated the tax regime, those individuals would get a windfall. Secondly, the Government are, rightly, encouraging PI victims with large settlements to take them as a series of staged payments, to put it in the vernacular, rather than in one large lump sum.

Mrs. Villiers: The point is that the courts have not taken the new tax regime into account. The changes will impact on existing trusts, so, far from a windfall, there will be a tax penalty. Even if the courts had been sharp enough to say, "We will look at what is in the Finance Bill and start tailoring compensation awards accordingly," how are they supposed to know how the legislation will turn out? Only two days ago, the Government were still tabling amendments. They have tabled 50 amendments to schedule 20. It is completely impossible for any court in a PI case to have tailored its settlement to take into account the current tax regime because, quite frankly, no one knows what it is. The hon. Gentleman may shake his head, but he knows that that is a valid point. *[Interruption.]* Indeed, the Government have been making it up as they go along.

That brings me neatly to insurance, and a prime example of how the Government have been making it up as they go along. It has been a problem for them ever since they slipped out Budget note 25. They simply did not think through the impact of schedule 20 on millions of people who hold life insurance policies in trust. Writing insurance policies into trust has been considered best practice for many years because it means that money can be paid out to the family swiftly in the event of tragedy, without lengthy delays waiting for a grant of probate. It also means that it is simple and easy to change the beneficiaries under a policy to take account of changing family circumstances.

Data from the Association of British Insurers suggest that there are 22.5 million single premium and regular premium life policies in force, and anecdotal evidence indicates that about 20 per cent. are written in trust. The ABI estimated that about 4.5 million policies may have to be reviewed as a result of schedule 20. The families affected would be faced, at worst, with the threat of a punitive new tax bill, and at best with the need to review and amend their policies. Prudential and Standard Life both suspended the sale of life policies under trust because of the uncertainty surrounding the Finance Bill.

Initially, the Government's reaction was denial. They denied that there was a problem. They issued a guidance note and dismissed the furore as scaremongering. However, following the Bill's publication, it was clear that there was no specific exclusion for life policies. Kevin Martin, the Law Society president, confirmed that millions of life policies would still be caught. Julie Hutchinson of Standard Life expressed the concerns of many when she said:

> "We're extremely disappointed that the clear statements in the guidance note are not carried into effect in the bill itself and will be making further representations via the ABI on this retrospective effect issue".

The concerns that I set out on Second Reading were brushed aside, then a few weeks later, in Committee, the Government suddenly tabled a set of deeply obscure and complex amendments. Although I welcome the Government's change of heart on that, as on so many other aspects of schedule 20, a number of serious problems remain. As Colin Jelly of Skandia Life pointed out, the Government's amendments in Committee were only a small, albeit a welcome, step in the right direction. He said:

> "A significant number of people are still likely to be affected by the changes and the government is doing nothing more than tinkering at the edges of the proposed legislation."

The carve-out introduced by the Government in Committee does not cover all pre-Budget day policies. It therefore contravenes the Treasury's guidance note of 7 April and the statement made to the House by the then Chief Secretary on Second Reading that

> "no one who wrote a life insurance policy in trust before Budget day will have to pay a new inheritance tax charge as a result of these changes."—[*Official Report*, 24 April 2006; Vol. 445, c. 369.]

This statement is still not true. The new charges will still apply to pre-Budget day policies where there is a change of beneficiaries, except where that change results from death. If, for example, a new baby is added to a policy, that will amount to a new settlement and will trigger the new penal schedule 20 regime. Furthermore, where an interest in possession is removed from someone who remains a beneficiary, the new reservation of benefit rules in paragraph 33 of the schedule mean that the trust could be liable for a 40 per cent. inheritance tax charge on the death of the former life tenant.

Because of those gaps in the protection provided by the Government amendments that were made in Committee, substantial numbers of people—perhaps millions—will have to review their policies. Even more worryingly, the Government's climbdown in Committee does nothing to assist life insurance policies written into trust after Budget day, all of which will be subject to the new regime and charges. Having originally thought that no policies would be affected at all, the Government appear to be happy that some policies will be caught by the new charges from now on. Almost by accident, they have proposed to introduce significant new taxes on life insurance policies that will operate in an arbitrary way when the 6 per cent. charge is levied on the 10-year anniversary of the trust.

Sir Nicholas Winterton: Why does my hon. Friend think that the Government are against saving, which is for the benefit not only of an individual family but of the country? The measures appear to accuse people of avoiding inheritance tax—I personally believe that inheritance tax is a pernicious second tax, which I would abolish altogether—but why is it wrong to save for insurance policies related to a trust?

Mrs. Villiers: To be fair to the Paymaster General and the Government, I do not think that they are actively against saving, and I do not believe that their

[Mrs. Villiers]

motivation in schedule 20 is to try to discourage saving. However, the reality is that the new charges are a tax on thrift, prudence and responsible behaviour, which is why the Opposition oppose the new inheritance tax charges.

Dawn Primarolo: But does the hon. Lady agree with her hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) that inheritance tax should be abolished—yes or no?

Mrs. Villiers: We have made it clear that we are not making promises to cut taxes at present. We accept the long-term importance of reductions in taxes, but—

Dawn Primarolo *rose—*

Mrs. Villiers: I will give way to the right hon. Lady in a moment.

We have promised to share the proceeds of growth between real increases in public spending and reduced borrowing and taxes over the economic cycle.

Dawn Primarolo: If the hon. Lady is not making any commitments at all, bearing in mind what her hon. Friend the Member for Macclesfield said about abolishing inheritance tax, will she give him an undertaking that she will consider the matter and inform him and the House in due course?

Mrs. Villiers: Our tax reform commission is looking at all those issues, and it will report very soon.

We are not discussing the current inheritance tax regime, however, but penal new inheritance tax for people who use trusts to provide responsibly for their future and for the future of their family. The new taxes will operate in an arbitrary way, because the value of the life insurance policy—*[Interruption.]*

Mr. Speaker: Order. The Economic Secretary should not interrupt the hon. Lady, because it is unfair.

Mrs. Villiers: Thank you very much, Mr. Speaker.

Sir Nicholas Winterton: I am not seeking a commitment from my hon. Friend that we should abolish inheritance tax. I was expressing a view as an independent Conservative—the tax is pernicious, and we should consider abolishing it in due course—but I was not asking her to give a commitment.

Mrs. Villiers: I am grateful to my hon. Friend.

Returning to the subject of the debate, the arbitrary operation of schedule 20 in relation to life insurance policies arises because those policies depend on the health of the person insured. They have virtually no market value unless the insured person is very ill or terminally ill. If the 10-year anniversary occurs when they are fit and healthy, the value of the policy is minimal, and inheritance tax is not payable, because its value is likely to be below the nil rate band.

If, however, the insured person becomes seriously or terminally ill just before that 10-year anniversary occurs, that could push the value of the policy above the threshold and the IHT charge will apply. At this point there is no property in the trust to pay the tax, and the insured person faces an unwelcome extra tax bill at a time when their possibly terminal illness presumably means they are too ill to work. Remember, the proceeds generated by such policies must be very considerable to give bereaved families a sufficient income on which to live, so it is entirely possible that a tax charge will be triggered in this situation. Not only is schedule 20 a tax on prudence, but in this instance it is a tax on terminal illness as well.

Opposition amendments Nos. 3 and 4 would take policies such as term insurance, whole life insurance and critical illness cover out of the scope of the new charges. The amendments are drafted to take out policies that insure against a specific risk or tragic event, such as early death or critical illness hitting the family's principal breadwinner. They are designed to leave other insurance policies, which are essentially savings-based, within the new schedule 20 framework. The ABI expressed support for similar amendments tabled in Committee, stating:

"We are particularly concerned about the impact"—

of schedule 20—

"on individuals buying life insurance to protect dependants from financial hardship following death or serious illness...It is important that people should be encouraged to take financially responsible steps to protect their dependants from hardship in the event of a tragedy. The tax system should not create disincentives for prudence by introducing unnecessary tax charges. Life insurance offers valuable financial protection for individuals and their family in the event of an early death or serious ill-health, which can have dramatic adverse consequences particularly if the life insured is the main or only income provider. It provides the means for those even on modest incomes to be self-reliant and not dependent on the state for hand-outs."

John Bercow: Naturally, we await the Paymaster General's response with eager anticipation, bated breath and beads of sweat upon our brows, but as I hear my hon. Friend develop the argument against the measures that the Government are proposing, it beggars belief that Ministers can propose a manifestly callous and mean-spirited provision. Was it dreamed up by some parsimonious official or is it the preferred position of members of Her Majesty's Government?

Mrs. Villiers: No doubt the Paymaster General can respond for herself, but I fear the Government did not think through their proposals or did not understand their consequences.

Most people in Britain are hopelessly underinsured. Those who insure are far less likely to fall back on benefits and state support than those who do not. Slapping arbitrary punitive new taxes on those who seek to make provision for death or serious illness to the main breadwinner makes no sense. It penalises thrift and prudent behaviour, and we hope the Government will support our amendments.

The last set of Opposition amendments would remove the threat that an increased tax bill could be added by schedule 20 to all the other unhappiness that

occurs in divorce cases. I refer to Mr. Ian Buckley of Rathbone solicitors, who explains the problem as follows:

"The current trend of family breakdown and multiple marriages has resulted in the increased use of trusts. They provide a fair and workable solution in the division of assets in circumstances of both death and divorce. They are widely used in the divorce courts and the inflexible arrangements in the new rules outline will be a poor substitute."

Following the raft of Government amendments moved in Committee, the Chartered Institute of Taxation states:

"Overall we give the changes one and a half cheers—there are still things to be done. We now need the Government to show they have listened to all of our arguments about the defects in these proposals, and to make similar changes"

where schedule 20 impacts on divorce.

In this context, trusts are used to give the spouse with the main child care responsibilities the right to live in the family home until the children finish their education. At this point the home is sold and the proceeds divided between the former spouses. Such arrangements will be protected from the 20 per cent. entry charge of schedule 20 by section 10 of the Inheritance Tax Act 1984, but not from the 6 per cent. periodic charge.

The Treasury seems to assume that everyone can have a clean-break settlement. If they are able to do so, most people will indeed prefer a clean-break settlement for various reasons, emotional as well as financial. However, not everyone can afford a clean-break settlement. Trusts are an invaluable aid in making the assets of one household stretch to cover two. The people who will be penalised in this context, as in all the other contexts where schedule 20 applies, are those who have sufficient assets for them to come within the inheritance tax net, but not enough for them to have sufficient capital to spare for outright transfers and a clean-break settlement—the sort of people of modest means who have been hit all too often by the Chancellor's stealth taxes.

Remember that we are referring to homes here, and in many cases, particularly in London and the south-east, the value of those homes will exceed the inheritance tax threshold.

Mr. John Redwood (Wokingham) (Con): My hon. Friend makes a good case for there being a number of great difficulties that vulnerable people will face as a result of this legislation. Would it not be easier for the Government just to drop all these proposals on trusts and go back to where we started?

4.30 pm

Mrs. Villiers: That would indeed be a highly desirable result and the Government still have the opportunity to do that if they so wish. I certainly hope that they do. This is the Minister's last chance to save divorcing couples and people in a civil partnership facing relationship breakdown from an unwelcome new tax charge, and I hope that she will seize that opportunity.

The Government went badly wrong with schedule 20. Their preconceptions about trusts and the people who use them were fraught with misunderstanding and, frankly, with prejudice. The Star Group of solicitors, expert in the field of trusts, points out the simple truth that has somehow eluded the Government, that

"trusts are very often set up for reasons that are nothing whatever to do with tax...they are widely used to prevent families' assets from being squandered...to protect individuals from themselves or others"

and to maintain family harmony.

The Government have failed to produce any empirical evidence of the widespread use of trusts for avoidance purposes, apart from bare assertions and a couple of theoretical examples. Nor have they responded to the direct request of the Treasury Committee to provide evidence for their assertion that only a minority of a minority of 100,000 discretionary trusts would be affected by schedule 20.

The Government may have U-turned on a number of hugely important points, but schedule 20 still imposes new taxes on thrift, prudence and responsible behaviour, on the sick and the dying, on divorce, and on the mentally ill and disabled.

I close by quoting an e-mail that I received just a few days ago that illustrates the high human cost of this whole debacle. It reads:

"My father was seriously ill earlier this year. His will is in favour of his 6 grandchildren and contains a trust with the age set at 25...Because of the Finance Bill, I had to arrange for his solicitor and both executors"—

to see him—

"so he could say whether he wanted them to maintain 25 or pay the penalty or revert to 18. So there he was lying in bed coughing up a lung, 88 years old...terrified of dying, and I had to explain all this. He cried for a couple of days after from distress. How many others I wonder have had to do"—

the same?

Julia Goldsworthy (Falmouth and Camborne) (LD): The Government have been at great pains throughout the Committee stage to point out that there are some areas where there is abuse of the trust system in relation to inheritance tax, and their proposals would close those loopholes. In their efforts to do so, where we have felt that there is a case to be made, we have supported them. However, the initial publication of the Bill raised huge concerns about the number of people who would be affected by the changes. In particular, concerns were raised about the treatment of spouse exemption, and fundamental concerns were raised about how the assumptions behind the spouse exemption had changed—instead of spouse exemption from IHT being automatic, it initially appeared that it would apply only if certain criteria were fulfilled.

Government amendments at Committee stage dealt with the issue explicitly and the fears of many people were allayed. However, had the Government taken the time before the Bill's publication to consult, they might have avoided so many people fearing that their arrangements would have to be changed and that they would be affected by the Government's new proposals, when in fact that was not the case. However, as the hon. Member for Chipping Barnet (Mrs. Villiers) has pointed out, there are still areas of considerable uncertainty, where trusts are used not to avoid IHT, but to make satisfactory family arrangements, particularly in difficult family circumstances.

[Julia Goldsworthy]

It is those issues that many of the latest Government and Opposition amendments seek to address. One need only look at the amendment paper to see how many amendments have been tabled, not only in Committee but at this very late Report stage—60 Government amendments and many more Opposition amendments—and still there is a great deal of uncertainty in many areas. Some of the broad issues have been outlined in new clause 2.

Dawn Primarolo: There are not 60 Government amendments in this group, although I do not think that that was what the hon. Lady meant to say. Secondly, in every Finance Bill Ministers say in Committee that they will go away and look at something, and if they think that there is a case, they may table amendments. In fact, we have tabled an amendment on a matter that the hon. Lady raised—is she suggesting that I should not have done so?

Julia Goldsworthy: Of course I am not suggesting that those amendments should not have been tabled. However, it is unprecedented that we have this many amendments, which would significantly alter the sense of the measure. Great uncertainty has been expressed by many professional bodies.

Government amendment No. 70 deals with an issue that I raised in Committee on the part of schedule 20 that deals with trusts for bereaved minors. In Committee, I raised concerns about the Bill as it then stood, which allowed favourable treatment in respect of inheritance tax for bereaved minors, but only if the trusts in question were set up by a parent. Government amendments made in Committee resulted in the measure being extended to include step-parents. However, minors whose legal guardians were not their parents or step-parents would have been very vulnerable because they would not be provided for under the measures. The amendment deals with that problem. It extends the provisions to all those who have parental responsibility under the Children Act 1989 for England and Wales, the Children (Scotland) Act 1995 for Scotland, and the Children (Northern Ireland) Order 1995 for Northern Ireland. Although the conclusion on this has probably not been reached in the most efficient manner, the result is a vast improvement on the original proposal, so we will support it.

I now come to Opposition amendments relating to bereaved minors. My understanding of amendment No. 58 is that it would create a situation in which the trustees of the will of a parent of a bereaved minor could set up a trust for the benefit of the minor. I support the amendment, as it offers further safeguards for those very vulnerable young people.

There are several Government and official Opposition amendments that address questions that remained following debates in Committee on transitional serial interest, but fundamentally the Government amendments do the job. Government amendments Nos. 74 and 75 set out that serial interest can be extended beyond 2008, but only when the spouse succeeds upon death. That was the only real area in which spouse exemption remained in some doubt. There would be some existing pre-22 March 2006 life interest trusts for one spouse to provide for the other spouse to take a successive life interest after their death. If the schedule were left as originally drafted, it would have overwritten that spouse exemption if the life interest was passed on after 2008.

I want to raise a question with the Paymaster General about the difference between the Government and Opposition amendments. Opposition amendment No. 59 would extend the scope laid out by the Government amendment to outside death by also applying to situations in life. Why did the Government decide to make the provision applicable only on death, but not in life?

Concerns have continued to be raised about how narrowly drawn are the restrictions surrounding the eligibility to fall within the proposals for disabled trusts. Although Government amendments Nos. 80 to 85 ensure that disabled life interest trusts will not be affected by the changes made to the inheritance tax treatment of other life interest trusts, concerns remain about how narrowly drawn are the definitions of "disabled". Liberal Democrat Members have supported a series of Opposition amendments that have tried to draw definitions in more modern terms that reflect more recent legislation on this issue.

As things currently stand, the definitions of disability are out of date, so many people who today are classified as disabled will be excluded under the Bill. Organisations such as Mind have been working with the Low Incomes Tax Reform Group to help to overcome these problems. I understand that the LITRG helped to draft amendments Nos. 5 to 12. The amendments would help to address those concerns, so I will support them. Among such organisations' primary concerns are individuals with fluctuating conditions, such as manic depression and schizophrenia, and also people with some physical disabilities, such as multiple sclerosis. They were keen to impress that all disabled persons should not be exempt, but that the proposals in their current form would mean that those who could not cope with a large inheritance or gift could still fall outside the regime. They therefore strongly believed—I support them on this—that reference to the Mental Capacity Act 2005 would be better able to capture the issue regarding capacity, because it is able to capture partial capacity. There could be someone with a physical disability. That person may have no problem in managing their financial affairs or vice versa. That is why amendment No. 11 points to a definition of capacity in terms of lacking capacity

"within the meaning of the Mental Capacity Act 2005, in relation to any financial matter".

The terms of the Act are flexible enough to include definitions of partial capacity.

The amendments allow for greater flexibility in the creation of trusts. At present, only the affected individual can self-settle if they have a condition that they expect will lead to disability. If they are already ill, someone can create a settlement for them. Those who expect to become unwell or have a fluctuating condition have to self-settle. Amendment No. 5 allows for others to set up similar self-settlement trusts. The wider amendments bring in the 2005 Act for a lower level of severity and then will enable someone who expects to be unwell to have a settlement created for them.

Rob Marris: For how long should these trusts last? Given the sort of disability to which the hon. Lady refers, some people will have a disability and then recover. Should the trust then be wound up? What would she say should be the tax situation then?

Julia Goldsworthy: We do not want vulnerable people who may have a partial lack of capacity in financial matters finding themselves falling out of a regime that was designed, in theory, to help to support such people.

In Committee, the mainstay of the Government's strong position towards these proposals was based on the results of consultation that was carried out two years ago. The Paymaster General has already referred to that consultation. The consultation took place on a different subject in relation to income tax and capital gains tax. It preceded any of the deliberations on the changes that have been set out in the Bill, and pre-dated the 2005 Act.

The organisations that contacted me were at pains to point out that the consultation barely referred to definitions of disability and involved only a few disability organisations, of which none was a mental health organisation. In some areas the consultation has been superseded by the amendments that have been put forward by the Government.

Dawn Primarolo: It would help me enormously if the hon. Lady would list the organisations that approached her. I would then be able to list those that agreed with the definition.

Julia Goldsworthy: I understand that there were representations from Mind. I was provided with further information about the details of the consultation. The representatives were concerned that no mental health organisations were included in the consultation. Will the Government undertake proper consultation on these matters, given that the Bill has created a new situation that was not covered by prior consultation?

Dawn Primarolo: I will put a proposition to the hon. Lady, and I would be grateful if she were to respond to it. The Government consulted two years ago with many organisations, which I shall list. Those organisations agreed with the definition that is currently being used. The hon. Lady has quoted one organisation, and another representative, as saying that they do not agree with the definition. She then asserts that we should provide a definition in a Bill that is not yet law. Why should there be consultation on that basis when we have already undertaken consultation?

Julia Goldsworthy: The 2005 Act is on the statute book. Even if it has not yet been implemented, definitions are clearly stated and are on the statute book. Perhaps the Minister will refer to which mental health organisations took part in the consultation process. If she did so, I would be grateful.

Another key area is that of trusts that are commonly used to sort out family arrangements. That is not as a means of avoiding inheritance tax, but of relationship breakdowns settlements. There is a series of official Opposition amendments on that. Trusts are commonly in use as a means of settling assets in the context of a financial settlement. A primary reason is to ensure that, for example, children have a roof over their head or are able to remain in a family home. Some of those trusts are established by a court order. What is the basis of withdrawing some of those options for the family? Was there any evidence of inheritance tax avoidance in such cases? What alternatives would the Government propose for families facing these circumstances? Although other measures such as clean break orders, legal charges and other devices are available, what is the rationale for targeting trusts in that area in particular?

4.45 pm

The Law Society has raised the concern that not all the alternative devices will be appropriate for all families:

> "For example, the use of clean break orders is only feasible where a couple have sufficient assets to enable an outright division of assets between so as to provide both with a home. For many families, where the only significant asset is the matrimonial home (and whose value is over the inheritance tax threshold, currently £285,000) this is not a realistic option since the sale of the house may not raise sufficient funds to provide a home for both parties.
>
> Where assets are transferred from one spouse to another, the spouse exemption does not apply if the transfers take place after decree absolute. Under Schedule 20, the spouse exemption would now not apply before decree absolute where a new trust is created by one spouse for the other. This we believe wrongly penalises the use of trusts on divorce settlements."

Dawn Primarolo: I have already heard that point from the hon. Member for Chipping Barnet (Mrs. Villiers), who was lobbied by the same people as the hon. Member for Falmouth and Camborne (Julia Goldsworthy). However, there is an alternative, because a charge could be taken on the property, so it is simply not true that it cannot be done. Those who have been unfortunate enough to go through divorce know that the normal procedure, if a clean break cannot be made, is that a charge is taken on the property.

Julia Goldsworthy: I understand from explanations given by the Paymaster General that the intention behind the changes on the use of trusts was to tackle inheritance tax evasion, but I wonder whether she will state the extent of avoidance in that area.

The hon. Member for Chipping Barnet has discussed some of the remaining problems on life insurance. I declare an interest as someone who took out a life insurance policy after the Budget, but before the Finance Bill, because I still do not know how I will be affected. My estate is well below the inheritance tax threshold, but I understand that I may still need to change my affairs, which I have recently set up—there is a still a lot of uncertainty.

On Second Reading, concerns were raised about the number of people affected by the proposals. Again, I ask the Treasury to publish the background work that it undertook before determining whether a regulatory impact assessment was necessary. It has been stated in written answers that it is not "normal procedure" to publish that information, but given the fact that the Treasury Committee asked for it before the Bill was considered in Committee, is there any reason why the Treasury cannot make it available, because many organisations and individuals would benefit from knowing the intended scope of the regulations?

[Julia Goldsworthy]

It has not been explained why wholesale changes to the provisions on trusts are required to tackle what the Government have emphasised is still a small number of abuses. Although the key concerns surrounding the spouse exemption have been removed, in other cases normal family arrangements will fall foul of the rules, although there is no evidence of trusts being used to abuse the exemption.

The potentially exempt transfer option remains for those who want to transfer their wealth and escape inheritance tax, provided that such individuals have the liquidity and life expectancy to fulfil the requirements. Given the harshness with which the Government have approached the trust regimes, do they have similar plans for potentially exempt transfers?

The Government have improved the legislation, but there are still plenty of rough edges, despite all the amendments tabled in Committee and on Report. I fear that we will have to revisit the issues and deal with further unintended consequences in future Finance Bills.

Mr. Redwood: Unusually, I find myself in sympathy with amendments tabled by hon. Members on both sides of the House, which is a tribute to the mess that clause 2 and schedule 20 were in before the Bill was considered in Committee.

I am delighted that the Government have seen fit to make modest improvements around the edges, but I hope that they will think again about both the clause and the schedule and realise that the Bill would be better and stronger without either of them, because the existing regime of trusts works okay. It was not full of scandal or the centrepiece of tax evasion and avoidance. The provisions are therefore unnecessary.

The explanatory notes state:

"The clause and Schedule align the inheritance tax (IHT) rules for assets held in trust...The IHT treatment for trusts which do not come within the special rules will be aligned with the mainstream IHT rules for trusts. The clause and Schedule provide transitional arrangements for existing trusts."

We have never had a satisfactory explanation of where that emanated from. Those who wish to be kind to Ministers could say that the provisions are a product of a bureaucratic mind that likes compatibility, tidying and creating symmetry in a complex and evolving tax structure. If that is all that has happened, Ministers should have no hesitation in dumping the provisions immediately. The worst thing that a Minister can do is give in to a bureaucratic request that something should be tidied up, aligned or changed for the sake of it.

The alternative explanation, which we have sometimes heard from the Treasury, is that Ministers believe that they are trying to tackle a problem. They appear to believe that, from time to time, the trust arrangements enable people to avoid paying inheritance tax, which the Government think they should pay. The case would be greatly strengthened if we had more reliable numbers and it would be useful if the Paymaster General could tell us more about how much more missing tax revenue would be captured if the Government amendments were accepted but the others were not. The Government should remember that there are knock-on effects to the proceeds from capital gains tax, which should also be taken into account. Some of those consequential effects would defer or prevent payment of CGT that would otherwise have fallen due. The position would not be win-win, even on the Government's basis.

It is strange that a Government renowned for their fascination with the popular mood and the media should choose not only to attack head on children, people who are in mourning and the disabled, but to do so at the same time. It is a rare and infelicitous conjunction in a Minister's life to be on charges of being unkind to all three categories. Indeed, there is an even more hard-pressed category—children whose parents are recently deceased. One would have thought that they, above all, needed help and support from every adult in the community. However, that does not apply to the Government, who, in their new role of ruthless oppressors of anyone with any money left after all their other taxes, are now trying to squeeze out more from the minors who are in such unfortunate situations.

Rob Marris: Earlier, the right hon. Gentleman quoted the explanatory notes to clause 157. If he read on—I am sure that he did—he would realise that they continued:

"So far as new trusts are concerned... it continues the current special treatment for 'interest-in-possession' trusts created on intestacy and straightforward interest in possession trusts created by will; and for 'accumulation and maintenance trusts' to trusts created on the death of a parent where beneficiaries will take the trust assets at age 18."

Although the right hon. Gentleman may argue—incorrectly, in my view—that the Government are attacking specific groups, he is wrong about the recently bereaved.

Mr. Redwood: Although the Government have moved somewhat to protect vulnerable groups in specific circumstances, the protection is not comprehensive. There will be hard cases and difficulties if all we do today is accept the Government amendments. The simplest way to protect vulnerable people is not to proceed in that direction. We therefore revert to the fundamental questions: what is the purpose of the provisions? How much money is at stake? Are the Government sure that they will capture a few rich people who use the current system unreasonably, in their view, while not capturing many others? We have learned that those others perhaps include the hon. Member for Falmouth and Camborne (Julia Goldsworthy), who imprudently took out a life protection policy without knowing what her tax position would be. Wallowing in ignorance in that way, with one's money at risk under the very measure that one is trying to amend or improve, is not a good advert for Liberal Democrat advice on financial planning. Obviously, the hon. Lady has a lot to learn in all sorts of ways as she trains on the job of speaking to the difficult set of clauses and schedules before us.

Those on the Treasury Bench find themselves in some difficulty over these measures. I do not think that they have a great deal of enthusiasm for the job in hand; I do not see them leaping to their feet to say that this is the best thing that they have ever done. I do not suppose that they will include in their leaflets to their

constituents the fact that they are proud to have done considerable damage to the trust regime for those who are divorcing. Nor am I sure that that will be the leading subject in their election leaflets when we get to the next general election. They will not be saying, "I have great news, o electors! The Labour party has managed to make your divorce even more painful and to secure even more money for the Treasury rather than for you."

Dawn Primarolo: May I say how much I am looking forward to seeing the right hon. Gentleman's next newsletter, in which he explains this issue to his constituents? If he believes what the hon. Member for Chipping Barnet (Mrs. Villiers) has said, but it turns out not to be true, he will have to issue a subsequent newsletter.

Mr. Redwood: I am always extremely careful to check the accuracy of the information that I put out to my constituents, and I am pleased to say that, so far, I have not had to send out any corrections. I will endeavour to be equally careful in the future. However, I will not find myself in the position of having to put out an apology or an explanation of why my party has backed a silly scheme that messes around with the complex tax regime on trusts in such a way that it might capture the vulnerable as well as those—whom the Government have still to name—who are apparently more worthy targets for increased taxation.

It gives me great pleasure to support the noble work of my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) in trying to chip away at the undesirable consequences of this clause and schedule. I am not sure that I am in sympathy with the hon. Member for Falmouth and Camborne, however, whose remarks were as tedious as they were opaque. I look forward to the Government having third thoughts on this matter. I enjoyed their second thoughts, which were certainly better than their first thoughts. When in doubt, Ministers should not legislate, not proceed, not pass "Go", and not collect our £200. They should think again, ditch the clause and the schedule, then we would all be much better off. We could then put something in our newsletter about which we all agreed, namely, that it was a good idea that, on this occasion, the Government had thought better of legislating.

Mr. Dunne: I am extremely honoured to follow that highly entertaining and thought-provoking contribution from my right hon. Friend the Member for Wokingham (Mr. Redwood). I rise to discuss some of the issues on schedule 20 that were picked up in Committee, and I should like to start with the Government's two-and-a-half-year consultation period on the modernisation of the trust regime, during which the age reduction for accumulation and maintenance trusts from 25 to 18, as proposed in the schedule, was not raised.

Rob Marris: I am trying to cast my mind back to the Committee proceedings. Will the hon. Gentleman tell the House whether he has an interest to declare?

Mr. Dunne: I am most grateful to the hon. Gentleman for that reminder. I declared my interest at almost every sitting of the Committee, and I am happy to do so again today. I am a settlor of an accumulation and maintenance trust for the benefit of my children, which gives me a certain amount of authority on this subject, unlike the Government, who appear to have entered into these arrangements without any understanding of their implications—as we have heard, they are now into the third set of major revisions—and without any consultation with the industry on the extent of the supposed mischief or abuse that the measures were designed to prevent. The Paymaster General was challenged repeatedly in Committee to provide evidence of the abuse, but was able to come up with only one or two astonishingly tortuous examples. When challenged by my right hon. Friend the Member for Wokingham, she could provide no information on the scale of the abuse, but I hope that she will now have been briefed on how widespread it is.

Dawn Primarolo: The hon. Gentleman is not fairly reflecting what happened in Committee. The Committee asked for examples, and I gave examples. Conservative Members do not like the examples that I gave, and consider them theoretical. Amazingly, that does not stop them advancing a theoretical case to attack the Bill. I gave the hon. Gentleman the evidence: I specified the types of tax planning. He does not agree with me, and that is fair enough, but I did supply the evidence.

5 pm

Mr. Dunne: The Paymaster General is obviously somewhat irritated by my accusation that she failed to give proper evidence. What she did give were two theoretical examples. On several other occasions, she listed organisations that had substantiated the case she was making, but in this instance she did not mention any, presumably because there was none.

That takes me to the point that I wanted to make about the age issue. The Government are trying to introduce a blanket change in the age limit below which children can benefit outright from the accumulation of maintenance trusts, without taking account of the individual circumstances of many of those children. Given that people become adults at the age of 18, I might be using the word "children" rather loosely. We are talking about young people under 25.

It is not unheard of for people to acknowledge that the financial sophistication of those under 25 is not what one might hope to see in more mature adults. Most commercial industries that must contend with those aged between 18 and 25 in a financial context impose certain constraints. Most mortgage lenders, for instance, have their own policies on the granting of mortgages to young people, but many require a parental guarantee. Those aged between 18 and 25 are likely to pay higher motor insurance premiums, because they are perceived to be a greater financial risk to the insurance companies. Many car rental companies will not allow people under 25 to hire cars, or, if they do, will impose a surcharge.

In March this year, one of the Government's own regulatory agencies, the Financial Services Authority, undertook research in an attempt to establish how sophisticated young people were in financial matters. It concluded that

"whilst the need to plan ahead is perhaps greatest in early adulthood, financial capability in terms of planning ahead clearly improves with age".

[Mr. Dunne]

Those aged between 18 and 20 scored 27 out of 100 in terms of financial capability, while those between 20 and 29 scored 40. One of the Government's own regulatory agencies has acknowledged that people under the age of 25 are not as well adjusted to the business of dealing with their financial affairs as older people.

I wholeheartedly agree with my right hon. Friend the Member for Wokingham. The schedule has been dreamt up by the Government for reasons that were not thought through properly, hence the plethora of amendments with which we are regularly having to deal. In my view, the logic stems from the Government's resentment that people may be in a position to control the distribution of their money during their lifetimes. What they are doing is meddlesome and interfering, and it is characteristic of their approach.

There is a specific illogicality in the Government's actions. The Paymaster General has tried to claim that they are simply bringing the inheritance tax regime relating to trusts of this kind into line with those relating to others. That might be so in a very narrow sense, but the Government are also throwing the system completely out of kilter with the existing inheritance tax regime relating to gifts. Clearly, someone who places assets in a trust—often for sound practical reasons—will no longer be able to benefit from the potentially exempt transfer regime, and must therefore subject those assets to potential inheritance tax charges that did not exist before. That is not tidying up, but creating an additional layer of complexity.

I support what my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) said about the definitions of disability. On a couple of occasions, we discussed in Committee the means of ensuring that the Bill provides an appropriate definition to cover people who are experiencing either partial or fluctuating capacity or who have a progressive illness. We discussed individual illnesses and conditions at some length.

Although the Government have made some movement, they have still failed to address the matter adequately. The issue of the settlor who is able to benefit from the exemptions for disability has been dealt with poorly. The provisions do not cover individuals who become disabled or people who are in a position of parental authority. That amounts to a glaring omission, which I hope the Paymaster General will reflect on and seek to put right. I am thinking particularly of people who are made wards and where courts or insurance companies, neither of which are in a position of parental responsibility, are making provisions to set up trusts.

In conclusion, it appears that the Government are seeking to deal with an abuse that they have failed to prove. They are seeking to impose constraints on individuals and how they organise their financial affairs, which shows their mistrust of people. I wholeheartedly endorse the suggestion of my right hon. Friend the Member for Wokingham that the Government should scrap the schedule in its entirety.

Stewart Hosie (Dundee, East) (SNP): There was a great deal of uncertainty when the Bill was published and when it began its progress in Committee. The large number of amendments that were supported by hon. Members of all parties is testament to that, and some of the uncertainty remains. I hope that it will be fixed by the Government amendments and others as we progress. I am particularly pleased with Government amendment No. 70, which brings those with parental responsibility into play in the same way that birth parents are in respect of trusts. We discussed that issue in Committee and I am delighted that the Government have taken it into account.

I shall not re-summarise all the briefing notes that others have mentioned—we have all read them anyway—but I shall make one or two specific points. It is important to discuss vulnerable people and I am not at all convinced that the definition of such people is sufficient. It is too narrow and some vulnerable people clearly fall outside the specified disability living allowance category. I would like to bring to the House's attention a letter from a small solicitor firm, J W Hughes and Co. from Llandudno, which was given to me by my hon. Friend the Member for Meirionnydd Nant Conwy (Mr. Llwyd). The letter makes that very point—that some vulnerable people fall outwith that definition. The concern was expressed by a small county lawyer with no political axe to grind.

It is interesting that other lawyers have approached me about other issues. Even as the amendments were being progressed and more information was emerging about the shape of the Bill, there remained a great deal of concern about the number of wills that would have to be changed as a result of insurance and other policies being written into trusts in the wills. Another local solicitor—a small, county solicitor based near my constituency—advised me that his business has some 18,000 to 19,000 wills under management and that in his best assessment about 40 or 50 per cent. of them would need to be changed. Unfortunately, it is not certain which 40 or 50 per cent. will require it. It may be based on a misunderstanding that the changes will impact only on trusts and funds that breach the inheritance tax threshold. None the less, I ask the Paymaster General to concentrate on the issue of vulnerable people and how they will be looked after under the new regime. She should also focus on the inheritance tax threshold with particular regard to the great fears of many people and many law firms about the potential for hundreds, thousands or millions of wills having to be changed.

Mr. David Gauke (South-West Hertfordshire) (Con): In the continuing debate about these matters, and especially in respect of the definition of a disabled person, the Paymaster General has made great play of the fact that a consultation process was held two years ago and that a particular answer was reached. I shall return to that in a moment, but we are discussing the question of trusts today, a matter that was debated at some length in Committee. It is therefore somewhat ironic that the right hon. Lady should praise the role played by consultation, given that the Government have produced a set of proposals in respect of trusts without engaging in any consultation at all.

The proposals have been rushed out, but the Government have not asked legal professionals or accountants how trusts work in reality. They have

failed to understand how insurance companies draft policies, or how lawyers draft wills. The hon. Member for Wolverhampton, South-West (Rob Marris) quoted from the explanatory notes, but they were drafted before the Government came up with the various amendments that they have tabled to schedule 20.

In essence, the hon. Member for Wolverhampton, South-West said that straightforward interest-in-possession trusts would be unaffected by the Government's proposals, but the reality turns out to be somewhat different. Under the original wording of schedule 20, a standard will—for example, one in which a person who gets married for a second time seeks to ensure that the second spouse receives an interest in possession but that the capital goes to the children of the first marriage—would indeed have been affected.

As a result, both in Committee and again today, the Government have staged a series of withdrawals from their original position. Their approach deserves very serious criticism, as there is no good reason why the matter could not have been consulted on. The Paymaster General rightly said that, in Committee, she gave examples of potential abuses under the existing law, but Government projections suggest that we are talking about only £15 million in the first year. The amounts involved are not so sizeable, nor the abuses so great, that the Government had to deal with the matter with such enormous urgency. Why was there no consultation, especially when the Government were consulting about trusts in any event?

Indeed, Her Majesty's Revenue and Customs considered that trusts should be tax neutral. It said that, although trusts should not be used as a way to avoid tax—and I entirely agree with that—it also believed that artificial obstacles should not be raised against their use for that purpose.

Mr. Brooks Newmark (Braintree) (Con): Does my hon. Friend agree that the Government suffer from a cultural problem? They believe that any trust is set up to avoid tax so, rather than going into detail and understanding the nuances of trust, they simply use a rather blunt instrument and say, "Trusts are bad, and therefore we will do anything to shut them down."

Mr. Gauke: My hon. Friend makes an excellent point. During the Bill's passage through the House, people have asked repeatedly, "Why would anyone set up a trust? It must be a mechanism for tax avoidance." They have not appreciated that there are non-tax reasons for setting up a trust.

Moreover, why are the Government suddenly so concerned about trusts? They have been in power for nine years and not done much about them, but trusts have suddenly become a major issue. That leaves me somewhat bewildered, and we have heard no explanation.

I am a member of the Treasury Committee, which asked the Government how they had arrived at their estimate that the new rules on the tax treatment of certain trusts would affect only a minority of the 100,000 discretionary trusts. As yet, we have had no answer.

Mr. Newmark: Will my hon. Friend give way on that point?

Mr. Gauke: I give way again to my colleague on the Treasury Committee.

5.15 pm

Mr. Newmark: I thank my hon. Friend, who raises an important question: why are the Government going to such enormous lengths? I suggest that it is because they are quickly running out of cash, so they are trying to be more and more creative in squeezing money out of every corner and every orifice of the people living in this country.

Mr. Gauke: My hon. Friend may be right, albeit rather inelegantly. I am not entirely sure what the explanation is; perhaps the Paymaster General will enlighten us later.

Mr. Redwood: My hon. Friend is the only person to have supplied a figure. As he rightly reminds us, £15 million was the first year forecast. Has he any thoughts about how much of that £15 million will be given back by the 27 Treasury amendments tabled for that purpose today?

Dawn Primarolo: None.

Mr. Gauke: My right hon. Friend the Member for Wokingham (Mr. Redwood) makes an excellent point. The Paymaster General's response suggests that the original drafting was poor; there was certainly much uncertainty and the amendments could have resolved the matter. However, if the answer is none, why did we go through all these proceedings, when we could have been in the same position originally if the Treasury had taken its time and held consultations? It completely failed to do so.

The Paymaster General said earlier that part of the whole process of dealing with Bills such as this is for the Government to listen to outside advisers and make changes accordingly. I accept that amendments have been made to deal with uncontroversial technical points, but these provisions are more fundamental. The Government changed their policy substantially and produced something out of the blue, and then realised that their proposals would hit people they did not intend to hit. I accept that they did not intend the provisions to be as widespread as they turned out to be in reality. That is not listening to outside advisers—it is a fundamental failure.

The Government produced something that did not work and caused much upset and uncertainty. No doubt, it was a boon to the legal profession as clients charge off to their law firms for further advice, which is not to be welcomed—and I speak as a former lawyer.

As we have heard, there was consultation two years ago about the definition of a disabled person. It appears that the Government are insisting on continuing to rely on the definition in the Mental Health Act 1983. An alternative definition is available but we hear that they do not want to rely on it because it is in legislation that has not yet come into force. I am

[Mr. Gauke]

at a loss to understand why one should not use such a definition. The point of a definition is to define something; the context does not matter particularly. If the definition works, why not use it? But if the definition in the Mental Health Act and the alternative definition are inappropriate, why not use a new one?

There is widespread concern that the proposed law with regard to disabled persons and trusts is inadequate. I am grateful to a constituent who informed me of the submission made on that point by the Low Incomes Tax Reform Group, which stated that the definition in

"the Mental Health Act 1983 is inadequate to deal with people who have partial, fluctuating or diminishing mental capacity—people with a diagnosis of Alzheimer's or Parkinson's disease, for example, or of schizophrenia."

I have heard nothing this afternoon to suggest that the Government's approach is justifiable. They have made a series of U-turns and backed down on a series of points, but they should still concede some important points, and this is one of them. Perhaps the Paymaster General will make a forceful argument—no doubt, she will be forceful, but whether she will be persuasive is another matter—but the Government should table further amendment, as they have done on many occasions.

Most importantly, will the Government refrain from the cheap shot of putting out a policy that involves no understanding of how trusts work in practice and does nothing but cause uncertainty and create legal fees? The Government's policy does nothing to address tax avoidance, but it encourages their Back Benchers to fly the class-warrior flag. That is poor government, and the Government have rightly had to back down.

Mr. Newmark: I will try to be brief and, rather than rehashing the points that we made in Committee, I merely wish to seek clarification from the Paymaster General on several points that she made, particularly with respect to amendment No. 5. In Committee, she admitted:

"For people who find it difficult or impossible to cope with the demands of owning assets outright, a trust will often be the most practical way for substantial assets to be held."

However, what about people who find it difficult or impossible to cope with the demand of owning assets because of drugs, alcohol or gambling—the very point raised by my hon. Friend the Member for Chipping Barnet (Mrs. Villiers)?

The Paymaster General made three technical and non-substantive objections to amendment No. 5, which deals with the definition of disability—a point made by my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke). The first was that the new definition would conflict with trusts already in existence. The second was that the Mental Capacity Act 2005 is not yet in force. The third was that it applies only to England and Wales. Can the Paymaster General confirm whether she objects to the wider definition of vulnerability itself, or is she merely shying away from the technical difficulties?

The Paymaster General said:

"While I sympathise with the desire to keep the tax code up to date with developments in non-tax legislation, I do not consider that those particular changes would really improve matters."

Is she acknowledging that matters need improving? If so, how does the legislation improve the situation faced by vulnerable people?

The Paymaster General further said:

"I can see the desired effect of the changes proposed by the hon. Member for Chipping Barnet, the route she suggests would be a difficult one to take at this point."—[*Official Report, Standing Committee A*, 13 June 2006; c. 613-15.]

If the Paymaster General can see the desired effect, why can she not see another route? I look forward to her response to those questions.

Rob Marris: I am prompted to make some brief remarks by the many remarks made by Opposition Members. First, I reject the calumny that the Opposition have projected on to Labour Members that, somehow, we are not aware that trusts are often used for non-tax avoidance purposes. We are aware of that and I say that as someone who was a practising solicitor and who, on occasion, drew up trusts—although not for many years—and they were not for tax avoidance purposes. Many Labour Members recognise that, and I will not be tarred with the brush of being some kind of class warrior on this issue.

Correspondingly, it behoves Opposition Members to recognise more forcefully than many of them have done in Committee and today that, on occasion, trusts are used for tax avoidance and that, from our perspective, trusts are abused in that way. It is understandable that individuals will try to minimise their tax bills in any tax regime. It is also understandable that a Government, particularly a Labour Government, will occasionally seek to clamp down on that. That is part of what schedule 20, which is the principal point now under debate, attempted to do.

Mr. Newmark: I totally understand what the hon. Gentleman has said. In the same way that we should, and do, acknowledge some of the points that he raised—there are people who try to abuse the system through trusts—I ask Labour Members to acknowledge many of the valuable points that the Opposition have made, particularly with respect to the definition of disability, which at this stage is vague and woolly. We are simply trying to tighten things up on some of those points.

Rob Marris: Some of the points made by the Opposition have been valid and have been accepted by the Government. I wait with great interest to hear what my right hon. Friend the Paymaster General says about disability. The definition of disability, as I understand it, is not woolly. The hon. Member for Braintree (Mr. Newmark) may disagree with it. I quite understand that. He said that he disagreed with it. But it is not woolly. It may not be the right definition from his point of view, but it is precise.

The right hon. Member for Wokingham (Mr. Redwood) kindly accepted an intervention in which I read from the explanatory notes. My point was that that was, in a sense, a statement of aim by the Government as to what they hoped to achieve with schedule 20. Because it was an intervention, I did not carry on and read a large part of what followed, but

with your indulgence Mr. Deputy Speaker, I will now read a little more from the explanatory notes to clause 157 and schedule 20. After the piece that I read out, which ended at "assets at age 18", the notes state:

"Trusts for 'disabled persons' will also continue to enjoy special treatment."

That was a statement of aim by the Government. There were problems and the Government listened to some of those criticisms—hence the Government amendments before us today, which I hope that my right hon. Friend the Paymaster General will explain.

I have had the pleasure of serving on five Finance Bill Standing Committees in my time in Parliament—there are hon. Members, and particularly right hon. Members, who have served on a great many more—and I suspect that a similar kind of procedure, on occasions, unfolded when the Conservatives were in government. Whether in the explanatory notes, or a Budget statement, or a Budget press release, there was a statement of what a particular series of measures embodied in a Finance Bill were intended to achieve. Then experts came along—whether it was Mrs. Gauke or the Chartered Institute of Taxation—and said, "Leaving aside for a minute whether we agree with that statement of purpose or aim, what you have put in your Finance Bill does not embody that and will not get you where you say that you wish to go."

In terms of the debate in Committee and here today on where the Government wish to go with these trusts and the change in the tax regimes for them, the Government have listened. On some of the more technical aspects, they have said: "We set out clearly where we wished to go. We set out the clauses and the schedule in the Finance Bill by which we wished to achieve that goal. We have not technically always got it right. We have listened to those technical criticisms and we have tabled amendments that are in front of the House this evening—they are likely, in the nature of things to be passed—that will deal with those technical deficiencies." I see that as a positive endorsement of the parliamentary process and of the way in which the Treasury and its Ministers listen—perhaps more than some right hon. and hon. Members give them credit for—to arguments and proposals made both by outside organisations and, within debate, by Members on both sides of the House. I applaud what the Government have done. They have listened.

As I understand the Government amendments—I am not a huge expert on them—they will get the Government much closer to the goal that they and I have. That goal is to clamp down on tax avoidance in certain areas, but still allow "special treatment"—to use the words from the explanatory notes—in the particular areas to which the explanatory notes refer. Those are sensitive areas in human terms and judging from the debate, all hon. Members broadly support them. I am talking about looking after individuals who have disabilities, whether or not they are minors, following the death of those who care for them and about broadening the definition of those who care for them, and also about looking after those, whether or not they have disabilities, who are minors when they are bereaved. I applaud what the Government have tried to do. As far as I can tell, they have got it right.

Dawn Primarolo: I am not going to try to persuade or convince the hon. Member for South-West Hertfordshire (Mr. Gauke), because he has told me clearly in previous debates that he absolutely disagrees with the principles that I assert and prefers to side with the advisers who have provided support to the Opposition in these debates. He will forgive me if I do not rise to that challenge, as I think that I will be wasting my time.

I will discuss the Government amendments and then answer the substantive points that have been made, particularly about disability and which is the appropriate Act for the schedule to use as its anchor.

5.30 pm

Mr. Gauke: I think that the Paymaster General is referring to our exchange on Second Reading, when she argued that Treasury officials were saying that the original provisions in the Bill would not have a particular effect, and I argued that professional advisers were saying that it would have a particular effect. If I understand her correctly, I think that the Government's position is now that those professional advisers were right.

Dawn Primarolo: No, the hon. Gentleman is not correct. He wriggles a lot. I fear that he has already made up his mind on which way he might vote, should there be a vote, regardless of what I say.

Mrs. Villiers *rose—*

Dawn Primarolo: It might be sensible if I made a little progress. I will give way to the hon. Lady on substantive points, because she was generous in giving way to me when she made her long opening remarks—remarks which she has made several times now during the Bill's passage.

Schedule 20 introduces changes to the way in which certain types of trust are treated for tax purposes. In particular, it brings the tax regime for accumulation and maintenance and interest in possession trusts in line with the mainstream inheritance tax regime for discretionary trusts that is already in operation. We have debated this topic at great length on the Floor of the House and in Committee. I do not propose to go over all the ground again, but it is necessary for me to respond to the points that have been made. Before doing so, I reiterate the central point that I have made from the beginning in discussions on this measure. Its purpose is to prevent wealthy individuals from being able to take tax advantage of trusts to avoid inheritance tax. That avoidance is clearly unfair and it is right that the Government should seek to counter it. Some hon. Members have sought to characterise that as an assault on trusts, but it is not. Generous provisions for trusts were in place before the Budget and will continue to be in place. The rules will not catch the large numbers of ordinary families that hon. Members have suggested.

Let me deal with two specific points on consultation and the Treasury Committee.

Mr. David Winnick (Walsall, North) (Lab): I am sure that all Labour Members are delighted that this step is being taken. Does my right hon. Friend agree that there is something undesirable about the way in which successive generations of the very richest people in this

[Mr. David Winnick]

country have been able to pass their wealth down through the years, indeed the centuries, as a result of all these trust arrangements? This affects the very rich, and why on earth should we start apologising it?

Dawn Primarolo: It is not a matter of apologising for the action that the Government have taken. It is clear that there is a tax regime in place for discretionary trusts and the changes being made are intended to bring two remaining types of trust in line with that. As the consultation document made clear, the Government are asserting that there should not be artificial tax incentives for using trusts—people should not be driven in that direction—although we accept, as I am sure my hon. Friend does, that, in a number of areas, which I will cover, trusts are appropriate structures that many people use to plan their affairs. The Government do not take issue with that in our proposals.

These clauses have a narrow focus, and hon. Members have touched on their revenue implications. I made it clear in Committee that it is not always possible to consult on matters to do with avoidance because there is always a risk of large-scale forestalling, particularly in this area. That was the case under Conservative Governments, as well as under this Government. Appearing before the Lords Economics Affairs Committee on 10 May, a leading member of the accountancy profession said that, in his opinion, there would be large-scale forestalling if there were consultation in this case. The Government have a fine record of consulting on our legislation, including drafts, wherever we can before it is incorporated in a Finance Bill, but there are still some points at which that is not possible, given the worries about forestalling.

Mrs. Villiers: Surely there could be no danger of forestalling when it comes to wills. People are not going to bring forward the date of their own death to forestall the Government's legislation, so why does this measure retrospectively affect wills?

Dawn Primarolo: That is not worthy of the hon. Lady. She knows full well that we are dealing with the setting up of trusts and the tax advantages that some trusts had. She raised a number of other points, which I will turn to. She knows full well from her time in the European Parliament that there is a real and serious issue about forestalling on matters to do with tax, and any Government, regardless of their political persuasion, have to safeguard against that.

Mrs. Villiers: Will the Paymaster General give way?

Dawn Primarolo: No, I want to make a little progress on the point about consultation and the Treasury Committee.

Another point that continues to be advanced is the number of those who would be caught by the measure. I remind the House that 94 per cent. of estates pay no inheritance tax whatsoever, so the vast majority of people have no chance of paying inheritance tax whatever their will says. It is only a small percentage of estates—6 per cent., or 34,000—that pay inheritance tax. The persistent allegations about the scale of problems that the measure will cause are unnecessary and untrue.

On the Treasury Committee, I am not going to repeat what I said on the record in Committee about the estimations made by the Treasury of the number of trusts involved because that would be wasting the time of the House. I confirm that the Treasury Committee has, quite properly, received responses on all the matters that it raised in its report in line with the requirement on the number of weeks to be taken.

Mr. Redwood: What is the latest forecast of the extra revenue that will be generated if the measure goes through amended as the Paymaster General would like it to be? Does not this show that we have government by the lawyers, of the lawyers, for the lawyers?

Dawn Primarolo: The forecast in the Budget will remain the same if and when the Government amendments are made. The right hon. Gentleman has a great deal of experience, so he will know that work can be drummed up for lawyers and accountants in many ways including, regrettably, the use of scare tactics.

I shall deal briefly with the Government amendments in this group, which make the technical changes necessary to correct errors in the drafting of the Bill, before turning to the Opposition amendments. Government amendments Nos. 78 to 81 and 83 to 87 make minor technical changes to the operation of the rules for trusts for disabled persons and trusts established by someone who expects to become disabled in future. I hope that they will all be welcomed. Government amendment No. 78 makes provision for an interest in possession—IIP—for a disabled person to qualify as a disabled person's interest when the property was put into a trust before 22 March 2006 but the disabled person only became beneficially entitled to it on or after that date. Without the amendment, that treatment would be available only to property put into trust on or after 21 March 2006.

Government amendment No. 79 is a drafting amendment to ensure that no inheritance tax arises when someone with a condition that is expected to lead to a disability settles property on themselves. Some Members have asked whether the existing provision risks a double charge, but the amendment makes it completely clear that such a settlement is not treated as a potentially exempt transfer. Government amendment No. 80 extends the rules in schedule 20 that apply when an IIP ends on or after 22 March 2006 to IIPs of which a disabled person is the beneficiary. Government amendment No. 81 deals with the rules in section 59 of the Inheritance Tax Act 1984—IHTA—that exclude a qualifying IIP from the inheritance tax charges on a relevant property. It modifies the definition concerning a company that is beneficially entitled to an IIP to include interests that were previously disabled persons' interests. Government amendments Nos. 83 to 87 modify section 88 of the IHTA so that special treatment given to pre-22 March 2006 protective trusts

is available, too, to trusts created on or after 22 March 2006, where the underlying interest is a disabled person's interest.

Schedule 20 makes arrangements for IIP trusts set up before 22 March 2006, and Government amendment No. 75 is the core amendment in a series dealing with the transitional serial interest. It provides that a pre-Budget IIP to which someone becomes entitled on the death of their spouse or civil partner on or after 6 April 2008 will qualify as a transitional serial interest, and thus continue to be treated as owned by the surviving spouse or civil partner for inheritance tax purposes. Government amendments Nos. 71 to 74 restructure the existing provisions dealing with transitional serial interests in the light of that change, while Government amendments Nos. 76 and 77 make consequential changes elsewhere in schedule 20.

The hon. Member for Chipping Barnet (Mrs. Villiers) made a similar point in Committee, although the amendments that she tabled did not address the precise issue that we have tackled. Opposition amendment No. 59 returns to the matter and would enable the benefit under the trust to be passed between spouses and civil partners while they are both living. The Government amendments, however, provide that that can happen only as a result of the death of one partner. The Opposition's approach is open to exploitation through the use of lifetime transfers, so I cannot accept it. Nevertheless, I hope the hon. Lady will agree that the Government's amendments address the core concerns in this area, and I hope that she will support them.

5.45 pm

Government amendment No. 82 is a minor correction to the transitional serial interest rules which provide for disabled person's interests created for the settlor or their spouse to be disregarded when charging other trusts created by the same settlor. Opposition amendment No. 57 covers similar ground, but I am advised that there is a technical reason why it fails to hit the right target. Given the technicality of the subject, I hope the hon. Lady will agree that her amendment is not necessary. I assure the House that my officials will be happy to discuss the details with interested parties if necessary. The matter was debated at some length in Committee, and the hon. Lady and I agreed that it needed further consideration. I hope she will acknowledge that that has taken place.

Government amendment No. 70 deals with who should be able to set up a trust for a bereaved minor. That returns to the point that the hon. Members for Falmouth and Camborne (Julia Goldsworthy) and for Dundee, East (Stewart Hosie) raised in Committee regarding legal guardians being able to set up trusts for bereaved minors. As I mentioned then, people other than parents can still set up such trusts. All that schedule 20 does is apply tax charges to amounts in excess of the £285,000 which is the current inheritance tax threshold. I asked my officials to consider whether a wider definition of "parent" could safely be put within the scope of schedule 20, and to examine the technical and legal difficulties associated with guardianships and the various definitions.

Government amendment No. 70 deals with that point. It extends the meaning of "parent" for these purposes to cover individuals who, immediately before they died, had parental responsibility for a child under the relevant legislation for England, Wales and Northern Ireland. For Scotland, the amendment refers to parental responsibilities under Scottish law. I am informed that the amendment provides the security that will allow the provision to operate. That means that anyone with parental responsibility will be able to create trusts that are exempt from IHT charges in the event of their death, in exactly the same way as parents can. I hope that hon. Members will welcome the change. I am grateful to those who raised the matter and debated it in such a constructive way in Committee.

Government amendments Nos. 90 to 96 deal with consequential changes to the capital gains tax regime. Amendment No. 93 alters a Taxation of Chargeable Gains Act 1992 reference, and amendment No. 96 extends holdover relief to property leaving age 18-to-25 trusts when the beneficiary attains or is under the age of 18.

Government amendments Nos. 88 and 89 make a small change to the way in which the new rules interact with section 144 of the Inheritance Tax Act. Amendment No. 89 allows a two-year period in which a will can effectively be rewritten to cover deaths that took place before Budget day, but where the rewriting takes place after Budget day. Amendment No. 88 is a straightforward drafting correction. In Committee the hon. Member for Chipping Barnet tabled amendments with a similar intention. She will recall that I noted at the time that the Opposition amendments were technically deficient, but I undertook to give the matter further consideration. I have done that. The hon. Lady has returned to the same point in her amendments Nos. 54 and 55, but I hope she will accept that the Government amendments deal with the point.

New clause 2, the consequential amendments and the Opposition amendments to schedule 20 are simply not necessary. New clause 2 seems to be intended to carve out special IHT treatment for trusts that are set up on divorce in relation to life insurance protection policies and for some disabled people. It starts by saying:

> "The provisions of Schedule 20 shall not operate so as to discourage, impede or prevent the use of trusts which are set up"—

for those purposes. That prompts the question of who would judge whether the test was satisfied. There is no justification for special treatment for life insurance protection policies. The Government are not denying that insurance is important, we are merely saying that this particular asset does not require special provision in the tax regime for trusts.

Secondly, on relationship breakdown settlements, I can only repeat what I have said on previous occasions. HMRC is advised that trusts are rarely used in divorce cases, and their use is certainly not necessary. There has been some discussion of that this afternoon. Where they are used, the balance will often have been tipped by the additional IHT advantages that a trust can bring. I referred at the beginning of my remarks to the importance of tax neutrality as one of the issues that the Government were addressing here in relation to trusts.

Mrs. Villiers: Will the right hon. Lady acknowledge that if schedule 20 is agreed to, there will be an additional tax charge in divorce cases where a spouse is given the right to live in a house until the children finish their education, because either there will be a new IHT charge, if it is a trust, or there will be a new income tax or capital gains tax, if another mechanism is used?

Dawn Primarolo: We have crossed this ground before. The answer is no, because a charge against the property is often used to give protection in this situation. The hon. Lady puts the case for life policies in trust on the basis that they could give rapid access to cash with no need for probate, but I absolutely disagree with her because that can still be obtained by using trusts, in particular a bare trust.

Mrs. Villiers: On life insurance trusts, does the right hon. Lady stand by the statement made clearly in the guidelines issued by the Treasury on 7 April, and by the then Chief Secretary on Second Reading, that no life insurance policies written in trust before 22 March will be affected by schedule 20 charges—not one?

Dawn Primarolo: We covered that in Committee as well. I have made the position on insurance policies quite clear and the statements to the House have been correct.

On the hon. Lady's final point with regard to trusts for disabled persons, the Opposition seek again to operate the rules by reference to the Mental Capacity Act 2005 and to extend eligibility to those entitled to the lower components of disability living allowance. I have explained why the Government consider the existing definition, based on that Act, to be more appropriate, and that was supported by the vast majority of respondents to a recent consultation. It is also easy to administer. I have set out the case for not casting the eligibility criteria so wide as to include people who do not require a privileged trust to manage their financial affairs.

Let me deal first with the Mental Capacity Act. First, it is not yet in force and would mean a delay in the introduction of the provisions for disabled trusts. Opposition Members may think that that is desirable; I do not. In any case, it is a mistake to think that that Act will deliver a ready-made answer to the question that matters for IHT purposes. Capacity under the Act is not an all-or-nothing issue. A person may lack capacity for dealing with some matters while remaining quite capable of dealing with other aspects of their life. Any order under the Act will intervene in the person's affairs only to tell them what should happen.

The Opposition have also made the point that the consultation on the trust modernisation is not relevant to this point. That consultation dealt specifically with the question of catering for mental as well as physical incapacity, and was deliberately focused on cases where the disabled person faces substantial difficulties in handling their financial affairs. The measure was not intended as a relief for disability, and as such there is no justification for extending the definition.

Mrs. Villiers: The Paymaster General has repeatedly referred to the consultation that she carried out on the definition of disability. I have the summary of the responses and it says:

"some groups representing the disabled questioned whether this"

—

the definition—

"was too narrow, suggesting that, amongst other things, the definition used in the Disability Discrimination Act 1995 should be used instead."

They did express their concerns.

Dawn Primarolo: Yes, some did, and I shall go on to make the points for the hon. Lady. This is a difficult area of legislation and there is not unanimity among all the groups. I concede that point, and I have always conceded it. We are concerned with the majority. If the Government undertake a consultation and refuse to go with the majority on the basis that some now have a different view, or at the time had a different view, it makes it impossible to deal with any legislation in this area. The Department undertook extensive consultation with charities and groups representing the disabled when arriving at the definition of disability for income tax and capital gains tax purposes.

Julia Goldsworthy: Will the right hon. Lady give way?

Dawn Primarolo: I will give way in a moment.

Those that participated were Contact a Family, the Council for Disabled Children, the Disability Alliance, Mencap, the Thalidomide Trust, Barnardo's, Scope, the Disability Rights Commissioner and the Family Fund.

Mrs. Villiers: Will the right hon. Lady give way?

Dawn Primarolo: No, I shall finish this point and then I will give way on the disability point.

The Council for Disabled Children represents a long list of organisations, which I do not have time to read into the record because the House needs to move on.

Mrs. Villiers: Will the right hon. Lady give way?

Dawn Primarolo: If the hon. Lady will let me make this point, I will give way to her. I have already said that.

That list includes organisations such as the Association of Directors of Social Services, the Royal College of Nursing, the Parents Autism Campaign for Education, the National Children's Bureau, Children in Scotland, and the Children's Trust. It also included the National Autistic Society, which I understand has since developed its view and now has a slightly different view, and is, along with Mind and the Parkinson's Disease Society, a signatory to a letter saying that its views have moved on. But the rest have not. I have repeatedly asked my officials whether the Department has had formal representations on this matter. Apart from the circular to members of the Committee, I cannot find any reference to these organisations wanting to come back again on this.

The point here is that this is a difficult area and it will always be. When any Government settle on a definition, they do so after consultation and understanding what the majority have said, and, in fairness, reflecting in their response where a different view was taken and why.

I said that I would give way to the hon. Member for Falmouth and Camborne and then I will give way to the hon. Member for Chipping Barnet.

Julia Goldsworthy: I thank the right hon. Lady for giving way. I wish to make a point about mental health organisations that represent people with fluctuating conditions. In my speech, I mentioned that people with fluctuating conditions might have capacity at some points and that at other points they might not. It is a fluctuating capacity—that is the definition—so although such people might have capacity at certain times, they are likely to become ill again. What representations did the Minister receive in the consultation that she refers to?

6 pm

Dawn Primarolo: We dealt with fluctuating conditions in Committee, and I made it absolutely clear to the hon. Lady then what would happen in such circumstances. If she cannot remember that, I cannot help her, but I will send her the reference.

Mrs. Villiers: The right hon. Lady said that she wished to have evidence of representations having been made to the Treasury on the definition of disability. I refer her to a document I have in my hand, "Response to Inland Revenue proposals: modernising the tax system for trusts" by the Disability Alliance, which is one of the organisations that the Paymaster General recently cited as supporting her definition. It states:

"The proposals to restrict eligibility to those mentioned in paragraph 2 above—"

where it refers to the definition in question—

"appears to be far too restrictive and would exclude many disabled people who are currently defined under social security legislation. In this regard it would not appear to fit in with the government's proposal of fairness."

The Disability Alliance has expressed concern, and so have a number of other organisations, as set out in documents that I have in my possession.

Dawn Primarolo: The hon. Lady continues to demonstrate her lack of understanding of the complexity of the consultation with regard to definitions of disability, the range of organisations that took part in it, and my acknowledgement that some of those organisations—some of them—did not take the same view as us, and that some organisations have continued to advance their view. Their views are not ignored, but the Government have to take a reasonable decision. Having changed a regime only two years ago on the basis of what the majority wanted, it is not reasonable to change it yet again—especially as the Opposition go on so much about certainty—on the basis of the views of certain individuals.

I have dealt with the amendments in this group. I have explained to the hon. Lady about those of her amendments that I do not accept as they would fundamentally undermine the Government's objectives, and I have also explained about amendments of a similar nature to some of hers that the Government have tabled in order to deal with some of the points that Committee members thought should be looked at further.

What this debate has made clear is that Opposition Members want to strike down inheritance tax. The hon. Lady was not prepared to make a commitment today on whether it will be abolished if her party ever get elected, but she has confirmed that her party is considering abolishing it. It beggars belief that she has the audacity to stand before this House and say that the vulnerable will be attacked, when that is not true, and that the principle in question is being undermined, when that is not true, and then to say that at one fell swoop billions of pounds will be wiped off public expenditure, so that that money cannot be spent on services for such vulnerable people.

I commend the Government amendments to the House, and I call on my hon. Friends to oppose the Opposition amendments if they are pressed to a vote.

Mrs. Villiers: I thank Members for their contributions, and I emphasise that my party is not asking for special tax privileges for trusts. All we are saying is that the Government should not slap punitive new tax charges on trusts, the vast majority of which are set up for completely non tax-related reasons. They are set up to provide for family members—to provide security for families for the future—and we oppose the charges because they are an attack on prudent and responsible behaviour.

The Paymaster General persists with the misleading statement that the Government seek to align the tax treatment of trusts with mainstream treatment. That is simply not true; they seek to bring all trusts within the punitive regime that has existed for many years for discretionary trusts. The tax regime does not currently give special tax privileges for trusts; that is why they are not largely used for tax avoidance. We deny that we are seeking special privileges for trusts; we just wish to oppose the Government's punitive new charges in this area.

The Paymaster General believed that there was no problem in relation to people changing their wills, and that few people would be affected. In that case, why has she tabled 50 amendments to her own schedule? The Paymaster General seemed to regret that I have made the same speech on a few occasions. The last time I made the speech it seemed to have an impact, because the Government promptly did what I asked them to do three weeks later through amendments in Committee.

The Paymaster General gave a long list of organisations that apparently support her position on the disability consultation, but they patently do not. I have given the House an example of an organisation that she listed but which expressed grave concern about the definition in question. It is my understanding that only six organisations that represent disabled groups responded to the consultation on this point and, as I have told the House, they expressed concerns.

The Paymaster General says that the Government cannot adopt the Opposition's amendments because the Mental Capacity Act 2005 has not yet come into

[Mrs. Villiers]

effect. That is no barrier. We can incorporate a provision in that Act, even though it has not yet come into effect. If we incorporate it in the Inheritance Tax Act 1984 as a result of this Finance Bill it can happily take effect from the moment of Royal Assent.

The Paymaster General says that there is no justification for introducing special treatment for life insurance policies. Why then did she table amendments in Committee to give special treatment to life insurance policies? She also refused to answer my question about whether the then Chief Secretary was correct in saying to the House that no life insurance written into trust before Budget day would be affected by the schedule 20 changes. She refused to answer that question because that statement was not true then and is not true now.

The Paymaster General brushed aside my concerns about divorce by saying, "You don't need trusts in divorce, as plenty of other mechanisms are available." Frankly, those mechanisms are not available to people whose divorces are already concluded. They might have trusts already, and now, thanks to the Paymaster General, they face the deeply unpleasant prospect—both financially and emotionally—of going back to court to have their divorce settlements varied to try to resist the Government's attempt to place new tax charges on divorce.

The Paymaster General also refused to be drawn on other alternatives on offer that perform a similar function to a trust in relation to a divorce—I acknowledge that—such as a charge or retaining legal ownership. Both those will involve a new tax charge, whether that is an additional income tax charge or a capital gains tax charge. In either case, unless the Opposition amendments are agreed to, there is the prospect that people who get divorced and wish to allow their spouse to live in a property until their children have completed their education will be paying new taxes, thanks to schedule 20.

We have emphasised throughout the debate the huge value that trusts provide to ordinary hard-working families. The Government's proposals will hit not just the super-rich, but a whole range of people who have done nothing more criminal or irresponsible than to try to provide financial security for their families' future, which is why I will press new clause 2 to a Division.

Question put, That the clause be read a Second time:—

The House divided: Ayes 223, Noes 277.

Division No. 272] **[6.9 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Mr. Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence

Robinson, Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. David Evennett and
Mr. Henry Bellingham

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Reed, Mr. Jamie
Riordan, Mrs. Linda
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin

Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and Kevin Brennan

Question accordingly negatived.

Schedule 20

INHERITANCE TAX: RULES FOR TRUSTS ETC

Amendments made: No. 70, page 384, line 38, at end insert—

'(2) For the purposes of sections 71A to 71G above, a deceased individual ("D") shall be taken to have been a parent of another individual ("Y") if, immediately before D died, D had—

(a) parental responsibility for Y under the law of England and Wales,

(b) parental responsibilities in relation to Y under the law of Scotland, or

(c) parental responsibility for Y under the law of Northern Ireland.

(3) In subsection (2)(a) above "parental responsibility" has the same meaning as in the Children Act 1989.

(4) In subsection (2)(b) above "parental responsibilities" has the meaning given by section 1(3) of the Children (Scotland) Act 1995.

(5) In subsection (2)(c) above "parental responsibility" has the same meaning as in the Children (Northern Ireland) Order 1995."'.

No. 71, page 386, line 29, leave out '("B")'.

No. 72, page 386, line 30, leave out '("the current interest")'.

No. 73, page 386, line 33, leave out

'the following conditions are met'

and insert

'section 49BA or 49BB below so provides'.

No. 74, page 386, line 34, at end insert—

'49BA Transitional serial interest: interest to which person becomes entitled during period 22nd March 2006 to 5th April 2008

(1) Where a person ("B") is beneficially entitled to an interest in possession in settled property ("the current interest"), that interest is a transitional serial interest for the purposes of this Chapter if the following conditions are met.'.

No. 75, page 387, line 6, at end insert—

'49BB Transitional serial interest: interest to which person becomes entitled on death of spouse or civil partner on or after 6th April 2008

(1) Where a person ("E") is beneficially entitled to an interest in possession in settled property ("the successor interest"), that interest is a transitional serial interest for the purposes of this Chapter if the following conditions are met.

(2) Condition 1 is that—

(a) the settlement commenced before 22nd March 2006, and

(b) immediately before 22nd March 2006, the property then comprised in the settlement was property in which a person other than E was beneficially entitled to an interest in possession ("the previous interest").

(3) Condition 2 is that the previous interest came to an end on or after 6th April 2008 on the death of that other person ("F").

(4) Condition 3 is that, immediately before F died, F was the spouse or civil partner of E.

(5) Condition 4 is that E became beneficially entitled to the successor interest on F's death.

(6) Condition 5 is that—

(a) section 71A below does not apply to the property in which the successor interest subsists, and

(b) the successor interest is not a disabled person's interest.'.

No. 76, page 387, line 47, leave out '49B(1)(a)' and insert '49BA'.

No. 77, page 388, line 4, leave out '49B(1)(a)' and insert '49BA'.—*[Dawn Primarolo.]*

Amendment proposed: No. 5, page 388, line 18, at beginning insert—

'6 (1) In section 89 (trusts for disabled persons)—

(a) in subsection (4)(a) at end insert—

"(aa) a person who lacked capacity within the meaning of section 272 below, or";

(b) in subsection (4)(c), leave out "or middle" and insert "middle or lower"; and

(c) after subsection (4)(c) at end insert—

"(d) a person who satisfies the Commissioners for Her Majesty's Revenue and Customs that he had a condition that it was at that time reasonable to expect would have such effects on him as to lead to him becoming a person—

(i) falling within subsection (4)(a) or (aa) above, or

(ii) in receipt of an attendance allowance mentioned in subsection (4)(b) above, or

(iii) in receipt of a disability living allowance mentioned in subsection (4)(c) above.".'.—*[Mrs. Villiers.]*

Question put, That the amendment be made:—

The House divided: Ayes 215, Noes 276.

Division No. 273] **[6.26 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian

Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Mr. Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Robinson, Mr. Peter
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. David Evennett and Mr. Henry Bellingham

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill

Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Mi[illegible], Mr. Alan
M[illegible], Gillian
Michael, rh Alun
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Reed, Mr. Jamie
Riordan, Mrs. Linda
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammád
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Alan Campbell and Tony Cunningham

Question accordingly negatived.

Amendments made: No. 78, page 389, line 36, leave out from 'person' to 'on' in line 37 and insert 'becomes beneficially entitled'.

No. 79, page 392, line 10, leave out 'or 89A'.

No. 80, page 396, line 14, at end insert—

'(ab) a disabled person's interest within section 89B(1)(c) or (d) below, or'.

No. 81, page 399, line 44, after 'interest,' insert 'or a disabled person's interest within section 89B(1)(c) or (d) below'.

No. 82, page 400, line 42, leave out from 'applies' to end of line 44 and insert '—

(a) as though for "an interest in possession" in each place where that appears in subsection (1) above there were substituted "a postponing interest", and

(b) as though, for the purposes of that subsection, each of the following were a "postponing interest"—

(i) an immediate post-death interest;

(ii) a disabled person's interest."'.

No. 83, page 401, line 20, at end insert—

'(ia) a disabled person's interest within section 89B(1)(c) or (d) below, or'.

No. 84, page 401, line 27, after first 'interest' insert ', disabled person's interest'.

No. 85, page 401, line 29, after 'or' insert 'disabled person's interest or'.

No. 86, page 401, line 37, leave out 'neither' and insert '—

(i) not'.

No. 87, page 401, line 37, leave out 'nor' and insert ',

(ii) not a disabled person's interest within section 89B(1)(c) or (d) below, and

(iii) not'.

No. 88, page 403, line 7, leave out 'property comprised in the testator's estate' and insert 'the property'.

No. 89, page 403, line 18, at end insert—

'(5) Subsection (4) above also applies where—

(a) a person dies before 22nd March 2006,

(b) property comprised in the person's estate immediately before his death is settled by his will,

(c) an event occurs—

(i) on or after 22nd March 2006, and

(ii) within the period of two years after the testator's death,

that involves causing the property to be held on trusts within subsection (6) below,

(d) no immediate post-death interest, and no disabled person's interest, subsisted in the property at any time in the period beginning with the testator's death and ending immediately before the event, and

(e) no other interest in possession subsisted in the property at any time in the period beginning with the testator's death and ending immediately before 22nd March 2006.

(6) Trusts are within this subsection if they would, had they in fact been established by the testator's will and had the testator died at the time of the event mentioned in subsection (5)(c) above, have resulted in—

(a) an immediate post-death interest subsisting in the property, or

(b) section 71A or 71D above applying to the property.".'.

No. 90, page 403, line 42, after 'if' insert '—

(a)'.

No. 91, page 403, line 43, at end insert ', or

(b) the person dies under the age of 18 years and, immediately before the person's death, section 71D of the Inheritance Tax Act 1984 (age 18-to-25 trusts) applies to the property in which the interest subsists.'.

No. 92, page 404, line 6, at end insert—

'(iii) a disabled person's interest within section 89B(1)(c) or (d) of that Act, or'.

No. 93, page 404, line 20, leave out '(1B)' and insert '(1B)(a)'.

No. 94, page 404, line 27, after 'if' insert '—

(a)'.

No. 95, page 404, line 28, at end insert ', or

(b) the person dies under the age of 18 years and, immediately before the person's death, section 71D of the Inheritance Tax Act 1984 (age 18-to-25 trusts) applies to the property in which the interest subsists.".'.

No. 96, page 404, line 33, at end insert—

'(db) by virtue of subsection (2) of section 71E of that Act (age 18-to-25 trusts) does not constitute an occasion on which inheritance tax is charged under that section,".'.—*[Dawn Primarolo.]*

New Clause 3

AMENDMENTS TO FINANCE ACT 2004: RETIREMENT INCOME FUND

'(1) The Finance Act 2004 is amended as follows.

(2) In section 164 at end add "and

(g) payments into a Retirement Income Fund.",

(3) In section 165 there is inserted in Pension rule 6 "or

(d) a withdrawal from a Retirement Income Fund.".

(4) In section 165 after Pension rule 7 there is inserted—

"Pension Rule 8

Before a member makes a withdrawal from a Retirement Income Fund, he must buy a relevant linked annuity which is linked to the retail prices index, which pays an income equivalent to the Minimum Income Requirement.".

(5) In Schedule 28 after paragraph 16C there is inserted—

"Retirement Income Fund

16D (1) Subject to subsections (2) and (3) of this section, a Retirement Income Fund is a vehicle for the reinvestment of savings in retirement, which—

(a) has been established by a person designated by subsection (1) of section 154; and

(b) is a vehicle by whose investments are—

(i) investments of a kind described in the Insurance Companies Regulations 1994, Schedule X, Part 1; or

(ii) approved by HM Revenue and Customs.

(2) Funds held in the Retirement Income Fund as referred to in subsection (1) may be withdrawn from the Retirement Income Fund by the member as and when he elects.

(3) A member may not invest in a Retirement Income Fund unless the requirements of Rule 8 of section 165 have been met.

(4) A Retirement Income Fund, and any income derived from it, must not be capable of assignment or surrender by the member.

(5) Any withdrawal from the Fund by the member under subsection (2) shall be assessable to tax under Schedule E (and section 203 shall apply accordingly) and shall be treated as earned income of the member.

Minimum Retirement Income

16E (1) The amount of Minimum Retirement Income shall be set for each financial year following consultation by the Chancellor of the Exchequer by order.

(2) An order under this section shall, in respect of each financial year after that in which this section comes into force, be made on or before 31st January preceding the year in question.

(3) An order under this section shall be made by statutory instrument and shall be subject to annulment in pursuance of a resolution of either House of Parliament.".'.—*[Mr. Hoban.]*

Brought up, and read the First time.

Mr. Mark Hoban (Fareham) (Con): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

New clause 7—*Dependant's Retirement Income Fund*—

'(1) The Finance Act 2004 is amended as follows:

(2) In Schedule 28 after paragraph 22 insert—

"22A Dependant's retirement income fund

(1) Subject to subsections (2) and (3) of this section, a dependant's retirement income fund is a vehicle for the reinvestment of savings in retirement, which—

(a) has been established by a person designated by subsection (1) of section 154; and

(i) investments of a kind described in the Insurance Companies Regulations 1994, Schedule X, Part 1; or

(ii) approved by HM Revenue and Customs.

(2) Funds held in the retirement income fund as referred to in subsection (1) may be withdrawn from the retirement income fund by the members as and when he elects.

(3) A dependant may not invest in a dependant's retirement income fund unless the requirements of Rule 8 of section 165 have been met.

[Madam Deputy Speaker]

(4) A retirement income fund, and any income derived from it, must not be capable of assignment or surrender by the member.

(5) Any withdrawal from the fund by the member under subsection (2) shall be assessable to tax under Schedule E (and section 203 shall apply accordingly) and shall be treated as earned income of the member.".

Amendment No. 62, in clause 159, page 135, line 7, leave out 'and (4)' and insert ', (4) and (7)'.

Amendment No. 14, page 135, line 34, at end insert—

'(7)-The Treasury may make regulations about the application of subparagraph (2) of this section which will be deemed to take effect from 6th April 2006.'.

Amendment No. 107, schedule 22, in page 451, line 26, after 'fund', insert 'and retirement income fund'.

Amendment No. 108, page 451, line 28, after 'fund', insert 'and retirement income fund'.

Amendment No. 109, page 451, line 38, after 'fund', insert 'and retirement income fund'.

Amendment No. 110, page 452, line 6, after 'pension', insert 'and retirement income fund'.

Amendment No. 111, page 452, line 29, after 'fund', insert 'and retirement income fund'.

Amendment No. 112, page 452, line 35, after 'fund', insert 'and retirement income fund'.

Amendment No. 113, page 452, line 40, after 'fund', insert 'and retirement income fund'.

Amendment No. 114, page 453, line 4, after 'fund', insert 'and retirement income fund'.

Amendment No. 115, page 453, line 10, after 'fund', insert 'and retirement income fund'.

Amendment No. 116, page 453, line 29, at end insert—

"dependent's retirement income fund" has the meaning given by paragraph 22A of that Schedule'.

Amendment No. 117, page 453, line 40, at end insert—

"'retirement income fund" has the same meaning as in paragraph 16D of that Schedule,'.

Amendment No. 118, page 453, line 44, after 'fund', insert 'and retirement income fund'.

Amendment No. 119, page 454, line 6, after 'fund', insert 'and retirement income fund'.

Amendment No. 120, page 454, line 20, at end insert—

"'dependant's retirement income fund" has the meaning given by paragraph 22A of that Schedule'.

Government amendments Nos. 31 and 97.

Mr. Hoban: I should like to break down my remarks into two sections. The first deals with new clauses 3 and 7 and amendments Nos. 107 to 120 and the second covers amendments Nos. 62 and 14.

Hon. Members will remember debates about scrapping the rules that require the compulsory purchase of annuities at 75. We are holding our first debate on the topic since the Government modified the requirement in the Finance Act 2004. The argument that underpins new clauses 3 and 7 and amendments Nos. 107 to 120 is that the Government have created a framework through the 2004 Act and the Bill that could give people much wider choice for retirement income planning through the introduction of the alternatively secured pension and the creation of an inheritance tax regime for left-over funds. Having accepted that, I contend that the Government should create more choice for people in retirement and more certainty for the state by introducing a further alternative to annuitisation and the alternatively secured pension—the retirement income fund, which is the subject of the new clause.

The issue of compulsory purchase of annuities has been rumbling on for some time and was a topic of debate through private Members' Bills. My hon. and learned Friend the Member for Harborough (Mr. Garnier), my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) and the former Member for Taunton all sought to address the matter through private Members' Bills. My hon. Friend the Member for Eastbourne (Mr. Waterson) also raised it in discussions on the Pensions Bill and my hon. Friend the Member for Tatton (Mr. Osborne) did so in the Committee and Report stages of the Finance Act 2004.

It is remarkable that, having doggedly defended compulsory annuitisation throughout the debates on the private Members' Bills and the passage of the Finance Act 2004, the Government in a sense modified the principle of compulsory annuitisation in that Act. The Act and the Bill that we are considering create an architecture for an alternative to compulsory annuitisation.

The 2004 Act introduced the concept of the alternatively secured pension, a mechanism that enabled the Plymouth Brethren to draw pensions that were not linked to annuities. They have well-known objections to annuities and required an alternative mechanism to establish a means of funding their retirement after the age of 75—the age at which an annuity has to be purchased. The Act enabled them to draw down a proportion of their pension fund after the age of 75, in line with specific rules, which I shall not go through in detail.

Rob Marris: Go on.

Mr. Hoban: I shall not do that, despite the hon. Gentleman's tempting me to do so. However, the rules have an important bearing on some points that I want to make.

It is fundamental to appreciate that, in the 2004 Act, the Government accepted that there is no requirement for the annuitisation of the pension fund of a group of people at 75. Anyone who wants to go down that route can do so. The Government have, therefore, through the 2004 Act, removed an argument for compulsory annuitisation.

The new clause creates an alternative to the alternatively secured pension, which sets a maximum draw-down that ensures that people do not run out of funds during their retirement. It would minimise the chances of those with alternatively secured pensions becoming reliant on the state. It would not entirely prevent that, but it would minimise the chances by

ensuring that there was always something left in the alternatively secured pension on which people could draw later in life.

The new clause would also minimise the chances of people becoming reliant on the state by requiring them to buy an annuity that delivered a minimum income. The Chancellor of the Exchequer would set the amount and, once it was purchased, it would enable people to draw down the rest of the funds as they saw fit, as they can do now before the age of 75. The new clause therefore sets out the minimum income requirement, the amount of which would be set by the Chancellor annually, to ensure that people do not become reliant on the state in their retirement, but that they have the flexibility to determine how the remainder of their pension fund should be used.

Steve Webb (Northavon) (LD): The hon. Gentleman has given a clear exposition. He suggests that the Chancellor of the Exchequer would set the same minimum income figure for everybody. However, if I have a pension pot and some other source of income, which already gets me clear of means-tested benefits, there is no reason why the minimum income for me should not be zero, because I will not need means-tested benefits even if I blow the entire pot. Should not the figure be specific to individuals?

6.45 pm

Mr. Hoban: The hon. Gentleman makes an important point. It is difficult to legislate on such matters. The minimum retirement income is aimed to achieve, in time, the right amount of income to be purchased for the rest of people's lives. In circumstances in which a person's income might fluctuate, the minimum will fluctuate over the course of that person's retirement. We are considering a floor for use in later life. The subject is complex, and I am the first to acknowledge that. The process is not entirely straightforward but we should explore it to ensure some flexibility in the way in which people can use their retirement funds.

It is worth considering the views of the Turner commission on annuitisation. Its report highlighted the strains that the move to defined contribution schemes would place on the annuity market. It asks whether there are any limits to the capacity of the annuity market to play a greatly expanded role in post-retirement longevity risk absorption, as the state exits from pay-as-you-go earnings-related pension provision, and as private pension provision shifts from defined benefit to defined contribution. It therefore asked whether there would be a sufficient supply of annuities for people to acquire to enable them to achieve certainty about their income throughout their retirement.

Two points emerge from that analysis. First, the shorter the period of the annuity, the lower the inherent risk, the lower the risk premium priced in the product and, therefore, the higher the income that people can secure for their retirement. That is an argument for later annuitisation. The commission contends that policies need to be in place to encourage later annuitisation. One policy option is the proposal that the requirement for annuitisation at any age should be limited. That is similar to the proposal in the new clause. The report states:

"The Pension Commission is not convinced by the arguments that annuitisation requirements should be waived entirely. Since the whole objective of either compelling or encouraging people to save, and of providing tax relief as an incentive, is to ensure that people make adequate provision, it is reasonable to require that pension savings are turned into regular pension income at some time. But this objective could be pursued via requiring annuitisation up to some defined level of income. And tax relief given on contributions can be reclaimed via the tax treatment of pension funds at point of inheritance or drawdown. While only a minority of people would use this freedom, anything which removes demand from the annuity market will at the margin improve ease of supply and pricing for others."

The Turner commission highlighted two matters that are vital to our debate. First, it supports the idea of minimum annuitisation, reflecting the provision for the minimum income requirement in the new clause. Secondly, it tackles head-on one of the arguments that the Government have used persistently—the fact that the measures will directly benefit only a minority. Yes, that may well be the case, but that relieves the pressure on the annuity market and, indirectly, helps the remaining population, who wish to buy annuities.

It is therefore short-sighted of the Government to reject the Turner report's approach.

Rob Marris: What does the hon. Gentleman believe that the minimum retirement income should be? How much?

Mr. Hoban: I shall not go down that route. As was debated during consideration of the private Members' Bills—the issue has been debated in depth— several factors should be borne in mind. I am trying to emphasise that an alternative to the current arrangement could give people a wider choice in retirement. The minimum retirement income should be enough to ensure that people are not a burden on the state.

The outstanding issue from the Finance Act 2004 is the tax treatment of left-over funds. It is an inevitable consequence of the structure of alternatively secured pensions that there will be left-over funds, because the rules set a ceiling on the amount that can be withdrawn from the pension. It is therefore inevitable that, on death, the member will leave some left-over funds. That likelihood was mentioned in our deliberations on the Finance Bill in 2004, when the then Financial Secretary to the Treasury, the right hon. Member for Bolton, West (Ruth Kelly), said:

"We have made this concession because people hold significant, principled, religious objections to the pooling of mortality risk. We will keep the matter under review and check to see whether abuse is occurring. We stand ready to make any changes needed to preserve the integrity of the tax system."—[*Official Report, Standing Committee A*, 8 June 2004; c. 485.]

Since that debate in 2004, a tax treatment has been introduced for the left-over funds in alternatively secured pensions that prevents them from being passed between generations tax-free and therefore achieves the goal set out in 2004 of preserving the integrity of the tax system. In new clause 7 and amendments Nos. 107 to 120, we are seeking to mirror that provision for the left-over funds in retirement income funds, so that they

[Mr. Hoban]

can be taxed in the same way as the left-over funds in an alternatively secured pension, and so that, when the funds pass to the spouse and dependents, inheritance tax would be paid.

We had a discussion in Committee about the interaction between income tax and inheritance tax. For the purposes of this debate, although we accept the position that the Government outlined in Committee, we would point out that tax rules are now in place to tackle the transfer of wealth from generation to generation, and that those same rules could be applied to retirement income funds.

The Government have now created the architecture to enable more people to opt out of compulsory annuitisation, through the introduction of alternatively secured pensions in the Finance Act 2004 and the inheritance tax regime in the Finance Bill. I do not wish to rehearse the arguments about why it is appropriate to end compulsory annuitisation, nor do I think that the Government will rush to accept the new clauses and amendments, but the fact that they have given way on the principle of compulsory annuitisation through the introduction of alternatively secured pensions creates a window of opportunity for them to think again.

I know that, in the pensions White Paper, the Government rejected some of the ideas from the Turner commission on changes to the annuities market, but they will have to monitor the appetite of the market for alternatively secured pensions, following A-day and the introduction of the new inheritance tax regime. They will need to respond to the pressures from the market for an alternative to the annuitisation of pensions at the age of 75.

For the benefit of those Members who did not participate in the Standing Committee, amendments Nos. 62 and 14 relate to the rules on the recycling of lump sums in clause 159. In Committee, I expressed concern that the clause could be applied broadly, as it seeks to capture circumstances in which people pay significantly higher pension premiums in the knowledge that they will receive a higher lump sum. That opportunity has been available for some time, but it is only since the simplification of pensions after A-day that this has become an issue, because of the relaxation of the contribution cap and the facility for pension scheme members to withdraw a lump sum without drawing a full pension.

The Government's principal concern was what the Economic Secretary referred to as "turbo-charging". The example that he used in Committee was of someone who withdrew a cash lump sum from their pension, reinvested it in another scheme, obtained 40 per cent. tax relief on that reinvestment, withdrew 25 per cent. of the amount invested as a lump sum, reinvested that 25 per cent. in another scheme, obtained a further batch of tax relief at 40 per cent., withdrew 25 per cent. of that amount—and so the cycle would continue as the contributions were recycled.

Clause 159 would stop the abuse of that mechanism, but it could also capture a series of legitimate pre-retirement tax planning arrangements. However, to limit the scope of this rather brief clause, Her Majesty's Revenue and Customs has produced a significant quantity of guidance notes—28 pages containing 21 different examples of how the rules apply—to clarify its remit. The rules are complex, and some industry experts have expressed their concern about that. The Institute of Chartered Accountants of England and Wales has said that

"the rule will apply only if 'the member envisaged at the relevant time that that would be so'. This is a highly unusual and unclear phrase and is not used in the guidance, which refers to 'pre-planned'. We think it should be redrafted to make it clear that at the time the lump sum was paid, it was the intention of the taxpayer to use all or part of the lump sum to fund additional contributions."

I will come back to the use of the word "envisaged" later, so as to recapture the spirit of our debate in Committee.

Rachel Vahey of Scottish Widows has said:

"Advisers and providers may both have a role to play. Advisers will need to make sure through factfinds that the contribution does not come from a tax-free cash sum. Providers cannot be expected to know where contributions come from. In practical terms, picking out exactly which income stream is the source for a pension contribution could be problematic for affluent clients phasing in their retirement. There is a real danger that the anti-avoidance rule to be inserted into Finance Bill 2006 to stop this practice will be overly onerous and, in the end, create more problems than it solves."

She has also said that the rules are worrying as they seem to be very complicated—which is what had been feared—particularly as all the examples show how difficult it is to calculate whether contributions have increased significantly. She points out that, as it is up to the scheme administrator to apply the charge to the member if they own up to recycling tax-free cash, any charge that the administrator incurs may also be passed on to the individual, which could leave the member with a charge equivalent to about 70 per cent. of the tax-free lump sum.

Rachel Vahey added:

"After putting all these rules in place, it will be very difficult to police. Providers will probably have to change application forms to ask about pre-planning as a part of recycling, and if someone does recycle after denying it on a form, can providers go back to HMRC and say it's not our fault because we asked for a declaration, in order to avoid an administrator's charge?"

Her conclusion about the Government was:

"The approach they've taken is using a sledgehammer to crack a nut."

Iain Oliver, the head of pensions at Norwich Union, has said:

"HMRC's approach is inconsistent with the aims of simplification. We urge them to fundamentally rethink their approach to prevent unnecessary complication to the retirement and financial advice approach".

He also said that recycling pension contributions—by taking a tax-free lump sum and reinvesting it to obtain tax relief and a further lump sum—could perhaps be prevented by changes to the self-assessment form or by ruling out its promotion in the Financial Services Authority's code of business rules. He went on to say that HMRC's latest guidance would mean additional paperwork for clients to read and a penalty charge of 55 per cent. on lump sums paid.

John Lawson, the head of pensions policy at Standard Life, has said that the proposals will be unworkable because the reporting requirements will

fall on the individual taxpayer, creating the strong possibility that they will make mistakes or overlook parts of the guidance. He said:

"It's just incredible, and mind-numbingly complex. I don't think people will be able to get to grips with it. I don't think they can be serious. They've come up with probably their best fist of it, but there's no way it's workable."

Lawson also asks how the Revenue will prove that people are pre-planning the recycling of tax-free cash, saying:

"In order for the rule to apply, it has to be pre-meditated, but how do you prove it—how are the Revenue going to read your mind? The only way is to assume guilt in every case, which is a bit harsh".

That is an understatement.

7 pm

I am afraid that anyone seeking clarity on the interaction of those elements from the proceedings in the Committee will end up confused. The Economic Secretary waxed philosophical in Committee. In a Committee stage that had previously been characterised by arguments based on law and accountancy, that was the first debate that drew on the works of the American philosopher Donald Davidson, whose work "Actions, Reasons and Causes" was on the Economic Secretary's reading list and clearly influenced the debate on the word "envisaged". During an exchange on what is now sub-paragraph (2)(b) of new schedule 3A, the Economic Secretary said

"Envisaging is a broader term; it might be an intention on behalf of someone else, rather than a personal intention. 'Envisaging' may mean opening up the possibility that someone else may use the provision—in this case, to recycle the lump sum on that date. If 'envisaging' were used, that case would be caught. The difference between 'envisaged' and 'intended' is subtle but essential. 'Envisage' will cover the concept of intention; as sought by the amendment, and will go a little wider, so as to ensure that we catch all necessary cases."—[*Official Report, Standing Committee A*, 20 June 2006; c. 743.]

The Institute of Chartered Accountants has said of the word "envisaged":

"This is... highly unusual and unclear".

My goodness! That exchange, and those surrounding it, certainly demonstrated that.

Before the debate, I took the opportunity to find out a bit more about Professor Davidson. He wrote copiously about natural semantics, something with which I suspect the Economic Secretary is familiar. Perhaps he has used natural semantics himself at various times in his professional career, both inside and outside the House.

Mr. Paul Goodman (Wycombe) (Con): What about neo-endogenous growth theory?

Hon. Members: Post-neo-classical!

Mr. Hoban: Was it "neo-classical post-endogenous growth cycle", or a combination of those words in no particular order?

I consulted Professor Davidson's biography to see whether he had written anything about economics, but he had refrained from doing so, dealing entirely with semantics, causes and actions.

Madam Deputy Speaker: Order. I have allowed some relaxation of the strict rules of debate, but I think that now we are straying a little wide of the new clause.

Mr. John Gummer (Suffolk, Coastal) (Con): Will my hon. Friend give way? I may be able to help him to return to the new clause.

Mr. Hoban: I give way to my right hon. Friend.

Mr. Gummer: Will my hon. Friend again explain to the Minister that once tax law is complicated to the extent that it is beyond the ken of ordinary people, they cease to believe in its fairness? There is a fundamental problem with the kind of complication with which he has delighted us today. It is not reasonable to make people expect their affairs to be so complicated that they require the kind of advice that is available only to the very richest.

Mr. Hoban: I am grateful to my right hon. Friend for putting me back on track—as, indeed, did you, Madam Deputy Speaker. He has made an important point. We are asking taxpayers to examine the rules carefully, and to draw their own conclusions about whether they may be recycling lump sums. The amounts involved are relatively small: they may be as little as 1 per cent. of a person's lifetime allowance, which is £15,000.

Rob Marris *rose—*

Mr. Hoban: The hon. Gentleman must realise that a number of people will build up £60,000 in their pension funds, and £15,000 is 25 per cent. of that. People with pension funds of that size will not be in a financial position to seek the expertise of members of the Institute of Chartered Accountants, such as myself, or lawyers or pension advisers. There is a real issue here: to what extent will people be able to interpret the Bill and the fairly detailed explanatory notes, and reach their own conclusions?

What will ultimately dissuade those people is the threat of having to pay 55 per cent. of the lump sum as a penalty. People who might otherwise wish to embark on sensible pre-retirement planning may find it difficult. We should also bear in mind that the pension contribution that is required to trigger the charges is only 30 per cent. of £15,000—£4,500. Relatively small sums could have an impact on someone's overall pension. I believe that the law should be clear and straightforward so that people can understand, and that there should be some certainty.

The Economic Secretary to the Treasury (Ed Balls) *rose—*

Mr. Hoban: I shall explain in a moment how we might provide that certainty, but I think the Economic Secretary wants to "envisage" something first.

Ed Balls: I shall resist the temptation to return to past debates. I merely wanted to give some reassurance to the hon. Gentleman and the right hon. Member for Suffolk, Coastal (Mr. Gummer). The hon. Gentleman

[Ed Balls]

quoted a number of advisers who may or may not have been involved in the marketing of these schemes. May I give him a quotation from the Chartered Institute of Taxation, which may provide some reassurance?

"The PBR announced changes in the pension rules to prevent recycling of pension funds. CIOT was worried lest the ordinary taxpayer, with no tax avoidance motive, would be inadvertently caught, and wrote to HMRC setting out these concerns. HMRC were receptive to these comments and took them into account when drafting the proposed legislation and guidance. We believe the resulting provisions are workable and should prevent marketed avoidance without catching the innocent."

I hope that that does provide some reassurance. This is well-made policy, which means that the innocent will not be caught, but those who are paying large amounts for tax avoidance purposes will.

Mr. Hoban: I am grateful for the quotation. I shall consider the issue of certainty in a moment.

Rob Marris *rose—*

Mr. Hoban: The hon. Gentleman seems to be hovering on the verge of an intervention. Does he wish to intervene again?

Rob Marris: I am grateful to the hon. Gentleman for his generosity. Perhaps I am not understanding him correctly: I cannot see what is so complicated about knowing whether one has reinvested a lump sum from a pension scheme, returning it to the pension scheme.

Mr. Hoban: If it is so clear, why are 21 examples and 28 pages of guidance necessary? However, let me take up something that the Economic Secretary said. Clause 159 is quite short and has a broad application, but its impact is mitigated by the 28 pages of guidance, which are very clear.

Ed Balls: Let me give the hon. Gentleman some further reassurance. We have debated the issue before, and I shall return to it shortly, but let me give him a second quotation from the Chartered Institute of Taxation:

"HMRC have consulted effectively on these changes; the resulting rules seek to separate structured tax avoidance from accidental or insignificant increases to pension fund payments, while the guidance includes a lot of excellent worked examples".

In fact, there are almost 28 pages of them. It is the volume of those worked examples that means that the guidance is fit for purpose. The hon. Gentleman ought to praise us for being so open and transparent in our efforts to help people, rather than criticising us.

Mr. Hoban: What the Economic Secretary has said demonstrates why the position is not as clear as the hon. Member for Wolverhampton, South-West suggested.

Let me now deal with an issue that relates to amendments Nos. 62 and 14. The Chartered Institute of Taxation said that it was happy with both the clause and the guidance notes. The clause will remain on the statute book if the Bill is given its Third Reading tomorrow, but the guidance notes will not be on the statute book. HMRC can alter them.

My point is that there should be more certainty and more clarity about the tax regime. That is why the amending provisions propose that the Treasury be given regulation-making powers to set out the application of sub-paragraph (2) in order to create that certainty. The issues covered in the guidance notes would then be on the statute book through secondary legislation, so they could not suddenly disappear or be changed overnight without proper parliamentary scrutiny. Revenue and Customs and the Treasury would then be forced to produce clear, watertight wording rather than use 21 examples to clear up the scope and application of clause 159. It provides a way of moving from abstract philosophical treatises to the concrete reality of law and regulation. We would also be able to revisit the guidance when it changes as the statutory instruments would need to be amended.

I was grateful to the Economic Secretary in Committee when he made a kind offer, namely, that if significant material changes were made in the guidance, he would ensure that they were circulated to the Opposition so that we would have a chance to comment upon them. He said that he would take advice to ensure that the Government continued to take a consultative approach to guidance issues. I am flattered, as would be my successor, to be given the opportunity to comment at some point when the guidance changes, but rather than leaving it to a single Member to comment, it would be preferable if the Committee had the opportunity to question the regulations. My proposals are an attempt to achieve some clarity, consistency and parliamentary scrutiny to ensure that the guidance notes, which are such an integral part of the application of clause 159, achieve a degree of security and certainty. It is an important matter and I conclude my remarks on that point.

Mr. Dunne: I shall make a couple of brief observations in support of new clause 3, proposed by my hon. Friend the Member for Fareham (Mr. Hoban). His concluding comments about the need for consistency and clarity were well made. We are entering a new era for pensions in this country. Following the introduction of A-day, individuals now have the opportunity to accumulate substantial pensions—*[Interruption.]* Before the hon. Member for Wolverhampton, South-West (Rob Marris) invites me to declare an interest, I will maintain my consistent and clear conduct before the House by declaring that I will be the beneficiary in due course of a personal pension and I am also a member, like everyone else in the House, of the parliamentary pension scheme. I declare that fully for the record.

The introduction of the new regime under A-day means that, at the upper end of the pension market, a decision needs to be taken by individuals who are considering whether to add to their pension funds over the coming years. The decision means setting aside potentially significant amounts of money—up to £200,000 in the current year. On my parliamentary salary, it is unlikely for me, but it applies to those who have sufficient income. They have to decide whether or not it is an appropriate repository for their funds.

The Government need to deal with the logical inconsistency of having established the alternative secured pension structure, but allowing some individuals not to have to take out an annuity at the age of 75, while others do. If the Government are paying attention, they need to reflect on whether to relax the compulsory annuitisation regime and allow individuals, on reaching 75, to withdraw income and thereby suffer income tax and, if these people were to die with large residual amounts in their pension fund, whether those amounts should form part of the estate and be taxed under the inheritance tax regime. That would an entirely logical and consistent approach to these larger individual pension amounts and would in no way conflict with the objectives of the Turner commission and subsequent White Paper.

7.15 pm

I remind Ministers that the White Paper addresses the part of the population that has little prospect of paying inheritance tax and encourages saving among those earning up to £32,000 a year. Such individuals are unlikely to be able to accumulate sufficient assets over their lifetimes to get into the inheritance tax net, which is an objective of the rules on annuitisation. The Government need to look into that as a means of refining the White Paper, which I would greatly welcome. Like my hon. Friend the Member for Fareham, I do not anticipate that the Government will accept the new clauses, but they need to reflect on these issues as the White Paper becomes an Act over the next year. By next year, I expect the Government to have reflected on these provisions and to introduce them into the Budget.

Rob Marris: What does the hon. Gentleman believe the minimum retirement income should be, as specified in new clause 3?

Mr. Dunne: I am not a statistician or an actuary, so I cannot foresee the right amount, but I suspect that it should be close to the level that would take people out of means-testing. That would be the principle to apply, but I cannot tell the hon. Gentleman exactly how many pounds the amount should be. The hon. Member for Wolverhampton, South-West managed to intervene, just as I concluded my remarks.

Julia Goldsworthy: The Conservative new clause 3 provides an alternative to the current position, whereby people are forced to buy an annuity with their pension funds when they reach 75. The Conservatives have made that proposal before, most notably through the private Member's Bill of the hon. and learned Member for Harborough (Mr. Garnier) in 2002. As the hon. Member for Fareham (Mr. Hoban) said, the issue was raised more recently in connection with the Finance Act 2004 and the Pensions Act 2004.

I draw the House's attention to the ping-pong with the other place at the later stages of the Pensions Bill. This very matter was one of the most significant issues debated and it was the collapse of the Conservative vote in the House of Lords that prevented the opportunity of the provision being written on to the statute books. If the Conservative peers had been able to vote, perhaps we would not be debating the matter now.

The new clause is designed to limit the requirement to purchase an annuity to the amount that would give the annuitant a minimum retirement income, and it would provide greater flexibility over the remaining residual fund. That contrasts with the current situation in which 75 per cent. of the funds from a money purchase pension must be used to purchase an annuity by the age of 75. Since the scheme was set up, life expectancy has increased considerably, which alone might provide the Government with a reason to look into the matter again. The new clause would amend the Finance Act 2004, set up a retirement income fund and create a rule whereby withdrawals cannot be made unless the individual has purchased a relevant annuity that is linked to the retail prices index.

The hon. Member for Fareham will know that the Liberal Democrats have supported the approach in principle in the past and we do not intend to change our minds today—we will still be on the side of the angels. However, I have one query about the drafting of the new clause in respect of an issue that my hon. Friend the Member for Northavon (Steve Webb) has mentioned.

The principle behind the minimum retirement income is that it exists to prevent individuals from withdrawing all their money from their pension and falling on to state benefits. The annuity that would need to be purchased under new clause 3 would prevent that from happening, but in terms of qualifying for state benefits, all income is taken into account, not just the income from the annuity. The hon. Member for Fareham assumed that my hon. Friend the Member for Northavon was talking about fluctuating income, but it could affect someone with a steady income close to the minimum income. If they were below it, they would fall on to state benefits. However, under the provision, all the money in the pension pot would need to go into the annuity to provide a minimum income that, together with their other income, might take them significantly above the minimum income requirement in the new clause. I hope that the hon. Member for Fareham will clarify the operation of the new clause in that respect.

Finally, I have a question for the Economic Secretary. The Secretary of State for Work and Pensions promised a review of the pensions situation following the Turner report. When might we see that?

Steve Webb: I want to make a brief contribution. These days, I follow health matters, but when I saw that annuities were to be debated today I could not resist one last bash.

I am sure that our new Economic Secretary, who studied philosophy, politics and economics at Oxford, will be familiar with the concept of a Pareto improvement—that it is possible to act in such a way that no one is worse off, but someone is better off. In economics, of course, that is highly desirable. The reform of annuity law is a Pareto improvement—what these days we would call a win-win situation. No one loses if we can reform annuities in a way that gives people choices, at no cost to the taxpayer. As has been noted, the implications for means-tested benefit expenditure and the possible loss of tax revenue are the two areas of worry in terms of cost to the taxpayer.

[Steve Webb]

New clause 3 is rather excessive in its attempts to deal with the risk falling on means-tested benefits. It is too prescriptive because, as I said in an earlier intervention, some people might be able to draw down their entire pension pot and still not run any risk of falling within the realm of means-tested benefits. However, new clause 3 would oblige them to buy an index-linked annuity of a certain value. The official Opposition do not know how much that would be, even though they want us to support the new clause, but that proposal is unnecessary and unduly restrictive.

We understand that there has to be a fail-safe—and I believe that it should be individual-specific—to ensure that a person's pension pot is not raided to such an extent that he or she falls at the mercy of means-tested benefits. However, I have always believed that the Treasury always gets its tax money anyway. For example, tax is paid when a pension pot is drawn down, and also when people leave money when they die.

The Treasury's ideological line is to convince us that tax relief is some sort of incentive. By and large, with the exception of what happens with the lump sum, tax relief is about taxing things once rather than twice. Our tax regime gives tax exemption on the way in and levies tax on the way out, but that is no reason to say that any change would undermine the incentive purpose of tax relief. Pension tax relief is about avoiding double taxation, not about incentives.

As long as the tax is paid at the end in some way, why should the Treasury care how it is paid? It could be paid as a charge on the un-annuitised fund at death, or on the pension that is eventually drawn at the end. It could be also be paid on the money drawn out while a person remains alive, but the Treasury will always get its tax, so who loses?

New clause 3 is unduly cautious, although the hon. Member for Fareham (Mr. Hoban) noted that the Government have given ground in response to the concerns expressed by the Plymouth Brethren. However, society always benefits when people in their old age are given new choices about their income. It is true that we are talking here about those who are better off, but that is no problem for the new Liberal Democrat party. Giving people choices is all part of our new approach. We approve of new freedoms for people on higher incomes to make choices.

The new clause would give a limited number of people new choices, at no cost to the Exchequer. I cannot see why a reasonable man such as the Economic Secretary would no be persuaded by that argument.

Ed Balls: I am pleased to respond to the debate, and to have an opportunity to restate the Government's policy on annuities. However, I shall first answer the point made by the hon. Member for Northavon (Steve Webb). I shall resist all temptation to stray on to the philosophy of Mr. Davidson or the economics of Mr. Pareto. The hon. Gentleman defined a Pareto improvement as something that left no one worse off and a number of people better off, which sounds to me like the definition of a Labour Government.

We estimate that the cost of the new clause would be around £100 million. It is certainly not cost free. To implement and pay for it, the Liberal Democrats would have to raise from capital gains tax increases not £12 billion but £12.1 billion. Moreover, we discussed the Conservative idea of abolishing inheritance tax—at a cost of £1 billion—when we considered the previous group of amendments. Adopting new clause 3 would cause that total to rise to £1.1 billion. I therefore counsel hon. Members of both Opposition parties to be cautious about adopting policies that would cost £100 million, given that some of the other commitments that they have made would require substantial tax increases elsewhere.

I said that I wanted to restate the Government's approach to annuities, and to reiterate the response to the recommendations of the Pensions Commission made by my right hon. Friend the Secretary of State for Work and Pensions in his recently published White Paper. In that document, we reiterated our policy of securing an income in retirement, and we rejected the principle underlying this new clause—that people aged 75 should not have to buy an annuity. At the same time, in response to some of the points made by the commission, we undertook to publish later in the year a detailed paper setting out the evidence base for our policy.

The Government's policy on annuities is very clear. Very generous tax reliefs are provided to encourage people to save for their retirement. Contributions may be paid with the benefit of tax relief and investment income and growth may accumulate in a pension fund tax free. In addition, when people come to take their pension benefits, they can take up to 25 per cent. of their total pension pot as a tax-free lump sum. In return for those generous tax incentives on the way in, there are long-standing rules that require a person, by the age of 75 at the latest, to convert the remainder of the pension pot into a secure retirement income for life, or to provide for dependants' benefits. Over 90 per cent. of people aged 70 have already bought an annuity, so only a very small number of people have to make such decisions when they reach 75.

I shall deal later with the Pensions Commission's recommendations on annuities, but its report endorsed the fundamental principle that a retirement income should be secured by an annuity, in return for tax relief on the way in. It said:

> "Since the whole objective of either compelling or encouraging people to save, and of providing tax relief as an incentive is to ensure people make adequate provision, it is reasonable to require that pension saving is turned into regular pension income at some time."

For the vast majority of people who do not get a pension paid directly from their scheme, an annuity will be the best way to secure an income for their retirement. The most recent evidence suggests that annuities are fairly priced and value for money. People do not know how long they will live after they retire, and tend to underestimate their longevity. Without a requirement to secure an income, there is a danger that they will run down their retirement savings either too fast or too slowly.

Insurance companies know, broadly and on average, how long people will live, and offer products that pool the risk. Welfare is therefore improved at the aggregate level.

Steve Webb: Is that not a rather paternalistic approach? Why should not people who receive an occupational pension sufficient to keep them above means-tested benefits be able to choose to take a risk about whether they draw their pot down too fast or too slowly? As long as the tax is paid and the state does not lose, why should they not be free to do what they like?

Ed Balls: I shall give a more detailed explanation of the £100 million cost of the new clause in a moment, but I can tell the hon. Gentleman that the median pension pot is about £25,000 a year, although many people get much less than that. To achieve an annuity of that size, a person would have to have a pension pot very substantially above the median amount. The pension pots of 19 people out of 20 would be too small to give an annuity of that size. We are talking about a policy that would benefit only the wealthiest 4 or 5 per cent. of the population in pension pot terms.

7.30 pm

The hon. Member for Northavon also made a point about tax. We pay substantial amounts of tax relief on the way in and, if we were to have an equivalent tax take on the way out, to make sure that people saving for a pension were not advantaged by knowing that they could pass it on with inheritance tax paid at the end, inheritance tax would need to be substantially higher than the current rate. I accept that Members have tabled supporting amendments to apply inheritance tax charges, but the reason the cost will be £100 million is that charging inheritance tax would not come anywhere near to clawing back the kind of tax benefit that a person would receive from going in with tax reliefs but then not buying an annuity. The fear is that there would be a substantial amount of tax planning for pensions that avoided the need to buy an annuity. The number of beneficiaries might rise slightly above the 4 per cent. of the population who would benefit from new clauses 3 and 7, but it would still be a minority pursuit, which would be expensive for the taxpayer and would require tax rises elsewhere, to no benefit.

John Hemming (Birmingham, Yardley) (LD): Is the hon. Gentleman saying that the median pension pot is £25,000 a year or that the actual pot is £25,000?

Ed Balls: If the hon. Gentleman has been following the debate, he will know that we are talking about the amount of pot a person would need to buy an annuity that delivered the minimum retirement income to which we have referred. The overall amount in the pot would need to be substantially higher than the median to provide the necessary income.

John Hemming: So it is the median pot.

Ed Balls: Exactly; the pot that a person would need to buy the annuity.

John Hemming: Not the amount per year?

Ed Balls: No, the pot, because a person would transfer their pot into purchase of the annuity.

Over and above the already generous tax incentives for saving for pensions on the way in, we have introduced flexibility in a number of ways over the last few years, through the Finance Act 2004 and also through the new tax regime that we introduced on 6 April, which gives much greater flexibility and simplicity for pensions saving. We have added flexibility to saving for retirement provision in several ways.

First, as the hon. Member for Fareham (Mr. Hoban) mentioned earlier, we are continuing in the new regime the facility to defer taking an annuity and instead to take income withdrawal. Annuities often represent the most efficient way of turning a capital sum into income, but there could be circumstances—perhaps when the scheme member was relatively young and there was a reasonable expectation that the underlying investments of the pension scheme would perform well—when some people might benefit from not being tied into the then prevailing annuity and gilt rates paid later in life. As Members know, the income draw-down rules introduced by the Government allow people to take an income and defer taking an annuity until a more opportune occasion.

The hon. Gentleman gave the impression, perhaps inadvertently, that there are no limits on the degree of draw-down. That is not correct; there are clear rules that allow, in the new regime, a maximum amount to be drawn down for income withdrawal, while allowing resource to remain for the purchase of the annuity—the income guarantee, which is the prime motivation for the existence of the tax reliefs. By contrast, the facilities offered under new clauses 3 and 7 would actually allow the whole amount—way beyond the maximum level we have set in the draw-down legislation—to be taken in draw-down without the need to buy an annuity.

Only a small minority of people have sufficient wealth to benefit from those opportunities in a way that sensibly assesses risk. Only those individuals could take the risk of not making provision through an annuity. Our view is that providing a substantial tax advantage to allow that, as the new clauses would do, for one in 20 of the population with a pension pot at age 75 would not be the right way to spend taxpayers' money.

A second way in which we have added flexibility is that tax rules now allow a new product, a limited period annuity, which enables someone vesting their pension fund to use part of the fund to provide an annuity for a maximum period of up to five years. We have also made a change to allow value-protected annuities to be offered, to allow a return of capital on an annuity where a member dies before reaching age 75.

As the hon. Member for Fareham reminded us, we have also introduced an alternatively secured pension—ASP—for pension scheme members who have not secured their pension benefits by age 75, where the member has a principled religious objection to the pooling of insurance and mortality risk. As the hon. Gentleman knows, and as the quotation from my right hon. Friend the Member for Bolton, West (Ruth Kelly) to which he referred makes clear, it was always our intention that the rules would apply in the specific and narrow case of individuals with such principled religious objections as the Christian Brethren. It has

[Ed Balls]

always been our intention to replicate the secure lifelong income obtainable from an annuity through those measures, but not to allow that to become a way in which a small and wealthy minority could benefit substantially from tax advantages to the cost of taxpayers overall. We have always made it clear that we shall not allow those concessions to be taken up more broadly to get round the annuity rules. This is not a mainstream product and it must not become a tax avoidance measure. We shall not be going down that road.

Finally, we have taken steps to ensure that more people with small retirement funds can avoid the need to purchase an annuity which, although secure and guaranteed, is neither cost-effective to pay or to receive, because the amount in the pension pot is so small.

The hon. Member for Fareham mentioned the Turner commission report and we shall be setting out a detailed paper in response later in the year. The Turner report looked at pensions policy 20 or 30 years ahead and the commission advises us to look at all the issues in the round over time, including limits and ages. We shall certainly do that. Following publication of the first Turner report, we took up the suggestion that we should examine the case for not requiring the full purchase of an annuity at 75. Our view is that our policy is right for the present and that to follow that suggestion would be complex and bureaucratic and benefit only a small minority at wider expense to the taxpayer, all as a result of substantial increases in tax rates. That would be the wrong road for us to take.

Steve Webb: The Minister gave us what sounded like a precise estimate of the costs, although I believe them to be closer to zero. Is he willing to put in the Library a detailed note setting out where his figure of £100 million comes from?

Ed Balls: I shall be happy to do so. If the hon. Gentleman were to ask me a written question, I should be happy to provide him with the figure, but I think that he will find that it is £100 million. The Revenue has much experience in such matters. We understand exactly the motivation behind the proposals. To be more precise, my estimate is that the figure would be upwards of £100 million, which may mean that the size of capital gains tax rise that the Liberal Democrats would need will creep up from £12.1 billion to £12.1 billion-plus. We are looking forward to hearing the details of the Liberal Democrats' tax policies and how they intend to reconcile their commitment to supporting wealth, prosperity—

Madam Deputy Speaker: Order. I remind the Minister that, however interested he may be in hearing those policies, this is not the time or the place.

Ed Balls: I am sure that you are right, Madam Deputy Speaker. There will be other times when we can debate those tax policies and we are looking forward to learning the details in due course. I will provide the hon. Member for Northavon with details of our costings and look forward to his providing us with details of his.

Turning to the specific proposals under discussion, as outlined by the hon. Member for Fareham, we have before us a proposal to allow people to set up a retirement income fund from which they may make withdrawals on reaching the age of 75, provided that they first purchase an annuity to secure a minimum income requirement. New clause 7 provides for the equivalent facility for dependants. I have explained already in answer to Opposition interventions why that would be inconsistent with both the principles that have guided our approach to annuity policy over the past few years and the cautious and careful flexibility that we have introduced over the past couple of years and why it would represent a substantial cost to the Exchequer.

I could also explain at length why the proposals are bureaucratic, complex and technically flawed, but I will resist the temptation. Suffice it to say that we urge Opposition Members not to spend £100 million tonight on those measures and, instead, to continue to support us and the wider industry in implementing the Turner commission proposals and the wider A-day pension simplification that we have introduced. A consensus on pensions policy has eluded us for a long time—it is something that we hope to achieve—so let us make it a consensus about the importance of using tax relief to benefit the majority, rather than a very small minority.

Turning to amendments Nos. 62 and 14, which cover the recycling of lump sums. As the hon. Member for Fareham says, those amendments were motivated by a concern that the recycling rule might catch certain cases of normal retirement planning. His view is that the guidance notes restrict the scope of the legislation and that, without the guidance notes, clause 159 would have far wider ramifications than is intended.

In Committee, I offered to circulate any significant material changes to the guidance to the hon. Gentleman, to give him a chance to comment if we made any such change. On the basis of his speech this evening, I am happy to offer that opportunity more widely if any other Opposition Member would like to be consulted on the guidance. That offer was in no way intended to be ad hominem. I will endeavour to ensure that there is proper consultation on those matters.

More importantly, following the tabling of amendments Nos. 62 and 14, I took the opportunity to reconsider the legal status of both the legislation and the guidance notes and to hold discussions with relevant legal and technical specialists. Following those meetings, I am pleased to be able to assure the House that the recycling legislation does not have the wider ramifications that the hon. Member for Fareham fears and that the guidance has no concessionary or discretionary effect whatsoever.

The guidance notes contain a number of worked examples because, as the right hon. Member for Suffolk, Coastal (Mr. Gummer) would agree if he were here, the world is a complex place and people can construct many different kinds of turbocharged recycling schemes to try to avoid tax. It is important that people understand the way in which the Revenue will proceed in each kind of case. I have quoted to the hon. Member for Fareham in interventions the views of the Chartered Institute of Taxation on these matters.

We have tried to be consultative and to listen to those in the industry and to ensure not only that their comments are incorporated into the legislation, but

that the guidance provides the fullest explanation of our intent, so that, as I said earlier, we can ensure that expensive tax avoidance is not tolerated and that innocent pension savers are not disadvantaged by those clauses. On the basis of the assurances that I have given the hon. Gentleman this evening, I hope that he will agree that to try further to clutter tax legislation by trying to move guidance notes into legislation is unnecessary. I ask him not to press amendments Nos. 62 and 14 and accept my assurances instead.

Finally, I want to make a short comment on Government amendments Nos. 31 and 97. The new pensions tax regime, which came into force on 6 April, removed a number of outdated and complex rules. The pension tax simplification changes included provisions for the rationalisation of the lump sum payments that pension schemes can make. One of those lump sums—a short-service refund lump sum—may be paid when someone has less than two years' pensionable service and effectively permits a refund of the contribution that the member has paid into the scheme.

7.45 pm

One of the requirements of the short service refund lump sum is that the payment extinguishes all the member's entitlement to benefits under the scheme. We have recently received representations from the industry that that requirement would cause difficulties for contracted-out money purchase occupational schemes, which, to comply with Department for Work and Pensions protected rights legislation, must retain for the member certain rights within the scheme. That could effectively prevent such schemes from providing short service refund lump sums, where they would otherwise meet all the conditions for their payment.

Amendment No. 31, therefore, provides for an exception to the requirement that all the member's entitlement to benefits under the scheme must be extinguished to the extent that the scheme must retain certain rights of the member to comply with other legislative requirements. That amendment will introduce a welcome relaxation in the rules for the pension industry. I urge members to accept it. I know that it will be widely welcomed by the industry, following the consultations that we have had in recent weeks.

Amendment No. 97 will correct a minor technical error in the changes we are making in the Bill to the available transitional protection and ensure that a missed consequential change is incorporated into the legislation.

To summarise, I invite the hon. Member for Fareham to withdraw the motion on new clause 3, not to press new clause 7 or amendments Nos. 107 to 120 and to join us in a consensus on pensions that does not allow tax relief to be diverted to tax avoidance by a small number of people. I ask him not to press amendments Nos. 62 and 14 on the recycling clause and accept my assurances that we will proceed properly in future and consult on any change in the guidance. I ask the House to accept Government amendments Nos. 31 and 97, which will further strengthen the long-term regime for pensioners in this country.

Mr. Hoban: I thank the Economic Secretary for his remarks. He has given a fairly lengthy speech on new clauses 3 and 7 and the amendments. After listening to it, I am unconvinced about the Government's rationale for opposing new clause 3. The hon. Member for Northavon (Steve Webb) referred to the opportunities that a change to the annuitisation rules would create: an improvement whereby a number of people would gain, whereas others would not lose. Such a change could go further than that. Certainly, the Turner commission's view was that, yes, some people would gain directly, but a great many people would gain indirectly through lessening of the pressure on annuities and markets in the long term. Many people would seek to achieve that gain, particularly as there would be more demand for annuities in the future, with a shift from defined benefit schemes to defined contribution schemes, as I said in my opening remarks.

The Treasury is fighting a rearguard action. The Economic Secretary talked about the alternatively secured pension scheme being available for a small number of people, but more people will take advantage of such schemes. There will be an appetite for that, because people do not want to be tied to the idea of a compulsory annuitisation of the pensions at the age of 75. They want to have the flexibility in retirement to use their funds in a different way. They want to determine their income. They are concerned about the declining annuity rates and the impact of that on their pensions. On that basis, I propose to press new clause 3 to a vote.

I want to make a final remark on recycling. The Economic Secretary sought to persuade us that our fears about the use of such rules are ill-founded, that the guidance is sufficiently robust and applicable, and that we should have no concerns about it. I am afraid that, on that, too, I am not persuaded, and with the leave of the House at the appropriate time, I will seek to move either amendment No. 62 or 14 formally, but I ask my hon. Friends to vote for new clause 3 and I invite the Liberals to be on the side of the angels again, as the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said earlier, in voting with us tonight on new clause 3.

Question put, That the clause be read a Second time:

The House divided: Ayes 207, Noes 289.

Division No. 274] **[7.49 pm**

AYES

Afriyie, Adam	Breed, Mr. Colin
Ainsworth, Mr. Peter	Brokenshire, James
Alexander, Danny	Brooke, Annette
Amess, Mr. David	Bruce, Malcolm
Ancram, rh Mr. Michael	Burns, Mr. Simon
Atkinson, Mr. Peter	Burrowes, Mr. David
Bacon, Mr. Richard	Burstow, Mr. Paul
Baker, Norman	Burt, Alistair
Baron, Mr. John	Burt, Lorely
Barrett, John	Cameron, rh Mr. David
Beith, rh Mr. Alan	Campbell, rh Sir Menzies
Benyon, Mr. Richard	Carmichael, Mr. Alistair
Bercow, John	Carswell, Mr. Douglas
Beresford, Sir Paul	Cash, Mr. William
Binley, Mr. Brian	Chope, Mr. Christopher
Blunt, Mr. Crispin	Clappison, Mr. James
Bone, Mr. Peter	Clark, Greg
Brake, Tom	Clarke, rh Mr. Kenneth
Brazier, Mr. Julian	Clifton-Brown, Mr. Geoffrey

Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Mr. Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robertson, Angus
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. Henry Bellingham and Michael Fabricant

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom

Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Reed, Mr. Jamie
Riordan, Mrs. Linda
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Alan Campbell and Tony Cunningham

Question accordingly negatived.

New Clause 4

FUEL DUTY (REMOTE AREAS)

'In the Hydrocarbon Oil Duties Act 1979 (c. 5) section 6 (excise duty on hydrocarbon oil) there is inserted after subsection (1A)—

"(1AA) The Treasury may, by order made by statutory instrument, specify lower rates of duty under subsection (1A) in respect of hydrocarbon oil products sold in remote areas.

(1AB) For the purposes of this section 'remote areas' shall be defined in regulations made by the Treasury by statutory instrument.

(1AC) Orders or regulations made under this section shall not come into force unless approved by a resolution of the Commons House of Parliament.".'.—*[Danny Alexander.]*

Brought up, and read the First time.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following:

New clause 6—*VAT and hydrocarbon oil duty offset*—

'In the Hydrocarbon Oil Duties Act 1979 (c. 5) section 6 (excise duty on hydrocarbon oil) there is inserted after subsection (1A)—

"(1AA) In every Budget Statement the Chancellor of the Exchequer shall provide his forecast for oil prices and set out anticipated yield from fuel duty and VAT on fuel for this price and for a range of prices up to 50 per cent. above his forecast.

(1AB) In his 2006 pre-budget report the Chancellor of the Exchequer shall bring forward a mechanism for—

(a) using additional revenue from VAT on fuel above forecast to offset fuel duty when the oil price rises above his forecast level, and

(b) providing specific fuel duty reductions targeted at fuel sold in sparsely populated areas;

and the Chancellor of the Exchequer shall by order define 'sparsely populated areas' for the purposes of this section.

(1AC) Whenever international oil prices rise above the level estimated by the forecast made in accordance with subsection (1AA), indexed fuel duty increases shall be frozen until the international oil prices return to the forecast level.".'.

Amendment No. 123, in clause 13, page 14, line 15, leave out Table A and insert—

CO2 Emissions figure		*Rate*					
(1)	(2)	(3)		(4)		(5)	
Exceeding	*Not Exceeding*	*Reduced Rate*		*Standard Rate*		*Premium Rate*	
			Households with a postcode in a remote rural area		*Households with a postcode in a remote rural area*		*Households with a postcode in a remote rural area*
g/km	g/km	£	£	£	£	£	£
100	120	30	15	40	20	50	25
120	150	90	45	100	50	110	55
150	165	115	57.50	125	62.50	135	67.50
165	185	140	70	150	75	160	80
185	-	180	90	190	95	195	97.5

Amendment No. 129, page 14, line 26, leave out Table B and insert—

CO2 Emissions figure		*Rate*					
(1)	(2)	(3)		(4)		(5)	
Exceeding	*Not Exceeding*	*Reduced Rate*		*Standard Rate*		*Premium Rate*	
			Households with a postcode in a remote rural area		*Households with a postcode in a remote rural area*		*Households with a postcode in a remote rural area*
g/km	g/km	£	£	£	£	£	£
100	120	30	15	40	20	50	25
120	150	90	45	100	50	110	55
150	165	115	57.50	125	62.50	135	67.50
165	185	140	70	150	75	160	80
185	225	180	90	190	95	195	97.50
225	-	200	200	210	210	215	215

Amendment No. 125, page 15, line 8, at end insert—

'(3A) After paragraph 1B insert—

"1BB For the purposes of paragraph 1B above, 'remote rural area' shall be defined in regulations made by the Treasury by statutory instrument."'.

Danny Alexander: The purpose of the new clause is to enable the Treasury to specify lower rates of duty on fuel to apply in remote rural areas. Hon. Members will know that article 19 of the European Union's energy products directive allows member states to apply for a derogation to allow lower duty rates in specified areas. In October 2005, the French Government, with the support of UK Ministers and Ministers of other member states in the Council of Ministers, did just that, following the example set by the Portuguese and the Greek Governments in previous years.

My argument for applying that measure in the United Kingdom rests on the very serious economic impact that higher fuel prices in rural areas have on areas such as the highlands and islands of Scotland. The truth is that people living in remote areas such as the highlands and islands are victims of a triple whammy. They pay higher fuel prices and have much longer distances to travel, with few or no alternatives to making those journeys by car. Unavoidably, they spend more on transport than others and therefore also contribute more to the Treasury. Motoring costs represent some 18 per cent. of total household

expenditure in rural Scotland compared with 13 per cent. across the rest of Scotland.

Mr. Andrew Turner (Isle of Wight) (Con): The hon. Gentleman mentions some exceptionally distant rural areas and says that motoring is the only option, but that cannot be the case in the islands of Scotland, because ferries will be important as well. Where does he expect the line to be drawn between remote areas that would benefit from his new clause and non-remote areas that would not so benefit?

Danny Alexander: The hon. Gentleman anticipates a later part of my remarks, so if he will allow me I will press on.

Median earnings in the highlands and islands are some 85 per cent. of the UK figure, so the inequitable situation that I described hits an already poorer region very hard. Before coming to the Chamber today, I conducted a random survey of pump prices for a litre of unleaded petrol. In Aviemore in my constituency, where I happen to live, the current price is 99.9p per litre. In Dalwhinnie, a little further south, it is 102p per litre. In Thurso, in the constituency of my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), it is 102p per litre. In Lerwick, in the constituency of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), it is 106.9p per litre. By comparison, at Asda in Leeds the price is 92.9p, while in Morrison's in Camden in north London, it is 90.9p.

At its broadest, the variation is nearly 20p per litre. In my home town of Aviemore, which is on the A9, one of Scotland's main trunk roads, my constituents would pay some 10p per litre more than constituents of hon. Members in London. For an average-sized small car, that might equate to an extra £4 on a tank of petrol. The final price of a litre of fuel includes VAT, so we have the anomalous situation whereby we are paying more in VAT than elsewhere because the retail price for fuel is higher. In sum, the main beneficiary of higher fuel prices in rural areas such as the highlands and the islands is the Exchequer. The new clause proposes a system to return that rural windfall to some of the areas whence it came.

The high price of road fuel in the highlands and islands has done, and is doing, considerable social and economic damage to some of our most vulnerable rural communities. This is not just about business people with big cars and high mileages; it is about people on low incomes in relatively poorly paying sectors such as tourism, retailing and food processing, of which we have a high share in the highlands and islands. The low population density means that there can be long distances to public services such as hospitals and to places of employment, with no alternative but to use a car.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): My hon. Friend rightly points out that in Lerwick we are paying 106p per litre for our petrol. If he goes out into the country parishes, he will find that it is significantly higher even than that at. That encourages people from the country parishes of Shetland to drive into the town to get their petrol, with the result that they then use the town's shops and services, thereby affecting the small and economically fragile shops and services in the smaller outlying parts of already remote areas.

Danny Alexander: I am grateful to my hon. Friend. The same phenomenon can be seen in constituencies across the highlands and islands. In my constituency, the differential in petrol prices often encourages people to drive to Inverness to use the services there, with an ongoing knock-on effect on rural filling stations, shops and other businesses in rural areas. That is why the new clause says that the line would need to be drawn by Treasury regulations. I am sure that many civil servants in the Treasury are expert enough to draw up an appropriate set of rules. The method used by the Scottish Executive in apportioning their rural filling stations grant scheme might well provide one basis on which such a system could work.

Rob Marris: As a quid pro quo for these proposals, would the hon. Gentleman and his party be prepared to abandon the Barnett formula forthwith?

Danny Alexander: No.

John Bercow: The hon. Gentleman should not be sedulously tempted down that narrow path, on a completely unrelated issue, by the hon. Member for Wolverhampton, South-West (Rob Marris). I understand the concern about the perceived inequity of differential pricing, but can the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) tell the House for what proportion of the purchase price per litre in his constituency excise duty accounts?

Danny Alexander: I think that it accounts for a very substantial proportion—and what is more, as I was explaining earlier, because of the other factors that lead to the price being higher in rural areas, the Treasury gets a windfall through VAT.

The Financial Secretary to the Treasury (John Healey): Perhaps I can help the hon. Gentleman. The answer to the question asked by the hon. Member for Buckingham (John Bercow) is 47.1p per litre.

Danny Alexander: I am grateful to the Minister for that.

The purpose of the amendment is to propose a relieving measure for rural areas to take account of the fact that petrol prices are much higher, that car use is much more of a necessity, rather than a luxury, and that the distances driven tend to be much longer, so people are making longer essential journeys and spending much more of their income on fuel at higher prices, which is giving a windfall to the Treasury through the VAT system. This is a relieving measure to try to address some of the consequences of that, to which I want briefly to return.

Rob Marris: The hon. Gentleman is being very generous in giving way. He was talking about an anomalous situation before. Is not his proposal

[Rob Marris]

somewhat anomalous in light of the Liberal Democrats' proposals to increase green taxes? This seems to be going in completely the opposite direction; it is putting down the price of fuel.

Danny Alexander: The hon. Gentleman anticipates my concluding remarks, in which I will address that point directly.

By accepting the amendment the House can signal its determination to relieve the burden of a tax that is undermining rural development and worsening rural poverty. By allowing a derogation to a lower rate of fuel duty for remote areas, appropriately defined, we can adopt an interim measure that will make an immediate difference. It is my view, and that of my colleagues, that in the long term a system of road user charging would allow the fairest distribution of cost and significant benefits to people living in remote areas.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Clearly, in a remote area using cars is more environmentally friendly—because people use them when they need them—than regularly running lots of empty buses without passengers. Road user pricing would therefore be more environmentally efficient, as the price would reflect the area in which the car was being used.

Danny Alexander: I am grateful for that intervention. As usual, my hon. Friend makes very wise comments.

Some hon. Members, as we have just heard, may worry about the environmental impact of this change, but in areas where a car is a necessity that is absurd. Of course we need to drive more fuel-efficient cars—that applies as much to people in rural areas as it does to those in urban areas—but taxing rural motorists off the road means wiping rural communities off the map. I say to the House that sustainable rural communities are as important to our environmental objectives as they are to our social and economic objectives, so I hope that the new clause will win support in all parts of the House.

Mr. Paul Goodman: We welcome with enthusiasm the opportunity once again to debate hydrocarbon oils. Indeed, this debate has a familiar ring, although on this occasion we do not have present the hon. Member for Eastleigh (Chris Huhne), who during the debate in the Committee of the whole House seemed, as far as I could see, to lead for the Liberal Democrat Front Bench. *[Interruption.]* The hon. Member for Wolverhampton, South-West (Rob Marris) says that he did, and I would not quarrel with that assessment for a moment.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I ask the hon. Gentleman's forgiveness, but it seems to me that we are discussing hydrocarbon duties now, and that debate was about vehicle excise duty. There is a difference.

8.15 pm

Mr. Goodman: The hon. Gentleman plainly has not read the list of amendments in front of him grouped under the heading "Hydrocarbon oil duty and vehicle excise duty". He will see, if he reads it, that amendments Nos. 123, 129 and 125, which are all part of this group, refer to vehicle excise duty. I suggest that next time, he read the selection list before making an intervention. Since the earlier amendments were substantially the same as two of those in the group that we are now considering, I want to refer back to them for a moment.

The first proposed to reduce the rate of VED for the most polluting vehicles registered before 23 March this year and owned by households with a postcode in a remote rural area. The second proposed not to change the rate of VED for the most polluting vehicles registered after 23 March and owned by households with a postcode in a remote rural area. The third proposed to raise the rate of VED for the most polluting vehicles registered after 23 March and owned by households with a postcode in a remote rural area. *[Interruption.]* The hon. Member for Falmouth and Camborne (Julia Goldsworthy) says from a sedentary position that the latter was not selected. I was not claiming that it was selected, although as she has raised the point, one might question the wisdom of tabling an amendment that cannot be debated—but I shall return to that in a moment.

After the debate in the Committee of the whole House, which those of us who were there remember with affection, the Liberal Democrats chose not to press their amendments to the vote, which suggested to the rest of us a certain lack of confidence in them. I shall return to that point later. It is not perhaps a very good sign that three of the amendments in this group cover the same ground as was covered during the debate in the Committee of the whole House.

Our view is straightforward: we acknowledge the seriousness of the transport problems faced by people who live in remote rural areas, to which I shall return later. Indeed, Conservative Members represent the bulk of rural areas—although, I concede, not the bulk of remote rural areas as the Liberal Democrats are defining them. However, we believe that the one-off cost of VED is not the main problem faced by people who live in remote rural areas, and that any fiscal solutions to those problems must be fair, simple to administer and proof against fraud, and above all they must not simply leave a black hole in the Government's accounts.

With the greatest respect to the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who spoke to the new clause, which I shall come to in a moment, it is very hard to see how it can be fair simultaneously to reduce the rate of VED for the most polluting vehicles registered before 23 March this year and owned by households with a postcode in a remote rural area, as amendment No. 123 proposes, and not to change the rate of VED for the most polluting vehicles registered after 23 March and owned by households with a postcode in a remote rural area, as amendment No. 129 proposes, while wishing all the while, apparently—I shall not dwell on this point, even though it is potentially a little embarrassing for the Liberal Democrats—to raise the rate of VED for

exactly the same households in exactly the same circumstances, as amendment No. 124 proposes. As I say, I shall not dwell on the amendment that the Liberal Democrats tabled but which we cannot debate. I shall move on.

John Bercow: Will my hon. Friend give way?

Mr. Goodman: I cannot resist the invitation from my hon. Friend.

John Bercow: I am listening to my hon. Friend's exegesis of the different Liberal Democrat amendments with great interest. It does rather call to mind, I put it to my hon. Friend, the famous verdict of the late Harold Macmillan that the Liberals' good ideas are not original and their original ideas are not any good.

Mr. Goodman: My hon. Friend is never lost for an apt quotation, and I cannot think of a more apt one myself, although he may well be on his feet in a moment to suggest another.

I turn to the tests of simplicity and of fraud. Registering vehicles that belong to households with a postcode in a remote rural area for lower rates of VED is scarcely likely to be simple in practice. As the Financial Secretary pointed out on 3 May, motorists could easily register vehicles in designated remote rural areas and then use them predominantly or exclusively in urban areas, since, as I hope the Liberal Democrats will concede, a car registered in a more rural area can in fact be driven to an urban area.

Then there is the question of cost. Amendment No. 125 invites the Treasury to define "remote rural area" in regulations. New clause 4, which was also tabled by the Liberal Democrats and to which the hon. Member for Inverness, Nairn, Badenoch and Strathspey has just spoken, refers to remote areas and, as he made clear, proposes lower rates of duty.

As the hon. Member for Dundee, East (Stewart Hosie) pointed out in a telling speech on 3 May, there is no agreement on the definition of a remote area. The description offered by the Scottish Executive covers 98 per cent. of Scotland's landmass and 18.7 per cent. of the population. The hon. Gentleman cited the Randall definition, which is based on sparsity of population and covers 89 per cent. of Scotland's landmass and takes in 29 per cent. of the population. If the Liberal Democrats could offer a definition that commanded consensus they would surely have included it in new clause 4, rather than pass the parcel to the Treasury.

David Taylor (North-West Leicestershire) (Lab/Co-op): As the hon. Gentleman is struggling to find a definition of remote areas on behalf of the Liberals, may I offer the following definition? A remote area is an area so remote from reality that it elects a Liberal Democrat to represent it in Parliament.

Mr. Goodman: The hon. Gentleman is trying his best to cap my hon. Friend the Member for Buckingham (John Bercow), but I will give him a serious answer. It is significant that the Liberal Democrats have left the definition in the hands of the Treasury. If they had a workable definition they would have included it in the new clause rather than pass the parcel to the Financial Secretary. As new clause 4 and the other Liberal Democrat amendments do not have a definition attached it follows, as night follows day, that they do not have a price attached. I do not know, but I suspect that the cost to the Treasury of a lower rate of duty and lower rates of VED in remote rural areas would be considerable. I am happy to give way to anyone who can tell me what the cost is, and how the Liberal Democrats propose to make up the lost revenue.

That leads me to my main point. The transport problems faced by people in remove rural areas are, as we have heard, formidable. Large vehicles are needed for agricultural and other work—that is not usually the case in urban areas—public transport is often non-existent, and there is far greater reliance on cars than in urban and suburban areas, as the hon. Member for Inverness, Nairn, Badenoch and Strathspey quite fairly pointed out. Our quality of life policy group, chaired by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer), is therefore examining those issues as we formulate our policy programme in the run-up to the next election. That is preferable to introducing in the first year of a Parliament a series of hasty and apparently unfinanced tax cuts that show no sign of being properly thought through, and which, alas, open those who propose them to the charge of opportunism.

Mr. Carmichael: I will not detain the House for long. I loved every second of the speech made by the hon. Member for Wycombe (Mr. Goodman), but each minute probably lost the Tories about 200 votes in my constituency. Indeed, I shall take great delight in promulgating the views that he has just espoused on behalf of his party so that everyone in the highlands and islands and other remote parts of Scotland can see exactly what the Tories stand for.

Mr. Paul Goodman: Can the hon. Gentleman tell the House how much in lost revenue the amendment would cost the Treasury? *[Interruption.]*

Mr. Carmichael: My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) says that he can, so I will let him do so. Tellingly, the hon. Member for Wycombe reminded us of why there are no Tory MPs left in the highlands and islands, where they used to represent a broad swathe of constituencies north of the Mull of Kintyre. The hon. Gentleman said that he did not know how much the proposal will cost, but he presumed that it would be a great deal. Why does he hold such a preconception? Why did he not say that he did not know how much the proposal would cost, but that he was prepared to take an objective and fair-minded approach to it?

Mr. Goodman: In an objective and fair-minded way, may I simply ask the hon. Gentleman, whose party has tabled the new clause, how much will it cost?

Mr. Carmichael: I have already told the hon. Gentleman I do not know exactly how much the

[Mr. Carmichael]

proposal will cost, and I am unashamed to say so. If my hon. Friend the Member for Caithness, Sutherland and Easter Ross has a figure, no doubt he will favour us with it. The fact is, there is a basic inequity born of market failure. Liberal Democrats are prepared to talk about it, and to offer solutions which, whether or not they are costed, indicate a willingness to address the problem that is remarkably lacking among Conservative Members.

Mr. Andrew Turner: A solution that does not work is not a solution. We can examine the proposal, but we need information to do so. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who tabled the new clause, has not provided the information that the House needs to examine the proposal, so it is neither a useful solution nor, indeed, a useful proposal.

Mr. Carmichael: I do not accept that it is something that does not work because, as my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey pointed out, what we are proposing already takes place in a number of European countries, including Greece, Portugal and, most recently—ironically, with the support of UK Ministers—France. The Minister said at the Dispatch Box that since he has been in post, it has been impossible to do such a thing, but it has been done by Portugal, by Greece and, with the support of our own Ministers, by France, so I do not accept that it is beyond the wit of the British civil service. I hold our civil servants in high regard, so if French, Greek and Portuguese civil servants can do such a thing, they can do so, too.

John Bercow: The hon. Gentleman is extremely adroit in making the best of a bad case. I am relatively non-committal on the issue, and I am genuinely ready to be persuaded, as I am not over-preoccupied with the verdict of shadow Ministers, as the hon. Gentleman has probably noticed over the years. We have been confronted with the cumulative intellectual weight and financial acumen of the hon. Member for Falmouth and Camborne (Julia Goldsworthy) and the hon. Member for Eastleigh (Chris Huhne), yet the hon. Member for Orkney and Shetland (Mr. Carmichael) is unable to vouchsafe to the House the financial cost of the new clause tabled by his hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), so I am a little anxious.

Mr. Carmichael: The hon. Gentleman's anxiety always causes me anxiety. Indeed, I took a similar view to those on the Front Bench until I joined my own. Measures beyond number have been introduced in the House, both by the present Government and by Conservative Governments, without an exact financial quantification. We have proposed a principle to deal with a problem that causes serious economic and social hardship. As is often the case in the House, we should allow the details to follow later. Accepting the proposal commits the Government to nothing. It is an enabling measure, rather than a prescriptive one, that gives them the power to deal with the problem. I have lost count of the number of occasions in Committee and on Report when the Government have proposed such enabling measures and said, "Trust us—we'll deal with this later." We are giving a power to the Government, and we are prepared to trust them to do the work and bring the figures to the House at a later stage.

The proposal introduced by my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey is necessary. As he has pointed out, people using the cheapest petrol pumps in my constituency pay about 105p per litre. In the remoter parts—the outlying parishes in Orkney and in Shetland, and the outer islands away from the mainland of Orkney and Shetland—the price is much higher than that. When I was first elected in 2001, people in Hoy in Orkney were already paying more than £1 per litre. That causes real financial difficulty.

8.30 pm

Many of the people living in those communities are on low and fixed incomes. They do not have public transport running at the bottom of their road every five or 10 minutes. They have to use a private car because they have no option. The Government take in the form of value added tax, quite apart from the fuel duty, hits those people particularly hard because they start from a lower income and pay more.

In the villages and towns in my constituency, petrol is sold from small petrol pumps and shops that do not have the purchasing power of Asda, Tesco and other big suppliers in the towns and cities. That is the root of the problem. The Treasury has come up with all sorts of answers. It has told us that we cannot introduce such a measure because people will drive from areas where they already get cheap petrol to areas such as those represented by my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey—my goodness, I wish he had a shorter constituency name—simply to get petrol that they could buy, at best at the same price, and probably cheaper, if they stayed at home. The logic of such objections does not bear rational examination.

Sir Robert Smith: The converse, which the Treasury does not seem to accept, is that under our proposal, people will stay in the local community and buy their fuel locally without making the extra journey to another area, which will keep the local economy more buoyant and reduce the travel time and the amount of fuel that they consume.

Mr. Carmichael: Indeed. That is the point that I made in an intervention on my hon. Friend the Member for Inverness and all the heathery bits.

Rob Marris: On the figures, new clause 4 is an enabling clause which, if passed, would enable a lower rate to be set for excise duty on fuel. Approaching it from the other end, in terms of forgone tax revenue, how much does the hon. Gentleman think the Treasury should spend on the measure? He could give us that figure and from it one could work out, in terms of the number of litres sold in remote rural areas and so on, what the discount on fuel would be. How much does he think the measure should cost?

Mr. Carmichael: The hon. Gentleman is inviting me to speculate on any number of ifs, buts and maybes that might start with the cost of oil on the world markets, go to the level of fuel duty, and from there to the rate of value added tax. The answer to him is the same as it was to the hon. Member for Wycombe: it depends on the figures that the Treasury is able to produce at the time.

What we want to hear today from the Financial Secretary is that at last he is prepared to take seriously the fact that there is a problem which causes real hardship to individuals and to businesses in my constituency and in many others represented in the House. Rather than spending all their time and energy producing excuses for not implementing such a measure, let his civil servants recognise the problem, examine it and act, otherwise the situation will never improve and the sustainability of our communities will never be maintained.

Julia Goldsworthy: The passion with which my hon. Friends have spoken is an indication of how strongly they feel about the issue. We are trying to get recognition of the problem. All our constituents will be disappointed by the responses from those on the Conservative Benches. We are raising the issue again because of the importance that we attach to it. We want to open up a constructive debate and discuss the issue in the context of measures to persuade people who are able to change their behaviour to behave in a more environmentally friendly way, while not penalising those who have no other options. We are disappointed that hon. Members on both sides of the House are trying to close down such a debate.

Mr. Andrew Turner: When one wants a constructive debate to take place, one starts by providing information. It would not have been difficult for the Liberal Democrats to ask questions, table questions to Ministers, seek the advice of civil servants and ask their research assistants to do some work in the Library to formulate a range of options, as my local authority did when we took control from the Liberal Democrats and introduced a 50p bus fare for every person under the age of 19 on the island to travel anywhere on the island. That was done before we took control. The Liberal Democrats have ample facilities, as have all of us in the House—I can see, Mr. Deputy Speaker, that you want me to shut up—to undertake that work. I wish they had done so, because they would be taken more seriously.

Julia Goldsworthy: If the hon. Gentleman has such resources at his fingertips, he could have raised the issue himself. If the communities that my hon. Friends described had access to buses, they would happily provide subsidised fares, but for many of those communities there are no bus services and to provide them would be worse for the environment. An equivalent service to the one in the hon. Gentleman's constituency could not be provided.

I draw the hon. Gentleman's attention to the comments made to those on his Front Bench in the discussion of minimum pensions income. His Front-Bench team will remind him of why it is not possible to give detailed information. The reason why we refer to Treasury regulations is that there is no UK definition of a remote rural area. There are definitions that apply to England and Wales, but if those were mentioned in the new clauses and amendments, they would not include Scotland. My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) is therefore trying to produce enabling measures in order to provoke a debate. Transport costs alone make fuel significantly more expensive in the highlands than in more densely populated parts of the UK. We are trying to respond to problems experienced across the country. All the amendments and new clauses in the group try to deal with those problems in different ways.

One solution would be to more forward more quickly on road user charging, which would be a more flexible way of discouraging car journeys in congested areas, which cause the most pollution, while not penalising those who do not generate congestion and who do not have access to public transport alternatives. If the Minister can tell us that the Government intend to push forward on such a long-term policy, we would welcome it, and we would welcome a time scale.

Costs are much higher in rural areas and there is no immediate solution. The 2003 national travel survey for England showed that half the residents in rural settlements of fewer than 3,000 people lived within 30 minutes' walk of a bus stop. That compares with 95 per cent. of people living in larger urban areas. I am sure that in many parts of the constituency of my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey people will have an even longer walk.

Those rural residents are likely to spend more per week on transport than their urban counterparts. The expenditure and food survey for 2002-03 showed that households in rural areas with a population of fewer than 3,000 spent more than £70 a week on transport, compared with £45.50 for those living in urban areas. Half their expenditure goes in operating costs, a large proportion of which is the cost of fuel.

New clause 4 seeks to lower the rate of duty in remote areas, as defined by the Treasury, and would give the Government the powers to apply for a derogation from the energy products directive, as has recently been successfully undertaken by the French Government. I understand that that was unanimously approved by the EU, as was referred to earlier, which means that it must have had the support of the UK Government. Why does the Minister think that remote and rural areas in the UK do not fulfil the same objective socio-economic conditions as the regions in which the derogation is applied in France?

Because of the lack of transport alternatives, consumers are unable to respond to price incentives. They just have to bear the higher cost, since there will be no cheaper alternative. Hence this proposal is logical and fair, not least because incomes also tend to be lower in more isolated and often more economically deprived constituencies. Although I represent a constituency at the opposite end of the UK to that of my hon. Friend, many of the experiences and difficulties that he has described are familiar to me and my constituents.

The amendments tabled in my name seek to achieve similar ends to the new clause, but I am not proposing that both alternatives should be put forward

[Julia Goldsworthy]

simultaneously. As I have said, we seek to propose a range of alternatives to highlight the situation and provide the Government with a range of approaches. We know that the alternative proposed by my hon. Friend works because it has been applied in other countries. Unfortunately, because all our amendments have not been selected we will not be able to vote on the whole package that we have proposed, so I hope that my hon. Friend will press his new clause to allow the Treasury at least to consider the issues.

The fundamental reason for providing such a concession in my amendments is to recognise the high cost of travel in rural areas. They allow for the revalorisation of fuel duty to continue. We welcomed that when the Chancellor announced it in the Budget. If that continues, and if it is the Government's intention to increase the share of green taxation as a proportion of the total tax take, it will be those people whose behaviour will not be affected by the increases who will have to bear the costs. Therefore, we seek some way of offsetting those costs for people who cannot change their behaviour.

I draw the Minister's attention to two issues. The first is the extent to which the differential for the new highest band, which the Chancellor announced in the Budget, will impact on behaviour, and how it will encourage more environmentally responsible choices. In his Budget speech, the Chancellor said:

"I want to do more to encourage cleaner fuels and cars. I propose to radically reform vehicle excise duty. I am introducing...a new band of £210 for the small number of new cars that are the most polluting".—[*Official Report*, 22 March 2006; Vol. 444, c. 295.]

In a written answer the Financial Secretary gave the number of people who would be persuaded by that amazing new band to change their behaviour. As a result of these proposals, carbon emissions will fall by a fraction—less than 1 per cent. Therefore, our amendments seek to point out the incredibly limited impact that the Government's proposals will have and to present ways in which they might like to achieve a more significant impact on behaviour. In this respect, people in rural areas, as well as in urban areas, will have the opportunity to exercise choice to offset those costs. When they are purchasing a new car they can decide, like people in urban areas, to buy a car with lower emissions. However, they cannot decide how much they pay for their fuel. That is the inequality that we seek to address.

I hope that the Government will at least recognise some of the difficult circumstances that many of my constituents and those of my hon. Friend and others in rural areas across the country face, and I hope that they are prepared to take on board the need to recognise their difficult circumstances. If the Minister does not wish to accept any of our proposals, I would be interested to hear how he plans to ensure that people in rural areas are protected from any further measures that the Government may plan to take in relation to fuel duty and vehicle excise duty that will significantly increase their transport costs despite the fact that ultimately they will have no alternative to the car and hence will have to bear those costs rather than change their behaviour to the benefit of the environment.

Rob Marris: I have to say that we are having a somewhat confused debate. The proponents of the motor fuel—*[Interruption.]* I want to offer some clarity to the hon. Member for Eastleigh (Chris Huhne), which Members of his party have signally failed to do. I will not address any remarks to new clause 6, but I shall speak to new clause 4 and the amendments. The hon. Member for Wycombe (Mr. Goodman) gave an interesting figure. He will correct me if I am wrong, but I think that he said that 29 per cent. of the population would be in a rural area.

8.45 pm

Mr. Paul Goodman: It depends—*[Laughter.]* It depends on which of the two definitions of rural area one accepts. The Liberal Democrats have not been able to tell us which of the two they accept, so when they laughed, they were laughing at themselves.

Rob Marris: It will not surprise the hon. Gentleman to learn that I entirely agree, because I was using the only figure that has been cited in the debate, so far as I am aware.

Danny Alexander: The new clause makes it clear that the definition should be subject to Treasury regulations, but in answer to an earlier intervention I mentioned the Scottish Executive's rural petrol stations grant scheme as a model that might be worth considering. The definition used in that scheme would apply to 5.37 per cent. of the population of Scotland. I hope that that point at least manages to inform the hon. Gentleman on one particular possibility that might well be adopted when the Treasury or civil servants come to look at this matter, because I am sure that his party will support the new clause.

Rob Marris: I am glad that the hon. Gentleman has come up with a figure, but for the moment I shall stick with the figure on which I have based my calculations, as it was the only one before us before that intervention.

There are approximately 20 million private motor cars on United Kingdom roads. I estimate that the average rate of vehicle excise duty is £150 a vehicle, based on clause 13. That would generate vehicle excise duty of approximately £3 billion a year. If we take 29 per cent. of that, that means that the Liberal Democrats are proposing, in round terms, an almost £1 billion giveaway.

Chris Huhne (Eastleigh) (LD): It was made clear that the 29 per cent. figure referred only to Scotland, which represents a small proportion of the total UK. The hon. Gentleman cannot take the total UK car stock and then extrapolate from the Scottish proportion. As we have discussed in previous debates, the Countryside Agency uses a more robust definition of rurality that applies to England and Wales. This point highlights why it is important to give the Treasury the option through regulations to establish a definition that applies to the length of the UK. However, the hon. Gentleman cannot extrapolate in the way that he has.

Rob Marris: I apologise to the hon. Gentleman. I thought that his colleagues were moving an amendment to the Bill that would cover the whole of the UK, as provisions on vehicle excise do. Therefore, I based my calculations on the whole of the UK, and at least I have the guts to put forward some figures, which thus far he and his hon. Friends have not done. They are talking about a giveaway of approximately £1 billion, based on the 29 per cent. cited by the hon. Member for Wycombe. If we use the figure of 5.4 per cent., the giveaway is about £150 million—it is difficult for me to do that calculation in my head. They should at least put forward some figures.

Let us look at new clause 4. The hon. Member for Orkney and Shetland (Mr. Carmichael) did not seem to understand the mathematics of what I put forward in my intervention, so I am having to make a speech. New clause 4 would give the Treasury some power, but the hon. Members who support it will not indicate any way in which that power might be exercised, so I will make a suggestion. If they do not like the figures, they can come up with others. That way, at least we will then have some figures before us in this debate.

Page 13 of the Red Book tells us that excise duties in the UK raise £40 billion a year. If half of that comes from vehicles—excise duties come in from other sources, too—the amount is £20 billion. I suspect that I am making a conservative estimate of the proportion of excise duties that come from vehicles, but I will use it. If we take off the figure that I gave earlier as an estimate of the total UK vehicle duty, which was £3.3 billion a year, based on 20 million private vehicles and with an average excise tax disc duty of £150, that leaves us with £16.7 billion coming principally from fuel, and 29 per cent. of that is about £5 billion. New clause 4 does not give us any formula for by how much its supporters wish vehicle excise duty to be cut, but if it were cut by 50 per cent. in rural areas, that would amount to a £2.5 billion giveaway. On the only figures before us—others can put forward their own figures—these amendments would provide for a tax giveaway of getting on for £2.5 billion to £3.5 billion. That is a great deal of money. It is being said, cavalierly, "We cannot put any price on this. We have not looked at the figures and it is all up to the Treasury." That is irresponsible in a debate on the Finance Bill. As ever, the Liberal Democrats are under-prepared. They have not done their homework.

Julia Goldsworthy: I was talking about some of the difficulties that people in remote rural areas may face when considering their transport options.

Rob Marris: Of course there are difficulties for people in remote rural areas. However, if we consider wealth generation in the UK, it comes principally from urban areas, especially London, where we are now situated, and the south-east. I represent a constituency in the west midlands.

A principled position is being put forward about helping people with their travel costs in remote rural areas. I understand that. However, Liberal Democrat Members refuse to set out any figures because they have not done their homework. The hon. Member for Falmouth and Camborne (Julia Goldsworthy)—she will correct me if I am wrong—has a reputation for bunking off from this place to go on sports programmes on television, and helicoptering around the United Kingdom. She then comes forward as a proponent of green taxes. In addition, she comes forward with vehicle excise duty proposals in amendments Nos. 124 and 129, which would cut vehicle excise duty and cut also green taxes. It is the most brass neck that I have seen in five years in the Chamber.

Mr. Carmichael: Perhaps the hon. Gentleman is a little jealous that no one has invited him on to such a programme.

Rob Marris: Were I to be invited on to such a programme, I would not participate. That is because I do not believe in moonlighting. I gave up my practice as a solicitor—where I made more money than I do in this Chamber—as soon as I was elected.

Julia Goldsworthy: I am sure that the hon. Gentleman would approve of the worthy cause—the money raised for charity, and the fee that I received from it, was donated to the Cornwall air ambulance, which is funded entirely from charitable donations and provides an essential service—

Mr. Deputy Speaker: Order. I think that it would be a good idea if we returned to the new clause that is before the House.

Rob Marris: I will do that, Mr. Deputy Speaker.

It just seems to me that helicoptering around the United Kingdom and then proposing green taxes in the proposals that are before us, which go against green taxes, is the height of hypocrisy and brass neck. On that basis, if on no other, I urge Government Members to vote against the proposal if there is a Division.

Stewart Hosie: I shall speak primarily to new clause 6, but I shall take up some points that arise from new clause 4.

The hon. Member for Falmouth and Camborne (Julia Goldsworthy) said that she was delighted to raise these matters again—I am paraphrasing—so as to spark debate. I was intrigued by the use of the word "again". When we discussed a similar amendment last year, the Liberals opposed it. When we discussed these matters generally on the Floor of the House, the Liberals—

Chris Huhne: Ah ha.

Stewart Hosie: I think that I can finish the sentence without a strange Liberal "Ah".

To come to the substance of the matter, in Committee on the Floor of the House, the Liberals, understandably because it is their policy, concentrated on vehicle excise duty rather than on fuel duty, an issue that was raised elsewhere.

Chris Huhne: The hon. Gentleman knows well that the debate last year arose from a general proposal from the Scottish National party to reduce fuel duty for

[Chris Huhne]

the entire United Kingdom. That was not something that we could conceivably support if we held any responsible attitude towards the burning of fossil fuels and the impact on climate change.

Stewart Hosie: I say to the hon. Gentleman with a straight face that the proposals from his party today will not stop the burning of fossil fuels. The cost of doing so would be reduced in rural areas, for very good reason.

Chris Huhne: The key point, which my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) made explicitly, is that the proposal is designed to be part of a package that will, taken in its whole, have a dramatic effect in providing a disincentive to the burning of fossil fuels, and therefore improving our contribution to tackling climate change. If we do not deal with the problems in rural areas, there will be a serious difficulty in using price incentives through fuel duty and through vehicle excise duty to tackle climate change. It is precisely to enable that process to go forward that we have put forward the proposals that are before the House. It is unfortunate, given the arcane rules of the House, that we are not able fully to debate the other parts of the package. However, as we know from—

Mr. Deputy Speaker: Order. I think that the hon. Gentleman should stop at that point.

Stewart Hosie: If the hon. Member for Eastleigh (Chris Huhne) chooses to get to his feet later, we know what his speech will be about.

The hon. Member for Orkney and Shetland (Mr. Carmichael), whom I like and admire, mentioned VAT on three or four occasions during his contribution on new clause 4. It is disappointing that new clause 4 does not use VAT gain to offset duty, which is my proposal. That is a sensible way around the problem, not least because a VAT windfall would not have a fiscal impact on the Treasury—it would minimise the gain, while not reducing the Government's expected take.

New clauses 4 and 6 would allow the Treasury to define "sparsely populated rural areas". The hon. Member for Fareham (Mr. Hoban) and I have referred to the various definitions, such as the sevenfold model, which can cover up to 90 per cent. of the population and up to 30 per cent. of the land mass. Those definitions are clearly inappropriate, and those outcomes are clearly not what the Liberal Democrats intended. If an offset or a straight reduction in fuel duty were to apply to sparsely populated rural areas, the Treasury should define it in statute.

There has been a great deal of discussion about derogation, which the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) has mentioned. We will not vote on new clause 4 tonight, which is disappointing because it may provide a way forward, and I hope that we can build a consensus on the issue.

New clause 6 addresses the ongoing problems caused by high fuel prices. Last year, a similar amendment attracted cross-party support and the support of the Road Haulage Association, and I am delighted to tell the Financial Secretary that the RHA welcomes new clause 6 today—if I hold up the RHA press release to the right camera, someone will take a picture of it. The press release states:

"Last year the Burns inquiry invested much time and effort in highlighting the plight of our industry and although we are still a long way from seeing a solution to the problem, it is encouraging to know that we have the support of the Scottish National Party. We shall now be pushing more strongly than ever to get the same recognition from our own Parliament; in particular the Chancellor of the Exchequer."

John Healey: The hon. Gentleman may be interested to know that yesterday I met the RHA, the Freight Transport Association and Mr. Robbie Burns, not one of whom mentioned the SNP proposals.

Stewart Hosie: Perhaps they were overawed by the Financial Secretary. Roger King certainly welcomed our proposals today, and I would be delighted to forward the Financial Secretary a copy of the RHA's press release.

The proposal would result in the introduction of a mechanism so that high oil prices would trigger lower fuel duty—fuel duties and VAT make up about 60 per cent. of the total price of a litre of petrol or diesel. In that case, the Chancellor would provide by statutory instrument that where the price of crude oil rose above the published forecast price, additional revenue from VAT on fuel would be applied to offset some of the rise in duty.

It will come as no surprise that the hon. Members who backed similar amendments last year represented rural and semi-rural constituencies, but it is not only those in rural constituencies in Scotland, Wales, Northern Ireland and parts of England who suffer from high petrol and diesel prices. No nation, no region and no part of the UK is exempt from the problem of rising fuel prices, because every product in every shop is carried on the road by a haulier at some point.

There has been a lot of banter in the Chamber about some of the proposals. I do not intend to make a lengthy speech, because it would be unfair on those hon. Members who have stayed in the Chamber and because the arguments have been rehearsed on many occasions. I hope that the Financial Secretary begins to take on board the serious manner in which we are tackling the grave concerns of the road haulage industry and especially the serious problems in sparsely populated rural areas. In some rural areas in my constituency, there are no filling stations between major towns and the nearest city. As one moves into the countryside, more and more independent stations find that they simply cannot continue.

9 pm

I am unlikely to push new clause 6 to a vote. The parliamentary arithmetic would make that an unprofitable exercise. As I have done previously, I ask the Financial Secretary to take on board from the Road Haulage Association and the industry generally—the big companies and the small traders—

the pain that has been suffered, the inflationary pressure building underneath because of high costs being driven up by haulage, and the problems of remote and rural Scotland and all sparsely populated rural areas in the UK. I ask him to make some positive noises in response to the debate so that we can look forward to a tempering of the high and spiking prices, which many of us experience in our constituencies.

John Thurso: I shall shortly consider cost and I hope to be able to provide some detail to hon. Members who have asked questions. I say that now so that they do not try to intervene before I reach that point in my remarks.

First, I shall comment briefly on new clause 6, about which the hon. Member for Dundee, East (Stewart Hosie) spoke. When I first re- d it, I had some sympathy with it but I soon decided that it was superficial sympathy. There are two fundamental problems with new clause 6 and the answer that he tried to provide.

First, the major disadvantage that my constituents and those of some of my hon. Friends suffer is the huge differential in price for diesel and petrol, which can range, depending on the cycle, from 6p or 7p at its most benign through an average of approximately 9p in the five years that I have been tracking the price to close to 14p in May 2003, which was the worst example. The problem is, as the hon. Member for Dundee, East admitted when I intervened on him in Committee, that his proposed system locks in the inequality. The price nationally would be held but the inequality would remain.

Stewart Hosie: It is true that the amendment that I tabled in Committee contained no specific proposal to alleviate rural prices. However, I specifically took on board the hon. Gentleman's comments in proposed new section (1AB)(b) to the Hydrocarbon Oil Duties Act 1979 in new clause 6. That new paragraph refers to

"providing specific fuel duty reductions targeted at fuel sold in sparsely populated areas".

I therefore hope that he will reconsider his previous sentence.

John Thurso: I am grateful for the intervention but it does not answer the question.

The second problem, which is fundamental, is that, if new clause 6 were accepted, the price of oil would be capped and there would be no opportunity to try to amend behaviour, as my colleagues wish, through taxes that give an incentive to those who have the opportunity to use alternatives in the form of public transport.

Stewart Hosie: Members of another party made that point in a previous debate. The point of using the windfall VAT to offset some of the duty rise is precisely that it does not impact on planned environmental increases. With the greatest respect, the hon. Gentleman has missed that point, too.

John Thurso: I am grateful to the hon. Gentleman for that explanation, but that is not how I read his clause, and I do not think that that is the effect that most observers and commentators envisage. However, I started by having some sympathy for his proposal, and he and I clearly share a desire to do the right thing. I suggest that his objective of getting rid of the inequality suffered by our constituents who live in remote areas would best be achieved by supporting new clause 4.

The problem is that we have become trapped by the wrong details and we are asking the wrong questions. The best approach would be to start by identifying the objective of the exercise. That objective is not to try to find a definition that fits; it is to identify the relatively small number of parts of the United Kingdom in which fuel is at such a premium that residents suffer great inequity. Let us look at that problem and design a scheme that addresses only that problem. All our discussions about whether to adopt formula X, Y or Z are irrelevant. New clause 4 would permit the Treasury to undertake the necessary work to address the problem. A number of schemes might fit the purpose, but the starting point should be to ask what we are seeking to achieve, and then to design the appropriate scheme.

I now want to address the question of cost. In January 2000, the Highland Council and Highlands and Islands Enterprise commissioned EKOS Ltd to produce a report on the scale of the problem. It stated:

"The total additional expenditures per annum on motoring by Highlands and Islands households, due to higher motoring costs as a whole, are approximately £88 million. This equates to approaching 3 per cent. of the region's Gross Domestic Product. Of this, £17.8 million per annum is attributable to higher fuel prices, of which approximately £2.7 million is in the form of additional VAT paid because of the higher fuel prices in the region."

If we wished to get rid of the premium—at an average of 9p—we could simply apply the 9p to those figures, and the cost to the highlands and islands would be no more than £3.5 million, allowing for inflation since 2000. That is a long way short of the £2 billion or £3 billion that has been suggested. In seeking to achieve our objective in the highlands, the Treasury would therefore have to bear the phenomenal cost of only about £3.5 million. If I extrapolate that calculation across similar areas using similar definitions, I estimate that the total cost for the United Kingdom would be no more than £20 million. But even if I am out by 100 per cent., and the total would be nearer to £40 million, that would still be a very small sum to achieve that objective. Furthermore, if the expenditure of £17.8 million that I have just described were diverted into general expenditure, we could create 592 full-time equivalent jobs in the highlands.

Another part of the equation that we need to consider is to be found in that same helpful report. It estimates that the average income in the highland area is much lower than in the rest of Scotland, and that prices are higher. Consequently, highland residents have 76p to spend on goods and services for every £1 that the average Scottish resident has. In other words, the average highland resident is about 24 per cent. worse off than those who live in the rest of Scotland. On top of that, they have to pay between 10 and 20 per cent. more for their fuel. That is the genuine burden under which my constituents and those of my hon. Friends labour. Hon. Members may not have visited the areas to which I am referring. I extend an open invitation to all of them to do so at any time. I can do that, because my constituency is so far away

[John Thurso]

that I know very few will take advantage of the invitation. Nevertheless, they will all be welcome.

For many miles in those parts of my constituency there is no public transport of any kind. Where there is transport, it consists of a bus that travels in one direction on one day and travels back on the following day. That is not really a viable option. A car, or a private vehicle of some sort, is therefore an absolute necessity, particularly in much of rural Sutherland but also in many parts of Caithness. A real burden—real inequity—is suffered by people with the lowest incomes in the United Kingdom, and I think that reducing that burden is a worthwhile objective for us as legislators.

I commend new clause 4. It does not seek to impose regulation; it merely seeks to give the Treasury power to do so. When I last raised the issue, during a Westminster Hall debate in 2003, I argued for a derogation. That was because I had always been told by the Treasury that it could not take this action. The Treasury's case was holed below the waterline when the French went and did it with the acquiescence and support of our Ministers. We need no longer ask "Can we do this or not?" We now know that we can, and the question has become "Why do the Government not do it?"

I am delighted to support the new clause. It gives the Treasury exactly the powers to deliver exactly the right solution at a very small cost to the taxpayer.

Mr. Alan Reid (Argyll and Bute) (LD): New clause 4 is an enabling clause, which gives the Treasury power to specify lower rates of duty on fuel sold in remote rural areas. Accepting the new clause would allow discussions to begin; we could then decide exactly where lines should be drawn, and what the differentials should be. I urge the House to accept the new clause. It does not commit the Government to anything and it would not reduce the Treasury's revenue, but it would allow a debate to start.

The sad fact is that fuel is sold in remote rural areas at a much higher price than in urban areas. People living in areas where there is no public transport alternative must pay far more for their fuel than those living in areas where there is such an alternative. Let me give some examples from my constituency to show how large the differentials can be. The difference between the cost of fuel on the islands of Mull and Islay and in, say, Glasgow is usually between 15p and 20p per litre. In the case of smaller islands such as Coll and Colonsay, the difference is about 30p per litre. That demonstrates the massive extra amount that people living on the islands must pay for their fuel. The additional cost has a damaging effect on the economies of those islands: not only does it have an impact on people's daily lives, but it discourages people from starting or continuing to run businesses.

The remote communities in the highlands and islands have suffered years of population decline, which shows no sign of stopping. The high fuel prices are part of the problem: as I have said, they discourage people from opening and running businesses that create the jobs that will allow young people to remain in those remote communities. Encouraging people to stay in the remoter parts of Britain benefits the whole country. Every time the Government propose the building of tens of thousands of new houses in the south-east, Members of Parliament from that part of the country object. They should ask why market forces are pushing people towards it. The answer is that the cost of living in remote areas is becoming so great that the jobs are not there. Sustaining viable economic communities in remote parts of the country is beneficial to the country as a whole.

There is an environmental justification for high fuel taxes: that they encourage people to use public transport alternatives. That environmental justification, however, does not exist in remote areas where there are no buses, and where it would be environmentally nonsensical for councils to subsidise bus services because buses would run with only one passenger on board. There is simply no environmental argument in favour of high fuel taxes in rural areas.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): It would be helpful if the hon. Gentleman clarified which communities would benefit from his proposal. The definition appears to be based on there being no public transport. The area around Inverness, for example, has a good public bus service extending a good few miles around the town, so it would not be an obvious beneficiary.

9.15 pm

Mr. Reid: Clearly, Inverness would not be a beneficiary. When my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) made the proposal, he was talking about Nairn, Badenoch and Strathspey rather than about Inverness.

Road pricing is, I believe, the long-term solution to the problem. We can fix charges for using roads in different parts of the country. For example, my constituents on the Isle of Mull have justifiable cause for complaint when they pay the same tax on fuel and pay more tax to the Treasury because of the higher rate of VAT. They pay more tax in order to drive on potholed single-track roads. It is scandalous that they have to pay more to travel on those roads than others pay to travel on well maintained motorways. Although road pricing is the long-term solution, new clause 4 provides the answer during the interim period before road pricing is introduced.

The Office of Fair Trading and other organisations, councils, enterprise companies and so forth have carried out investigations to find out why fuel prices are so high in remote areas. The general reason that always emerges is low turnover. It is argued that Tesco and Asda sometimes sell fuel at a loss in order to encourage people into their supermarkets to buy bars of chocolate and milk at inflated prices, but a small shop or filling station in a remote village or on an island does not have that option. There is a low turnover, but the fixed costs are the same, so the high prices result from that. The only way of bringing prices down is by reducing the element of taxation, which explains why we are proposing new clause 4 today.

As we have heard from other Members, EU countries such as Greece, Portugal and France have

introduced a similar measure and have obviously found a way of making it work. I see absolutely no reason why it cannot be made to work in Britain as well. If we accepted the new clause, it would allow the Treasury to do some analysis and some arithmetic, to publish consultation documents and to provide impact analysis, which would allow us to decide exactly where the lines on the map should be drawn. I would certainly include all the Scottish islands.

Mr. Andrew Turner: Before the hon. Gentleman sits down, I would like to say that it would have been much better if the Liberal Democrat speeches had been delivered in reverse order—*[Interruption.]* Well, we would have been so much better informed at an earlier stage of the debate. Does the hon. Gentleman agree that many island residents find it difficult to justify paying national rates of vehicle excise duty when their cars never go on to the mainland?

Mr. Reid: The hon. Gentleman makes a very good point. Islanders have to pay vehicle excise duty, fuel tax and VAT. Indeed, if my constituents want to take their cars to the mainland, they have to pay a high fare to Caledonian MacBrayne, so the hon. Gentleman has made a valid point.

To sum up, I urge the Government to accept new clause 4, which would allow studies and further analysis to be carried out. The Government could later table the orders on which we could vote, allowing the burden of fuel duty on remote and island communities to be lowered. I would certainly include all the Scottish islands in the definition of a remote area. More detailed study has to be done in order to establish exactly where to draw the line on the mainland. Urgent action is required. We have had centuries of population decline, and unless drastic steps are taken I am afraid that that will continue.

Mr. Newmark: I was not expecting to speak in this debate, but I was once again inspired by the hon. Member for Wolverhampton, South-West (Rob Marris). I put it on record that I have tremendous sympathy for people who live in rural areas. In fact, I live in a semi-rural constituency. Many of my constituents, and especially those in the more rural areas, are feeling the effects of high energy costs. However, I have a problem with how rural areas are defined, as opposed to urban areas. The hon. Gentleman asked why poor people in rural areas should benefit more than poor people in urban areas.

Mr. Alan Reid *rose—*

Mr. Newmark: If the hon. Gentleman will sit down, I shall make my point clear. I understand the problems faced by people in remote areas. I know that life there can be more expensive, but the same is true even in my semi-rural area. For example, people who live 15 miles away from the centre of Braintree have to pay higher fuel prices, for some strange reason. In those circumstances, how do we define remote? Various definitions have been offered in the debate so far. People in Caithness, Sutherland and Easter Ross are said to live in a remote area, and the hon. Member for Argyll and Brute—Bute, rather—said that people on the islands inhabit an even more remote area. However, people living in central London might regard Bromley and Chislehurst as remote.

Mr. Andrew Turner: Only the Labour ones.

Mr. Newmark: It is even more remote for the Liberal Democrats now. We will never be able to define what is remote and what is not. Who will play Solomon in respect of that very difficult question?

Sir Robert Smith: Why does the hon. Gentleman think that the UK is so feeble in its inability to understand the problems of remote rural areas, when Greece, Portugal and France understand them perfectly well?

Mr. Newmark: People define what they perceive as remote in their own way. The Liberal Democrats are not approaching the matter in the right way.

I turn now to the question of cost. Liberal Democrat Front-Bench Members told us that they had no idea of how much their proposal would cost. What a surprise—but then the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) came to the rescue and got his calculator out. He said that the cost could be £3 million or £10 million or £20 million. Are there any higher bids? Once again, the Liberal Democrats have not thought out the costs of their proposals at all.

Julia Goldsworthy: Will the hon. Gentleman concede that new clause is purely an enabling provision and so has no cost implications? Given that that is so, why does he think that the Government should choose to reject it?

Mr. Newmark: Call me a simple soul, but new clause 4 does imply a cost. I shall not rehearse the arguments offered by hon. Members on the Liberal Democrat Front Bench, but I am sure that they will back me up when I say that their proposal does represent a cost to the Exchequer.

John Thurso: Will the hon. Gentleman give way?

Mr. Newmark: Is the hon. Gentleman going to get his calculator out again?

John Thurso: I have no idea how to work a calculator. I was quoting from a report. The figure of £3.5 million that I gave pertained to the highlands, and was a maximum. For the benefit of the House, I extrapolated what that might be as a maximum for the UK. If the hon. Gentleman reads *Hansard*, he will find that what he said about my remarks is wrong.

Mr. Newmark: I should be surprised to find that what I said is wrong. Unless the hon. Gentleman produces a definition of what is remote, I do not know how he can come up with a figure of £20 million in his analysis.

[Mr. Newmark]

I turn now to new clause 6, which would require the Chancellor to forecast oil prices. I cannot pretend that the right hon. Gentleman has any greater forecasting powers than Mystic Meg, and there is no evidence that his skills in that respect have been especially good in the past. It is ludicrous to expect the Chancellor to provide a forecast of oil prices. We should all be multimillionaires by now, especially the right hon. Gentleman, if we could actually forecast the price of oil over the next 12 months.

If the Lib Dems want to show their true green credentials, they should be figuring out a way to tax carbon emissions. How can one do that? I do not want to digress from the new clauses, but focusing on carbon emissions and charges on them, perhaps through vehicle excise duty—although not the modest premium added by the Chancellor—and seriously charging Chelsea tractors that emit huge amounts of carbon would have been a far more sensible way forward.

John Healey: We have had a lengthy debate on these proposals: nine speeches and four interventions. Clearly, the Chamber is not full of German and Italian football fans, but for those who have a passing interest, the score is still 0-0 after 65 minutes. However, I am told that it is an excellent game.

The hon. Members for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) and for Dundee, East (Stewart Hosie) introduced their new clauses in measured tones, but that did not disguise the flaws in their arguments. The hon. Member for Inverness, Nairn, Badenoch and Strathspey, who moved new clause 4, laid great stress on the price of fuel for those living in rural areas in his constituency, but it is important to remember that the costs of fuel and vehicle excise duty are just two of the many factors that contribute to the costs of motoring and the cost of living.

The cost of living varies from region to region across the country. The hon. Gentleman may like to consult the recent regional comparisons of the retail prices index published by the Office for National Statistics. The RPI for Scotland is 5.5 per cent. lower than the UK average, while the RPI for London is 9.7 per cent. above the UK average. The price of a pint of beer in London is significantly higher than elsewhere in the country, but we do not make tax adjustments to compensate for that.

Mr. Carmichael: Surely the hon. Gentleman accepts that the RPI is not uniform across Scotland as a whole. There are variations in significant price indicators in different parts of the country. It is much lower in places such as Glasgow and Edinburgh than in the remote rural areas that we have been discussing tonight.

John Healey: My point is that the cost of living and its components vary. Where the cost of a particular commodity is high, we do not necessarily compensate by making the sort of tax adjustments that the hon. Gentleman and his hon. Friends are advocating.

Danny Alexander: As the Minister knows from my earlier remarks, the reason for our proposals is that in rural areas, especially where there is no access to public transport, getting around by car is a necessity, not a choice. It is not a consumer choice in the way that going for a pint of beer in a London pub might be; it is essential for the future economic viability of rural communities. That is why there is a special case to be made.

John Healey: The Government recognise that, which is why we introduced the special rural transport fund to support the pressures and needs of rural transport. The hon. Gentleman may be interested in the fact that spending per head on transport in Scotland is 29 per cent. higher than in the rest of the UK.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) raised a couple of important points, one of which links to the point that I made just now and which he tempted me to make when he intervened. He said that, if the principle of uniform tax rates were changed, allocations for public expenditure would, inevitably, have to be reviewed, too. When that point was put to the hon. Member for Inverness, Nairn, Badenoch and Strathspey he said no, point blank. On that question, the Liberals want to have their cake and eat it.

The second major flaw in the proposal is that it is in conflict with the environmental objectives that we can pursue through vehicle excise duty and fuel duty. Clearly, the importance of environmental objectives applies equally to those who live in rural areas. If we follow the logic of the Liberal proposal, the cost of going green is not borne equally by everyone but borne in particular by those who do not happen to live in rural areas. Our policy on fuel duty is well established. The duty rates should rise each year at least in line with inflation, as we seek both to meet our targets to fund essential public services and our obligations to tackle climate change.

9.30 pm

Julia Goldsworthy: If the Financial Secretary's view is so strong on national fuel duty rates, why did the Government support the derogation for France?

John Healey: Let me correct the hon. Lady. She will be well aware that the UK's policy is not to interfere in the fiscal decisions of other member states. We therefore did not support the French, but we did not oppose them, when they made their proposal for reduced regional rates. I hope that that helps the hon. Lady.

Mr. Carmichael: The Financial Secretary has told me in the past that what France has done could not be done. Does he now accept that he was wrong?

John Healey: Let me correct the hon. Gentleman. France has not yet done this. The proposal is due to be introduced in 2007. In fact, what the French are proposing—it would be interesting to find out whether the Liberals will propose it as well—is a real increase in fuel duties that could be offset in certain regions at that point.

The policy that we have established on fuel duty must take account of all the relevant economic, social

and environmental factors, but, of course, it is important that fuel prices are no higher than they need to be. On prices, it is important that we are clear about what is driving the level and volatility of our fuel prices. Road fuel duty is lower in real terms now, at 47.1p per litre, than in 1999, when it was 47.21p per litre. That is the equivalent of a fall in the price of road fuel of 7p per litre. So the high and volatile prices are a problem not of fuel duty, but of the international market and international prices. The best way to deal with international prices is not by imposing the complex mechanisms that are proposed in new clauses 4 or 6, but by the efforts that we are making to support the efforts of producing countries and consuming countries to increase the stability of the oil market and to improve its functioning.

Sir Robert Smith: The Financial Secretary says that he is trying to solve the problem by improving stability in the production of oil and gas. Therefore, will he ensure that the Treasury does not cause any fears to investors about the production of oil and gas in the UK? If we lecture all the other producing nations to maximise their production, we must maximise our production as well.

John Healey: I would take the hon. Gentleman's intervention more seriously if he had been present during the debates on the Bill about the changes that have been made to the regime and its possible impact on investment and exploitation. In short, the mechanisms proposed in new clauses 4 and 6 would introduce significant complexity but do little to bring greater stability to the UK market.

I thought that we had been through the issue raised by the hon. Member for Dundee, East in previous debates. The hon. Member for Wycombe (Mr. Goodman) is nodding his assent. In fact, we have been through that issue. New clause 6 is based on the central, important misconception that high fuel prices lead to an overall increase in VAT receipts—what the hon. Member for Dundee, East describes as a windfall in VAT—but that is not necessarily the case. When people have to spend more on one commodity, they tend to spend less on others, so the overall amount of VAT receipts usually remains unchanged.

Stewart Hosie: The Financial Secretary knows that we are talking about the VAT on petrol, not the rest of the VAT take, and there was no criticism or argument when we used the example last year that a 6p rise, from 80p to 86p, would have led to a 1.2p reduction or offset in the additional VAT collected. Those figures seemed to be widely recognised last year, and I hope that he will agree that the offset model would at least work and not have a fiscal impact on the forecast yield to the Treasury.

John Healey: No. The hon. Gentleman's problem is this: if people are spending more because the price of fuel, including the VAT element, is higher, they will tend to spend less on other commodities on which VAT is also charged. The overall yield for VAT is usually unchanged. There is no windfall VAT gain through higher fuel prices.

UK vehicle excise duty and fuel duty rates are set at the current rates for very good reasons: first, to raise revenue to fund essential services and secondly, to help to achieve our environmental objectives and obligations. Those reasons apply equally to rural areas. We are seeing the worst of the Liberal Democrats—they are facing two ways at once. Their leader promises to hit people with an £8 billion rise in environmental tax. That is on top of the £12 billion that he needs to raise through increases in other taxes. They are suggesting a top rate of VED that is 10 times the current rate. Then, in this debate, they are advocating a cut in VED for certain special areas in which they have a special interest.

Apart from lacking a convincing intellectual or principled case for the amendments, introducing a separate rate of VED for remote rural areas would also create obvious problems with fraud and administration. A moment's reflection would bring hon. Members to realise that. Clearly motorists could register vehicles in the designated remote areas while using the vehicles exclusively or largely in urban areas. Of course, that is going to be a problem. In Committee of the whole House, the hon. Member for Falmouth and Camborne (Julia Goldsworthy) quoted the Countryside Agency. If she looks at its figures in other respects, she will see that, in sparsely populated areas, about one in 10 houses are second homes or holiday homes. Inevitably, we would have that problem.

The amendments and new clauses are undesirable, unwelcome and unworkable. If new clause 4 is pressed to a vote, I urge my hon. Friends to oppose it.

Danny Alexander: I shall not detain the House for long. We have had an interesting debate. The points that have been made by my hon. Friends make a sound case for pressing the new clause to a vote. From my point of view, the various attempts to pronounce the name of my constituency were the most interesting aspect of the remarks made from the Labour and Conservative Benches. I will award marks out of 10 later. The arguments against the measure do not hold water, so I would like to press the new clause to a vote.

Question put, That the clause be read a Second time:—

The House divided: Ayes 60, Noes 297.

Division No. 275] **[9.37 pm**

AYES

Alexander, Danny	Gidley, Sandra
Barrett, John	Goldsworthy, Julia
Beith, rh Mr. Alan	Harvey, Nick
Brake, Tom	Hemming, John
Breed, Mr. Colin	Holmes, Paul
Brooke, Annette	Horwood, Martin
Brucé, Malcolm	Hosie, Stewart
Burstow, Mr. Paul	Howarth, David
Burt, Lorely	Hughes, Simon
Campbell, rh Sir Menzies	Huhne, Chris
Carmichael, Mr. Alistair	Hunter, Mark
Clegg, Mr. Nick	Kennedy, rh Mr. Charles
Dodds, Mr. Nigel	Lamb, Norman
Donaldson, Mr. Jeffrey M.	Leech, Mr. John
Farron, Tim	Llwyd, Mr. Elfyn
Featherstone, Lynne	MacNeil, Mr. Angus
Foster, Mr. Don	Moore, Mr. Michael

Mulholland, Greg
Öpik, Lembit
Paisley, rh Rev. Ian
Pugh, Dr. John
Robertson, Angus
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Simpson, David
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy
Wishart, Pete

Tellers for the Ayes:
Mr. Alan Reid and
Sir Robert Smith

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew

Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Ian Cawsey and Jonathan Shaw

Question accordingly negatived.

New Clause 9

ENERGY EFFICIENCY AND WATER CONSERVATION: FISCAL AND ECONOMIC REPORT

'(1) The Chancellor of the Exchequer must, within one year of the passing of this Act and annually thereafter prepare and publish a report on such fiscal measures he considers appropriate to assist with—

(a) energy efficiency; and

(b) microgeneration; and

(c) small scale local energy generation;

(d) the conservation of water by householders.

(2) In preparing the report under subsection (1), the Chancellor of the Exchequer shall take reasonable steps to consult local authorities and such persons as in his opinion have an interest in—

(a) enhancing the United Kingdom contribution to combating climate change; and

(b) alleviating fuel poverty; and

(c) conserving supplies of water.

(3) In this section—

"microgeneration" has the same meaning as in section 82 of the Energy Act 2004;

"small scale local energy generation" means generation of energy—

(a) in the case of electricity, generation by plant not exceeding 20 megawatts, and

(b) in the case of heat, production by plant not exceeding 100 megawatts thermal.'.—*[Alan Simpson.]*

Brought up, and read the First time.

Alan Simpson (Nottingham, South) (Lab): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 10—*Energy efficiency: lower rate of stamp duty land tax*—

'(1) The Finance Act 2003 (c. 14) is amended according to the provisions of Schedule (Stamp Duty Land Tax: lower rate for certain measures).

(2) The Schedule (Stamp Duty Land Tax: lower rate for certain measures) has effect.'

New schedule 1—*Stamp duty land tax; lower rate for certain measures*—

'SCHEDULE

Stamp Duty Land Tax: lower rate for certain measures

21 After section 92 of the Finance Act 2003 insert—

"92A Lower rate where notice given relating to specified measures

(1) This section applies where—

(a) the purchaser is liable to pay the tax in respect of a chargeable transaction,

(b) the relevant land consists entirely of residential property, and

(c) the purchaser has given notice of an intention to undertake or to have undertaken relevant specified measures within the relevant period.

(2) Where this section applies, regulations shall prescribe a lower rate of tax chargeable in respect of the transaction, and different lower rates may apply to the undertaking of different relevant measures.

(3) The lower rate in regulations under subsection (2) may be expressed as—

(a) a percentage of the chargeable consideration,

(b) a percentage of the amount of the tax in respect of the chargeable transaction that would be payable if this section were not to apply, or

(c) a specified monetary reduction in the amount of tax payable.

(4) In determining the lower rate in regulations under subsection (2), the Treasury shall have regard to—

(a) any energy efficiency aims for residential accommodation designated under section 2 or 3 of the Sustainable Energy Act 2003 (energy efficiency in residential accommodation: designation by Secretary of State and by the National Assembly for Wales), and

(b) the duty of the Secretary of State under section 217(1) of the Housing Act 2004 (duty in relation to increase in energy efficiency of residential accommodation in England), and

(c) the microgeneration strategy published pursuant to section 82 of the Energy Act 2004; and

(d) the need to conserve water.

(5) Notice for the purpose of subsection (1)(c) shall be given in writing in such terms as may be prescribed by regulations.

(6) Regulations shall—

(a) prescribe 'relevant specified measures' for the purposes of this section, and

(b) specify the extent to which the lower rate prescribed under regulations under this section is payable in relation to different specified measures undertaken.

(7) The prescribed definition under subsection (6) shall include—

(a) measures to improve the thermal insulation of the property,

(b) other measures to improve the energy efficiency of the property,

(c) the installation of microgeneration measures,

(d) the installation of water saving measures.

92B Arrangements in relation to lower rate under s. 92A

(1) Where section 92A applies, regulations may require a person or body other than the purchaser to retain the relevant amount until a decision is made that the relevant specified energy

efficiency measures have been undertaking by or on behalf of the purchaser.

(2) Regulations may prescribe the person or body that is to decide whether or not the relevant energy efficiency measures have been undertaken.

(3) Any such decision must be taken within, or as soon as practicable after the relevant period.

(4) Where it is decided that the relevant specified measures have been taken within the relevant period, the relevant amount, and any interest payable on it, shall be paid to the purchaser.

(5) Where it is decided that the relevant specified measures have not been taken within the relevant period, the relevant amount, and any interest payable on it, shall be payable in the same manner as the tax.

(6) Interest payable under subsections (4) and (5) shall be determined in accordance with the provisions of section 87.

(7) Regulations may amend Schedules 10 and 12 so as to provide for—

(a) the making of returns in relation to the provisions of section 92A and this section and regulations made under them,

(b) duties to keep and preserve records in relation to those provisions and regulations,

(c) appeals against decisions under those provisions and regulations, and

(d) the recovery of relevant amounts and interest payable on them.

(8) The powers to make regulations under section 92A and this section are exercisable by the Treasury.

22 In section 92A and this section—

"the relevant amount" means an amount that is the difference between—

(a) the amount of the tax in respect of the chargeable transaction that would be payable if section 92A were not to apply, and

(b) the amount of tax in respect of the chargeable transaction that is payable under section 92A;

"the relevant period" means a period to be specified in regulations beginning with the date on which the tax becomes payable.

23 In section 114 (orders and regulations made by the Treasury or Inland Revenue), in subsection (4), at the end, insert "paragraph 9A(1) of Schedule 19 (commencement of sections 92A and 92B."

24 In Schedule 19 (Stamp duty land tax: commencement and transitional provisions), after paragraph 9, insert—

"*Commencement of sections 92A and 92B*

9A. (1) Sections 92A and 92B shall come into force in accordance with the provisions of an order made by the Treasury.

(2) No order may be made under sub-paragraph (1) before the coming into force of section 155 of the Housing Act 2004 (duty to have a home information pack)."

Alan Simpson: The provisions have been tabled by members of all parties represented in the House, and if you will allow me, Mr. Speaker, I shall speak to new clause 10 and new schedule 1 as well as to new clause 9.

New clause 9 makes the revolutionary proposal that the Chancellor submit to the House an annual report on fiscal measures—and their success—to assist with energy efficiency, microgeneration, the development of local energy systems and water conservation measures, all of which are the subject of Government policies and targets. However, there is a gap between the wish to deliver those targets and the way in which we do so.

It could be argued that it is not necessary to require the Chancellor to make such a report to the House. After all, in section 82 of the Energy Act 2004, which sets the basis of a Government policy promoting the development of microgeneration systems, there is a duty to report. Under the Climate Change and Sustainable Energy Act 2006, which was wonderfully piloted through the House by my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz), a duty will follow for the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry to report, one on climate change and the other on the sustainable energy implications.

It is worth noting that both those Acts started out with a presumption that there would need to be a Treasury reporting role addressing the fiscal measures that were necessary to make the policies work, but in order to get both Acts on the statute book, the Treasury required itself to be excluded from the reporting process. That leaves an enormous hole in the coherence of Government plans for tackling climate change and the delivery of sustainable energy strategies. How can we exclude fiscal measures from the sustainability programme, when they are at the very centre of it?

In Germany the Government have transformed the energy market through an inversion of the fiscal rules that govern that market, so that microgeneration becomes the norm in developments, rather than being stuck on at the end. Elsewhere, particularly in Denmark and the Netherlands, fiscal measures have been used to promote the development of decentralised energy systems in ways that will offer a new approach to energy security in the 21st century.

My argument is that for us in this country, this Parliament and this Government it is not coherent to talk about joined-up government if we suggest that fiscal measures, and a Treasury lead on those measures, should be the exemption clause in our overall sustainable energy strategies. Everyone knows of the Prime Minister's support for renewable energy, and the DTI estimates that 40 per cent. of UK energy needs could be met by decentralised energy by 2050. The difficulty is that no one seems to know how we get from where we are now to where we would like to be in 2050—at least, not without a clear fiscal lead that comes from the heart of Government and the heart of the Treasury.

Every Budget report since 2002 has made reference to energy efficiency and the reduction of carbon emissions. Every Budget has brought with it some measure relating to domestic energy efficiency or microgeneration, but in most cases those have been limited to VAT adjustments or enhanced capital allowances. Fiscal measures have been small scale, piecemeal and unconnected to an overall Government strategy. A specific duty would allow us to develop such a fiscally strategic approach to how Britain will meet its climate change challenge and its fuel poverty targets in the 21st century.

It is not that we do not know the scale of the problems that we face. It is just that we do not engage with the scale of the solutions that we need. Let me put that in context. From the figures provided to us by DEFRA, we know that carbon emissions over

recent years have started to increase again and are 158.4 million tonnes a year. Of that, the domestic contribution to increasing carbon emissions has risen to 41.2 million tonnes a year.

Fuel poverty is also back on the increase. The last figures that we have before Labour came to power are those for 1996, when 5.1 million people were officially recognised as living in fuel poverty in the UK. By 2003, a succession of Labour Government programmes had reduced that figure to 1.2 million. By 2005, however, the number of households was back up to 2.2 million, and the projection for this year is sitting at around 3 million households now living in fuel poverty.

Why have the numbers started to increase? One simple set of figures speaks volumes—those for the change in energy prices. Between January 2003 and March 2006, average gas prices in the UK increased by 57 per cent. and electricity prices by 37 per cent. Therefore, increasing energy prices are pushing more people back into fuel poverty than our Warm Front programme is able to take out of it.

10 pm

Mr. Peter Bone (Wellingborough) (Con): Does the hon. Gentleman agree that part of the rise in prices for consumers that has affected poverty is accounted for by the fact that the EU has not fully liberalised the gas market in continental Europe, and that has added £186 a year to the cost for an average family?

Alan Simpson: No, I do not agree. One of the problems that we have in the UK is that we are now paying the price for the way in which we have sought to liberalise our energy markets. I have taken the trouble to ask most of the energy suppliers in the country to tell me what their long-term plans are for selling people less energy, and encouraging less energy consumption. Not a single one can do that. They just look at anyone who asks that question as if they were barking mad. Yet they know that we cannot continue to live in a world where we consume ourselves to death through the energy inputs that are responsible for the climate change outputs that devastate the rest of the planet. We will have to move to a different way of thinking about energy use and energy generation.

The difficulty is that when one asks the energy suppliers why they cannot make that move, even though intellectually they can understand the necessity of it, they say that they are required to engage in a market driven by short-term price considerations. How to break out of that short-term trap is one of the biggest challenges that we face, not just in this House but in this society. That is why we need a Treasury lead and a coherent fiscal strategy for how we set about delivering on our sustainability policies.

At the moment, 10 million people in the south of England face a hosepipe ban. In addition, millions of others are being warned of long-term water shortages that will be part of the cost and consequences of the climate change damage that we have done during the past 30 years. It is inconceivable that the public will allow us to go far down a path that ignores those issues, or excludes them from being at the heart of our Budget thinking about how we manage the economy. Putting that at the heart of our thinking, rather than having responsibility devolved into a series of separate, often unconnected and at times conflicting departmental policies, adds to the weight of argument about why there needs to be a Treasury lead—a Chancellor's lead—in addressing the issue head-on.

New clause 10 and the schedule attached to it is the one specific proposal that would allow for the introduction of a lower rate of stamp duty or a rebate for the introduction of energy efficiency measures. In support of that I want to cite a number of points. Members should just cast their eyes over early-day motion 214, which was submitted by my right hon. Friend the Member for Rother Valley (Mr. Barron). It has 262 signatures from Members of all parties in the House, and it makes precisely the point about the need for a stamp duty rebate tied to the introduction of energy efficiency measures in the home.

Just over a week ago, the Energy Saving Trust and the Policy Studies Institute held a seminar for virtually all sectors of the energy industry, along with environmental and fuel poverty organisations. Officials from both the Department for Environment, Food and Rural Affairs and the Treasury were also present. Those at the seminar considered a long list of proposals about the sort of fiscal measures that would effectively promote the introduction of energy efficiency in the home. The single measure that emerged as by far the most popular way of achieving that was the introduction of a stamp duty rebate. It is important that we acknowledge the weight of pressure that people who are in the business of making things work feel that we could achieve if we wanted to make that happen.

Mr. Frank Field (Birkenhead) (Lab): Does my hon. Friend accept that he would simply be developing existing Government policy? In our inner-city areas in which sales needed stimulus, the Government gave stamp duty exemptions, and the policy was successful.

Alan Simpson: I had forgotten about that point, so I am grateful to my right hon. Friend for reminding me of it. He is absolutely right to say that I tabled this measure in support of Government policy, rather than in opposition to it.

Let me give the clearest example that I can offer. In our energy White Paper, the Government made a specific commitment by setting a target that 4.5 million of the homes with cavity walls should be fully cavity wall insulated by 2010. At present, there are about 9 million homes with cavity walls throughout the UK. Each year, about 80,000 of those homes become fully insulated. If we were to deliver on our programme by 2010, there would have to be a sixfold increase in the rate at which the existing policy is working.

How do we deliver such a sixfold increase? When we talk to people in the industry and the relevant sectors, they point out that by and large, the most successful time for intervention is when people are moving house. When people are in the process of buying a new home or trying to sell their existing home, they examine what they have to sell and consider what they want to buy. At that point, stamp duty is a significant financial consideration for many such people. If we could tie rebate measures into delivering the strategies and

[Alan Simpson]

policies that we have set out our stall to carry out by 2010—without looking for new ones—we might deliver what we promised.

There would be not only a big environmental plus to that, but a big creditability plus. There is nothing worse for the credibility of Parliament and Governments than making promises but failing to deliver on them. I am proposing a simple measure, and almost everyone in the industry is saying, 'Give us this mechanism and we'll deliver the outcomes that you in Parliament say you want." The proposal has the support of the Energy Saving Trust, the Royal Commission on Environmental Pollution and the House's own Environmental Audit Committee.

Mr. Frank Field: Given my hon. Friend's normal stance, is there not some originality in his position of encouraging the Treasury Bench to adopt and support a market-led solution?

Alan Simpson: That might tempt me to re-think my position. I accept that there is important validity in what my right hon. Friend says. My explanation cum defence is that I have always said that there is nothing moral about markets. Left to their own devices, markets are entirely amoral. They acquire a morality only if politicians and political leaders of the day have the courage to deliver a moral framework. Since we have said this in our policies and set this out in our targets, why can we not say it in the measures on which we seek to deliver? I hope that the House will have the courage to do so.

Mr. Paul Goodman: The House owes a debt to the hon. Member for Nottingham, South (Alan Simpson) and to all his accomplices, if that is exactly the right word, for enabling us to debate microgeneration, energy efficiency and sustainability under the terms of the Finance Bill. Indeed, as the hon. Gentleman emphasised, those accomplices come from all parts of the House, and include my hon. Friend the Member for Buckingham (John Bercow), who is in his place.

I will set out why the official Opposition intend to support new clause 9 if it is to be pressed to a vote, but why we do not feel, as matters stand, that we can support new clause 10 and new schedule 1, which are grouped with it. As for new clause 9, the right hon. Member for Birkenhead (Mr. Field), in his characteristically mischievous way, set out exactly why the Opposition would be likely to look on the new clause favourably. He referred, if I can read my scribble, to a market-led solution, which is exactly what the hon. Member for Nottingham, South has proposed.

New clause 9 is rather more modest because it merely asks that the Chancellor should, within a year, produce a report on "fiscal measures" that would assist

"energy efficiency...microgeneration...small scale local energy generation"

and the

"conservation of water by householders."

It asks also that in producing his report

"the Chancellor...shall...consult local authorities and such persons"

that

"have an interest in...enhancing the United Kingdom contribution to combating climate change...alleviating fuel poverty and conserving water supplies."

To the Opposition, that seems to be a sensible and balanced way of speeding up the plans that the Government announced in March to increase local level energy production and to reduce carbon emissions. I suspect that many Members across the House share that view. The direction of travel outlined in the microgeneration strategy in March is welcome but it does not go far enough, so we believe that new clause 9 is helpful in pushing those plans forward.

After eight years, Ministers are still reviewing planning policy and debating the potential of microgeneration technologies. The new clause is a positive response to the exciting potential of emerging microgeneration technologies. A most serious and robust strategy should have been an integral part of the energy review, not a precursor to it. Rather than laying down a challenge to the industry, we believe that the Government are following in its wake. Rather than setting the international pace, they are reacting to developments abroad. As it stands, the strategy will do little to address the sizable advantage that our international competitors enjoy in this sector or make a meaningful impact on carbon dioxide emissions before 2010.

I mentioned economic growth on the one hand and environmental gain on the other, because the two go hand in hand. The choice for the future is not between slower growth and lower emissions and faster growth and increased emissions. As the hon. Member for Nottingham, South said, between the option of either a highly centralised and extremely wasteful energy system in which power is, in effect, monopolised in the hands of a few producers, or a more decentralised and energy efficient system in which power generation is put into the hands of households and consumers lies an energy market in which other countries are leading the way. By the end of 2004, 200,000 Japanese homes had fitted photovoltaic cells, while 300,000 micro-renewable systems have been installed in Germany. As the hon. Member for Nottingham, South said, Germany is one of the countries that is giving a lead on such energy generation. More than 10 per cent. of householders in Sweden already use micro-renewable technology to heat their homes. Furthermore, the global market for new energy products and services, including micro-renewables, may be worth trillions of pounds over the course of this century. German companies already generate half the entire turnover of the global wind industry, while Japanese firms are at the forefront of fuel cell and hybrid engine technologies. American companies are leading the way in bringing affordable renewable technologies to the market. That is why my hon. Friend the Member for Tatton (Mr. Osborne) recently visited silicon valley to examine the work of pioneering green companies, which are building on ideas coming out of Stanford university.

10.15 pm

I concede that new clause 9 will not in itself make our micro-renewables sector more competitive or have

a serious short-term impact on reducing emissions, but it has the potential to allow the Chancellor to return to the House in due course and on a regular basis with not only a series of fiscal measures and incentives, but a framework within which those measures should fit. My hon. Friend the Member for Tatton set out that framework in three parts shortly before his visit to silicon valley.

First, the Government should consider how the planning system might take into account the benefits of micro-renewables while also recognising the need to protect the local and wider environment. As hon. Members know, the planning system is not always friendly to micro-renewables.

Secondly, the Government should address the lack of information available to consumers. We need a clear and stable policy for micro-renewables, so consumers can make long-term predictions whether the cost of fitting a wind turbine or solar panel makes financial sense.

Thirdly, the Government must tackle the inadequate infrastructure and regulatory framework. As well as the need to buy less electricity, part of the attraction of micro-renewables is the potential to make money by selling any excess electricity back into the national grid. In summer, for instance, photovoltaic cells—this comment is apposite given the current weather—may well generate more electricity than a household needs, especially if the occupiers are away on holiday. At the moment, however, that is being made much too difficult by inadequate infrastructure and burdensome regulations.

I would doubtless go wide of new clauses 9 and 10 if I were to describe in detail how the national grid is largely configured for one-way energy flows, but we would like to see the grid operate more flexibly, which is why my hon. Friend the Member for Tatton has asked the quality of life policy group to examine the experiences of other countries that have introduced feed-in tariffs.

In summary, we shall support new clause 9, since it makes a sensible and practical proposal which is enactable now. Since we will produce our own proposals in due course on the fiscal framework in relation to microgeneration and energy efficiency, we will not support the tax cut in new clause 10 and new schedule 1. I am sorry to disappoint the hon. Member for Nottingham, South in that regard, but if he presses new clause 9 to a vote, we will certainly support him.

Julia Goldsworthy: The Liberal Democrats sympathise with what the hon. Member for Nottingham, South (Alan Simpson) is seeking to achieve with new clause 10 and new schedule 1.

I want to refer to early-day motion 214, which has attracted nearly 270 signatures and which relates to new clause 10. The hon. Member for South-West Bedfordshire (Andrew Selous) has added his name to it, so I shall be intrigued to see how the Whip on the Finance Bill advises his troops to vote.

New clause 10 would add complication to the stamp duty system, if the discounts were to operate in the same way as the already complex slab system. Furthermore, I am not sure whether I would be happy to subsidise improvements, environmentally laudable as they may be, to the home of the right hon. Member for Witney (Mr. Cameron).

It is a good opportunity to press the Government on how they intend to improve environmental standards in existing buildings. Like, I am sure, many other hon. Members, I look forward to the Financial Secretary's response. However, I have a couple of queries about enforcement.

I understand that, if people say at the point of purchase that they wish to undertake improvements, they would qualify for a lower rate of stamp duty. However, what would happen if they did not carry out the improvements? Furthermore, with the Government proposing many plans to build many new houses, what incentives will there be to ensure that environmental measures are included when they are built?

Alan Simpson: The hon. Lady's initial questions were legitimate but matters were left open because it would be for the Chancellor and the Treasury to set a framework. It is inappropriate to try to nail everything down in the new clause—it does not try to do that.

The process of operating a rebate is relatively simple. The Chancellor and the Treasury would devise the criteria against which a rebate could be claimed. One would define a period in which the works were to be undertaken and the process of reclaiming. There would therefore be a straightforward process of compliance. There are technical details to iron out but the problem is simply whether one wants to choose what I have described as an intervention point and whether one believes that it would work.

Julia Goldsworthy: I thank the hon. Gentleman for that clarification.

New clause 9 highlights many of the issues that I raised on Second Reading about the strategy for dealing with environmental measures—or its lack—in the Budget and the Bill, even though, in the week of the Budget, the Chancellor described lack of action on the environment as a scar on his conscience. New clause 9 tries to make explaining the strategy a requirement.

Clearly, we have a fundamental problem. As the hon. Member for Nottingham, South pointed out, emissions are rising. Between 1997 and 2004, carbon dioxide emissions rose from 150 million tonnes to 158 million tonnes, of which domestic carbon dioxide emissions now account for 41.2 million tonnes. That figure, too, is increasing. There is a problem that must be tackled and the Government are not dealing with it at the moment.

Whatever action the Government are taking, there is no shortage of words and consultation. The Treasury has spoken plenty of fine words. The Budget report of 2002 states:

"The Government recognises that energy-efficiency improvements by the domestic sector are key to reducing fuel poverty and carbon emissions".

The Budget report of 2003 states:

"The Government recognises that energy-efficiency improvements in the domestic sector are key to reducing carbon emissions and alleviating fuel poverty."

[Julia Goldsworthy]

The Budget report of 2004 states:

"The Energy White Paper highlights the key contribution that energy efficiency can make to the Government's energy policy goals."

The Budget report of 2005 states:

"Improving energy efficiency is the most cost-effective way of reducing greenhouse gas emissions and reducing the costs of fuel bills."

In addition, there has been plenty of consultation. In 2002-03, there was consultation on the economic measures to improve domestic energy efficiency. In 2003-04, further consultation took place on those measures and, in 2004-05, stakeholder consultation took place on green landlord schemes to improve energy efficiency in the private sector.

The Government and the Treasury have also made several proposals. In 2002, they introduced enhanced capital allowances for investment in heat pumps, air heaters and solar heaters and a 5 per cent. VAT rebate on grant-funded installation of factory insulated hot water tanks, micro-combined heat and power and renewable energy heating systems. In 2003, there was an additional consultation on specific measures. I could go on. However, the list ends in 2006, with the allocation of an additional £50 million to the low-carbon buildings programme.

Of course, those changes are welcome but they hardly constitute a strategy. They are piecemeal. They encourage energy efficiency but only among a small number of people. Most householders will not be affected. We therefore need a strategy that means that the improvements will have an impact on a much wider group of people.

The Department of Trade and Industry's own microgeneration strategy and low-carbon building programme consultation identified the wider benefits that microgeneration could bring. It showed that a clearer strategy would have the benefit of reducing carbon dioxide emissions as well as creating a series of other positive impacts on the people who would benefit from the improvements. The renewables innovation review suggests that buildings contribute about 47 per cent. of such emissions, and microgeneration has the potential to reduce that figure.

The DTI's consultation paper also suggests that microgeneration would help to ensure reliable energy supplies, because its widespread use would reduce the load on the distribution network. More diverse local generation would also reduce transmission losses and, if deployed on a widespread scale, would help the UK to avoid becoming over-dependent on energy imports. Furthermore, microgeneration would help to promote competitive markets by introducing an additional aspect to the energy markets, giving people a wider choice of products from which to obtain their electricity and heat.

Microgeneration would also offer the opportunity for affordable heating for all. Many people in my constituency face fuel poverty but do not have access to gas, so their only option is to install oil-fired central heating. Microgeneration would be a more environmentally friendly alternative and a more cost-effective way of tackling fuel poverty.

For all those reasons, I welcome new clause 9. It represents a clear way for the Treasury to set out a strategy on this issue. It would have no financial implications and I will have no problem in supporting it. I shall also encourage my colleagues to do so, and I hope that the Minister will take the same approach.

Joan Walley (Stoke-on-Trent, North) (Lab): I shall speak only briefly on new clause 9. In response to the hon. Member for Wycombe (Mr. Goodman), I regard myself not as an accomplice but as part of a team that needs to drive through the agenda for tackling global warming. I congratulate my hon. Friend the Member for Nottingham, South (Alan Simpson) on ensuring that we have an opportunity to debate this most pressing issue in our deliberations on the Finance Bill. My only hope is that everyone understands these issues and that we can gain the support of the nation for these proposals on a similar scale to the support that they give to what happens on the football pitch. It is critical that these matters should be debated not only here in Parliament but right across the country.

I have just two questions on these proposals for my hon. Friend the Financial Secretary. What are we waiting for? How can we move more quickly? I was encouraged by the comments made about these proposals by my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs to the all-party group on the environment earlier this evening. He said that he intended to put environmental issues centre stage, and that he was taking the lead at DEFRA to enable all Government Departments to play their part in tackling global warming. I desperately want the Treasury to do even more than has already been done to make progress.

We have to ensure that we meet our targets, and to do that we must drive forward this agenda at national and local level. The Government have done a certain amount of reporting so far, but they could do more. New clause 9 will not cost the earth. It simply asks for an annual report from the Treasury so that we can have an informed national and local debate on the fiscal measures needed to speed up energy efficiency and introduce systems for microgeneration, small-scale energy generation and the conservation of water. That would signal to local authorities that they, too, were part of the team, and that their work in the local strategic partnerships was important in this regard. When the Environmental Audit Committee visited Woking, we saw the work that had been done there. Admittedly, it had perhaps been done on the basis of market initiatives rather than of environmental concerns, but it had nevertheless been done. We have also seen the work that has been done in Nottinghamshire. It is important that local authorities should be part of the UK's collective effort to address climate change. I do not see why we should not all sign up to that as quickly as possible—hence the important debate that we are having now.

10.30 pm

Let me say something about energy efficiency. My constituency has very low standards of heating and insulation, and a very high incidence of fuel poverty. The Government are spending a massive amount on initiatives to improve health through warmth. They

should take great credit for improving building regulations, and for seeking to make improvements through the code for sustainable homes. However, as our Environmental Audit Committee's report on sustainable housing points out, even more could be done. The steps that the Government have taken could be greatly reinforced by a review of fiscal measures, as paragraph 50 of our report explains.

We should take each and every opportunity to promote microgeneration, but we will need capital grant assistance to promote such technologies and help low-income households to benefit. The new Department for Communities and Local Government has already announced its intention to end planning restrictions on the domestic installation of wind turbines and solar panels. The Government are starting to make a great deal of progress. What is needed now is a way of overcoming the barriers to microgeneration, and securing the incentives that supply companies can provide for innovative action. It is vital for the Treasury to be part of all that.

I welcome the opportunity to debate stamp duty. Our report said that the next steps should involve more support for the 70 per cent. of households that are owner-occupiers and mostly not in fuel poverty. We recommended that the Treasury should consider reducing both stamp duty and council tax in the case of houses built to higher environmental standards, and asked for consultation on the issue, to be completed by September 2007 as part of the spending review.

I acknowledge that the Government have made a huge amount of progress, but we must accelerate it. It is vital to have a time frame consistent with consultation, but we also want to see real progress on the Select Committee's recommendations.

Mr. Elliot Morley (Scunthorpe) (Lab): It is a pleasure to follow my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley). I agree with much of what she said. I also welcome the new clause tabled by my hon. Friend the Member for Nottingham, South (Alan Simpson). The issues are important—there is a real debate to be had about how fiscal measures can encourage the developments that society needs, such as increased energy efficiency and the combating of climate change.

The Treasury and, indeed, the Chancellor have an excellent record. The Chancellor has not been afraid of innovation through fiscal measures. The climate change levy, for instance, has been extremely successful. Climate change agreements have reduced emissions from major users. The pioneering of carbon trading in the United Kingdom has greatly influenced the European Union's scheme, and is a great success. Even measures that do not receive the attention that I think they deserve, such as the reforms of company car taxation, are having a huge impact on emissions and the buying habits of the companies that are major purchasers of cars in our country. That decision alone was a bold one. The fact that the Treasury took that decision demonstrates that it has not shied away from the bold and radical use of fiscal measures to encourage environmental improvements. I greatly welcome that and the thrust behind the new clauses will continue it.

Of course there is a role for reporting and some very good points have been raised. DEFRA has already made a commitment to providing an annual report on measures to reduce emissions and on the sort of steps that need to be taken. My hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) brought forward measures in his successful Bill, which he introduced with great skill. I am pleased that the Government supported and endorsed his Bill, which included reporting measures both to the DTI and to DEFRA.

There has always been a great deal of argument about the Government having a co-ordinated approach to sustainable and environmental measures. It is absolutely right that the Government adopt such an approach, so we need to think carefully about how best to carry out the reporting. We do not want individual reports from individual Departments—we need some co-ordination in a cross-government approach. Those issues can be discussed in respect of the shape of the reports and the commitments that have been given. That perhaps still requires some extra thought.

There is no doubt about the great role for microgeneration or the great role of small-scale decentralised power. As my hon. Friend the Member for Stoke-on-Trent, North mentioned, there are also barriers. The buying price of electricity needs to be resolved, as it is unsatisfactory at present. I welcome the steps taken to remove some of the planning barriers to microgeneration. Other important issues are the cost of new technology and the Government's role in moving new technology from the development stage into the marketing stage. The inertia that acts as a barrier to new approaches, new ideas and innovation is another problem.

Fiscal measures are crucial and I greatly welcome measures announced in the Budget, such as the additional £50 million to help promote microgeneration. Together with the existing budget, it amounts to about £70 million. Energy efficiency commitments are also important and the Government have been successful in developing them.

I saw for myself how British Gas, as part of its contribution to its energy commitments, gave discounts on council tax for people who took up the option of having cavity wall insulation. It was hugely successful. The discounts were quite modest, but it proved attractive to consumers to secure the discount by taking up the subsidised cavity wall insulation that was part of the energy efficiency commitment. I very much hope that the EEC3 format provides an opportunity to develop some radical innovative ideas about using microgeneration and encouraging new measures for energy efficiency.

Similar measures can be applied to stamp duty. Personally, I think that some form of discount on stamp duty is a good idea. I accept that it is a complicated argument: does it apply to new homes; can it be applied to retro-fit those who modernise their homes through energy efficiency measures; can it be linked to a new code of sustainable building; can it be applied to zero emission homes? There is a lot of debate on those matters and a great deal of working out still to be done about the shape that will emerge.

[Mr. Elliot Morley]

For those reasons, I hope that my hon. Friend the Member for Nottingham, South will not press the new clause to the vote.

There remains a lot of work to be done on the final shape, although I support the principle of the new clause. I know very well that within the Government there has to be discussion and issues of timing and costs have to be dealt with and resolved. I would not expect Treasury Ministers to accept the new clauses tonight, but we have seen what the Chancellor and the Treasury team can do in using fiscal measures to reach outcomes on climate change and sustainability. They have demonstrated that they are prepared to use such measures and apply them—and we know that they work and that they are successful. I recognise that the Government cannot accept these amendments as they stand, but I urge my hon. Friends on the Front Bench to give serious consideration to the very sound principles that they advocate. They make economic and financial sense, and they certainly make environmental sense in the light of the Government's ambitious objectives, targets and commitments. Every section of government has to make a contribution if we are to be successful.

There is no doubt that fiscal measures and economic drivers are key to an overall integrated strategy. I hope that Ministers will give them serious consideration.

John Healey: This has been an interesting debate. It seems that the on-off relationship between the Tories and the Liberals in respect of environmental policies—that elusive cross-party consensus—may be on again.

I think that the areas of agreement between the Government and my hon. Friend the Member for Nottingham, South (Alan Simpson) are much greater than the areas of disagreement. We agree about the importance of energy efficiency and water conservation, and about the potential of microgeneration. We agree too with the assessment that the UK market for the available technologies is in its infancy, and that fiscal and other economic measures may have a role to play, along with regulation, public spending and, in some cases, information campaigns.

The differences between the Government and my hon. Friend the Member for Nottingham, South result from the specific details of new clause 9. I hope that my hon. Friend will take account of what my hon. Friend the Member for Scunthorpe (Mr. Morley) said in that regard. Much of this ground was covered in the debates on the private Member's Bill successfully introduced by my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz). My hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) made a number of telling points, and she is one of the most assiduous and consistent campaigners on the environment in the House.

My hon. Friend the Member for Scunthorpe also made some telling points when he talked about the progress that has been made on the environment since 1999, and the important measures that the Government have introduced in that time. He played a pivotal part in that process, during his time as a Minister with responsibility for the environment. He rightly said that my right hon. Friend the Chancellor has an excellent record on the environment, and that he has used fiscal and other economic instruments to good effect.

My hon. Friend the Member for Scunthorpe was also right in what he said about the climate change levy. The Opposition opposed it when it was introduced, and still do so now. The measure contributes almost one fifth of our emissions savings, as we pursue our climate change objectives. I must advise the Opposition that it is fine to will the ends but, in the end, they must back the means and the measures that will deliver those ends.

We also recognise the importance of household energy efficiency, as my hon. Friend the Member for Nottingham, South and other hon. Friends urged. It is central to reducing further—

Mr. Peter Ainsworth (East Surrey) (Con): Will the Minister give way?

John Healey: No, I will not. The hon. Gentleman came into the Chamber only two minutes ago. He was not here for the debate—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. Whether someone decides to give way or not is entirely up to the hon. Member on his feet.

John Healey: Thank you, Madam Deputy Speaker.

Household efficiency measures are of central importance if we want to reduce greenhouse gas emissions and if we want to provide greater security for the future. Improvements in energy efficiency are also essential if we are to reduce some of the unacceptable levels of fuel poverty in this country. That is why we have introduced all the measures to that end since 1997, many of which the hon. Member for Falmouth and Camborne (Julia Goldsworthy) outlined. She saved me a job by doing that, but she missed the support that the Government have given to the Energy Saving Trust, and the reduced rate of VAT on all the significant microgeneration technologies.

I come now specifically to new clause 9. I remind my hon. Friend the Member for Nottingham, South, and all those who signed the new clause, that my right hon. Friend the Chancellor publishes two documents, the pre-Budget report and the Budget, that set out our analysis of the situation and our plans for appropriate fiscal measures in this area. If my hon. Friend looks at the Budget, he will see that chapter 7, which runs to 24 pages, covers issues relating to water conservation, measures to protect natural resources and, in a substantial section, climate change and energy efficiency.

Chapter 7 also sets out a range of new measures introduced at the Budget. It outlines the extra £20 million that we promised to help local authorities to promote energy efficiency, £50 million to try to give a boost to microgeneration markets and the installation of up to 25,000 microgeneration units in schools, community buildings and homes. It sets out a new agreement we have reached with energy suppliers to provide an extra 250,000 subsidised insulation installations by 2008. Those measures will help with our carbon savings and will help to reduce annual fuel bills for those in most poverty.

10.45 pm

New clause 10 and new schedule 2 set out proposals on stamp duty. We have been pressed for some time on the matter, but are still not convinced by the case for the proposals—and my hon. Friend the Member for Nottingham, South has not convinced us in his arguments tonight. The new clause and the new schedule duck some of the core questions, such as the level of relief, the qualifying threshold and the nature and scale of the rebates. It is hard to cost the impact of the proposals on the public purse and the contribution they might make to our climate change objectives.

There is a series of principled problems with the proposed policy measure. First, it would make the design and collection of stamp duty much more complex and costly. Secondly, it would require someone—perhaps the conveyancer—to withhold money for a period. I am not sure whether my hon. Friend has discussed the proposal fully with conveyancers, because it will impose significant new burdens on small businesses at a time when we want to reduce them.

John Bercow: Will the hon. Gentleman give way?

John Healey: No, I will not; the hon. Gentleman has only just come into the debate.

Thirdly, I point out to my hon. Friends who may be tempted to consider the proposals that a large number of buyers are exempt from stamp duty. Last year, at the Budget, we doubled the starting threshold for stamp duty to £120,000. This year, we increased it to £125,000 and have thus taken 400,000 homes a year out of the stamp duty system. About 50 per cent. of homebuyers are exempt from stamp duty, either through the new threshold or due to the fact that they are buying homes in disadvantaged areas. I ask my hon. Friends how we could refund the tax to people who had not paid it in the first place?

Does not it strike my hon. Friends as unfair that the proposed support would not be available to most people in the country? Fifty per cent. is the nationwide figure for exemptions. In the constituency of my hon. Friend the Member for Nottingham, South the figure is 58 per cent. In the constituency of my hon. Friend the Member for Scunthorpe, the residential sales transactions of 79 per cent. of households are exempt from stamp duty each year; in the constituency of my hon. Friend the Member for Stoke-on-Trent, North the figure is 85 per cent.

The proposed scheme would subsidise certain areas of the country much more than others. It would also subsidise people who are able to pay while doing nothing to help those in fuel poverty or on low incomes.

John Bercow: Will the hon. Gentleman give way?

John Healey: I will not give way at this stage.

Members have urged us to do even more on the environment, and both in the Treasury and as a Government we shall do so, but the measures proposed in the new clause are not the steps we should take. If the new clause is pressed to a vote, I ask my hon. Friends to resist.

Alan Simpson: The Financial Secretary has made an excellent speech, but one in support of new clauses 9 and 10 and new schedule 1. He is absolutely right to tell hon. Members on both sides of the House that there is no point in willing the ends if we do not will the means, and the means that we invite the House to sign up to tonight is to begin with the reporting process. I have yet to be convinced of the arguments against reporting that have been used either in the Chamber tonight or elsewhere, so I wish to press the new clause to a vote.

Question put, That the clause be read a Second time:—

The House divided: Ayes 214, Noes 279.

Division No. 276] **[10.49 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Kawczynski, Daniel
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter

Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Marshall-Andrews, Mr. Robert
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Mr. Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prentice, Mr. Gordon
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Matthew
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Jeremy Corbyn and Mr. Philip Hollobone

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne

McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Ian Cawsey and Jonathan Shaw

Question accordingly negatived.

Further consideration adjourned.—[Mr. Heppell.]

To be further considered tomorrow.

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): With the leave of the House, I shall take motions 6 to 9 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118 (6) (Standing Committees on Delegated Legislation),

International Immunities and Privileges

That the draft European Organization for Nuclear Research (Privileges and Immunities) Order 2006, which was laid before this House on 25th May, be approved.

Constitutional Law

That the draft Scotland Act 1998 (River Tweed) Order 2006, which was laid before this House on 25th May, be approved.

Investigatory Powers

That the draft Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2006, which was laid before this House on 5th June, be approved.

That the draft Regulation of Investigatory Powers (Communications Data) (Additional Functions and Amendment) Order 2006, which was laid before this House on 5th June, be approved.—*[Mr. Alan Campbell.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118 (6) (Standing Committees on Delegated Legislation),

Northern Ireland

That the draft Education (Northern Ireland) Order 2006, which was laid before this House on 12th June, be approved.—*[Mr. Alan Campbell.]*

Madam Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 5 July, pursuant to Standing Order No. 41A (Deferred divisions).

ADJOURNMENT (SUMMER)

Motion made, and Question put, pursuant to Standing Order No. 25 (Periodic adjournments),

That this House, at its rising on Tuesday 25th July, do adjourn till Monday 9th October 2006.—*[Mr. Alan Campbell.]*

Madam Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 5 July, pursuant to Standing Order No. 41A (Deferred divisions).

BUSINESS OF THE HOUSE

Ordered,

That, on Tuesday 25th July—

(1) references to specific times in the Standing Orders of this House shall apply as if that day were a Wednesday; and

(2) there shall be no sitting in Westminster Hall.—*[Mr. Alan Campbell.]*

DELEGATED LEGISLATION

Ordered,

That the Strategic Health Authorities (Establishment and Abolition) (England) Amendment Order 2006 (S.I., 2006, No. 1448), and the Home Information Pack Regulations 2006 (S.I., 2006, No. 1503), be referred to Standing Committees on Delegated Legislation.—*[Mr. Alan Campbell.]*

CONVENTIONS

Resolved,

That the Lords Message of 20th June relating to the Joint Committee on Conventions be now considered.

That this House concurs with the Lords that, notwithstanding the Resolution of this House of 17th May, it be an instruction to the Joint Committee on Conventions that it should report by the end of this session of Parliament.—*[Mr. Alan Campbell.]*

PC Richard Keel

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

11.7 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Police officers in Shrewsbury and throughout England are extraordinarily brave and honourable people. They put their lives at risk every day, as PC Beshenivsky reminds us. Currently, police in Shrewsbury are dealing with the brutal murder of two women that has so shocked our community, and Guy Rutter and his team are working extremely hard to find the perpetrators of this heinous crime. We politicians have a duty and responsibility to protect the rights of the police and to stand by them in difficult times. They need to know that they can trust us and rely on us to provide them with justice.

There has been a gross violation of justice, however, in the case of PC Richard Keel, who is a constituent of mine. This is a young man of 33 years, who has a lovely, charming wife, Samantha, and a beautiful daughter, Bethany, who is eight years of age. *I am not* an emotional man, but I must say that my interactions with this constituent on numerous occasions have made me very emotionally involved in this case, and I feel a great sense of passion for him and his family.

In May 2004, PC Keel was called to a riot in Wellington in the eastern part of Shropshire, outside my constituency. During an attempted arrest, he was surrounded by 20 young men of Asian origin and seriously assaulted. I will not give details of the assault in the Chamber, but I have a copy of a witness statement signed by PC Richard Keel that was made immediately after the riot. Importantly, it includes the names of the people who committed the assault, none of whom has been properly prosecuted or received any prison sentence whatsoever for the crimes that they committed against a serving police officer. To my knowledge, only two people have been subject to a minimum section 4 public order fine of less than £50.

There has been no justice in this case. Police injustice attracts a great deal of media coverage and attention, but when it is a case of injustice against the police by members of the public, there is silence. I should like to describe to the Minister the injuries suffered by my constituent. He has a slipped disc in his neck and in his lower back. He has severe problems with his left shoulder, and he is taking high-dosage sleeping tablets, extremely strong anti-depressants and morphine-based drugs to ease his pain and suffering. He has been waiting a long time for operations and he has called on my help to try to speed them up. Vertebrae and a disc have been removed from his neck, and a cage inserted in the space that was left was filled with bone taken from his hip. Pins have been inserted in his spine, and he has been given steroid epidurals in his lower back and shoulder. He is considered 50 per cent. disabled, and he must continue to endure operations.

My constituent has received inadequate compensation. Two years after the attack, the Criminal Injuries Compensation Authority has still not paid a penny of the compensation to which PC Keel is entitled. Either the authority is not fit for purpose, like the rest of the Home Office, or it is drastically underfunded. Whatever the case, it has not paid a penny to my constituent. I have spoken to other Members of Parliament about the issue, and it appears that there are many police officers up and down the country awaiting compensation for the injuries that they have sustained. I shall certainly try to secure a Westminster Hall debate on the issue to get to the bottom of whether the authority is fit for purpose or drastically underfunded. In the short term, I appeal to the Minister to write to the authority and do whatever he can to speed up compensation for my constituent, PC Keel.

My constituent has told me that the figure of £5,000 has been bandied around as potential compensation, but how can that compensate a young 33-year-old man for the disability and trauma inflicted on him and his family? Will the Minister help me to ensure that PC Keel receives proper career advice so that he can secure a non-front-line job in the police force? As things stand, his salary will be cut to zero in September, and he will have to rely on statutory sickness benefit. That will in no way allow him to pay for his mortgage. He has shared with me in confidence his mortgage details and I know how much the mortgage is and how much it costs to support his family. The sickness benefit will not allow him to cover his mortgage or look after his family. I urge the Minister to help my constituent get a non-front-line job with pay similar to what he earned before the incident. He can no longer have a front-line role because of the injuries that he sustained.

I come to an extra piece of information that I gleaned from my constituent this evening. Again, I say this to the Minister in a non-partisan way and with all sincerity. My constituent pays £15 a month to the Police Federation. In his case, that is the Police Federation based in Worcestershire. The Police Federation, which is meant to look after the interests of my constituent and other police officers and protect their rights, has not returned any of his calls and has told him in no uncertain terms not to speak to the press. The Police Federation has admonished him greatly for daring to raise the matter with me "at a time when West Mercia police already have enough problems with the proposed merger of West Mercia with other police authorities."

What sort of society do we live in when members of the Police Federation tell police officers not to rock the boat and not to talk to their Member of Parliament because they are fearful of the impact that that will have on the Minister in his consideration of the unpopular proposed merger of West Mercia? That is more like Ceausescu's Romania than the great democracy that we live in—a disgrace. I cannot begin to describe how emotionally charged I feel at such disgraceful behaviour.

Moreover, the Police Federation asked my constituent how he could remain in the police force after complaining to his Member of Parliament. What a disgrace. He has every right to ask for the support of his Member of Parliament, and every right through him in this august Chamber to plead with the Minister for help. I do not expect the Police Federation to treat police officers in that way.

I sent a copy of the witness statement to the Minister this afternoon. I hope he will investigate and ensure that the criminals named in it are prosecuted for the

heinous crimes that they have committed against a member of our police force. If we do not protect our police officers, we will not get the next generation of youngsters coming in and doing that vital job, because they will have no confidence that politicians like us will protect them when the going gets rough.

11.18 pm

The Minister for Policing, Security and Community Safety (Mr. Tony McNulty): I congratulate the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) on securing the debate. He has raised with me the case of PC Richard Keel, an officer in the West Mercia constabulary, who was twice injured on duty, once on 25 August 2004 and again on 16 April 2005, and who remains on sick leave as a result. I recognise PC Keel's work for the force and wish him and his family well in what must be a very difficult time for them. I endorse the hon. Gentleman's remarks about the recent double murder case and wish the force well in their investigation.

In this, as in any other case relating to the welfare of officers, the responsibility for supporting the officer rests with the chief officer of police, and it is not for me to comment on a particular case in any regard whatsoever. I know from Her Majesty's inspectorate of constabulary that the West Mercia police force provides a good standard of occupational health and welfare services and that its systems ensure effective health and safety procedures. I shall say more about that shortly.

The Government support the police service in maintaining officers' health, safety and well-being, as the hon. Gentleman suggests. That is critical to the forces' ability not only to deliver the police service that the public expects, but equally in terms of recruitment and retention.

I would like to explain how we have been working with the Association of Chief Police Officers, the Association of Police Authorities, Her Majesty's inspectorate of constabulary, the Health and Safety Executive and the police staff associations and trade unions to improve occupational health services over the last five years. During that time, the service has significantly reduced sickness absence and ill-health retirements, both of which are indications of real improvements in the health and welfare of officers and staff. All those working in the service have reason to be proud of this achievement, which has meant that between 2001-02 and 2004-05 additional front-line strength equivalent to 1,500 officers has become available, enabling more officers to return to duty, serving the public, which is what they joined the service to do.

The hon. Gentleman may know that in 2002 we launched the strategy for a healthy police service, an initiative with which the Chairman of the Home Affairs Committee was closely associated and which he personally launched. The strategy aimed to maintain police officers' and staff good health and reduce injuries. It provided forces with funding of £19 million over four years to help police officers and staff to return to work and carry out a full range of duties.

Forces were given discretion to identify initiatives where that pump-priming activity would have the greatest impact. Initiatives included health promotion, stress counselling services, fast-track surgical interventions and attendance management training. An overall initial evaluation of this work shows strong anecdotal evidence that the funding has made a significant impact on forces' ability to manage and reduce sickness absence.

West Mercia has used its funding to augment its occupational health department, introducing a physiotherapy scheme, stress audits and support for psychological disorders. Its physiotherapy pilot project in the Worcester division reduced absence due to musculoskeletal injuries by some 10 per cent. Those measures contributed to reducing sickness absence from an average of 13.2 days lost per officer in 2001-02 to an average of 87.8 hours, corresponding to approximately 11 days lost per officer in 2004-05.

The strategy for a healthy police service recommended that managers work with occupational health to plan how the force can assist an officer's recovery and return to full performance, and forces agree a policy for the use of private health care with their police authority. Guidance has also been issued on delivering a fair and consistent approach towards early retirement due to ill health so that officers can continue to serve where they are capable of performing sufficient duties to make their retention operationally justifiable.

There has been a reduction in the number of ill-health retirements over the years. In 1997-98, there were 14 ill-health retirements for every 1,000 officers in service across forces in England and Wales. By 2004-05 that rate had been reduced to 3 per 1,000. For West Mercia in 2004-05, the figure was 4 per 1,000. That is well within the target of 6.5 ill-health retirements per 1,000 that we set for forces in the national policing plan of November 2002.

In June 2000, the Government published "Revitalising health and safety", which set a target to reduce the number of working days lost per 100,000 workers from work-related injury and ill health by 30 per cent. by 2010. The current target for sickness absence in the police is eight days per year for police officers by 2008. The latest figures available for 2004-05 show the average hours lost was the equivalent of nine days per officer per year.

We are not complacent and we know that we must continue to improve. The Home Office and ACPO have commissioned a review of the provision of health and safety arrangements in the police service that will make recommendations for improvement and provide a benchmarking standard. We will also be working with the Health and Safety Commission to evaluate progress from the initiatives of the strategy for a healthy police service and identify what elements have been most successful.

As the hon. Gentleman suggests, policing is necessarily a difficult and often dangerous job, never without a risk, and I applaud his broad sentiments about the lot of our police when they are on the front line. But forces are increasingly well equipped to assess and manage such risks. Officer safety training, the use of protective equipment and the careful planning of operations all have a part to play. Reducing the number of incidents in which officers are injured is clearly the first priority. When they are injured, better occupational health services have a real part to play in

[Mr. Tony McNulty]

supporting recovery. The service's record in this area is good on the whole, but we will continue to work for further improvement in the interest of officers, police staff and the public.

I am grateful to the hon. Gentleman for giving us the opportunity to debate the broad aspect of this important issue in the House. The Government recognise the importance of effective health and safety arrangements for officers and staff to the provision of effective policing. Performance on that has improved significantly since the launch of our strategy for a healthy police service and due to the funding to forces that we have provided. As I said, neither the Government, nor the police service in general, are complacent. We will continue to work with the police to maintain and improve the arrangements.

I have to say two things in conclusion. First, the hon. Gentleman's comments about Ceausescu's Romania were misplaced and simply did not belong in what was otherwise an entirely reasonable contribution. Secondly, I repeat that, although he is a relatively new Member, it would still be wholly inappropriate for me to comment on an individual case, whether that is in terms of human resources, support from a force, an individual's relationship with the Police Federation, or any other matter. Such points would be more properly raised by the individual concerned—with or without his MP, I freely concede—at local level with the West Mercia force. I cannot comment at all on any of the more specific remarks that the hon. Gentleman made, and I certainly cannot, and will not, undertake to do any sort of bidding for the individual. I have to say, as I have said on other occasions, that such focus on an individual case in the Chamber is a wholly inappropriate use of the process of Adjournment debates.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes past Eleven o'clock.

House of Commons

Wednesday 5 July 2006

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Allied Steel and Wire Pension Scheme

1. **Jenny Willott** (Cardiff, Central) (LD): What discussions he has had with colleagues in the Department for Work and Pensions on the occupational pensions of former Allied Steel and Wire workers in Wales; and if he will make a statement. [81346]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend the Secretary of State has had a number of discussions with colleagues in the Department for Work and Pensions. The Government announced in May a large expansion of the financial assistance scheme, which will directly assist the Allied Steel and Wire staff.

Jenny Willott: In the Allied Steel and Wire case in the European Court of Justice, the Government have applied for temporal limitation so that only those involved directly in the case can benefit from a positive judgment. Can that be seen as an admission of guilt by the Government, and what is the Minister planning to say to his constituents who used to work for Motherwell Bridge and who have lost their pensions as a result?

Nick Ainger: As the hon. Lady says, the matter is before the European Court of Justice and the Government are reluctant to comment in any detail on the temporal limitation. However, it is interesting to note that no one raised any legal objections in the oral hearing in the court when the Government applied for the temporal limitation. I assure her, as a Cardiff Member, that, whatever the outcome of the ECJ decision staff at Allied Steel and Wire will not be affected, by the temporal limitation.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The Minister will know that we have suggested a comprehensive audit of unclaimed assets in the financial sector as a possible way of squaring the claim of ASW workers with the protection of the taxpayer. Will he undertake to press the Chancellor and the Secretary of State for Work and Pensions for such an audit?

Nick Ainger: For 18 years, the Conservative Government did absolutely nothing to address this issue. The financial assistance scheme has been expanded from £400 million in 2004 to £2.3 billion starting from this October. It will provide substantial assistance to Allied Steel and Wire staff and it has been widely welcomed, including by their trade union, Community. We accept that there are issues that have to be resolved in the European Court of Justice, but we are confident that the scheme that is now in place will go a long way towards providing protection for staff who have lost their pensions. On top of that, we have the Pension Protection Fund, which will provide long-term security for people who have invested their savings in occupational pensions.

Child Poverty

2. **Ann Clwyd** (Cynon Valley) (Lab): What assessment he has made of the impact of child tax credits on reducing child poverty in Cynon Valley and Wales. [81347]

The Secretary of State for Wales (Mr. Peter Hain): Since 1997, an estimated 50,000 children have been lifted out of poverty in Wales, including in Cynon Valley, where more than 5,000 in-work families are benefiting from child tax credit.

Ann Clwyd: As my right hon. Friend will no doubt acknowledge, child poverty is still a problem in Wales. However, the Conservatives opposed tax credits and the minimum wage, and oppose almost anything that helps the poorest families. Those families would have been far worse off if the Conservatives had been in power.

Mr. Hain: Not surprisingly, I completely agree with my right hon. Friend. We have seen 700,000 children lifted out of poverty right across the United Kingdom, but she is right: we still need to do more. We have increased child benefit by a record amount and we have improved entitlement to maternity and paternity leave for new parents—all measures opposed by the Conservative Opposition. We have also created extra places in nursery and child care. All those programmes would be put at risk by the Tories' plans for public spending cuts in Wales and the rest of the United Kingdom.

Ann Winterton (Congleton) (Con): What assessment has the Secretary of State made of the cost of administering those tax credits? Would that money not be better spent on reducing poverty among children in Wales?

Mr. Hain: Child tax credits, like the employment tax credits, have an administrative cost, but they target the resources on those most in need, including children in Wales and right across the United Kingdom—and, I dare say, also in the hon. Lady's constituency. The Conservatives' repeated attempts to sabotage the programme—they opposed it in the first place and they would like to scrap it—would leave thousands of children in Wales and hundreds of thousands of children across the United Kingdom destitute, as they were when the Tories were last in power.

Lembit Öpik (Montgomeryshire) (LD): I must say that for a Labour Member to raise the issue of tax credits is like the captain of the Titanic offering guided tours of the hole in his boat. Is the Secretary of State aware that in Powys alone last year one in three tax credits awarded were overpaid, leaving nearly 5,000 people to pay back £4.3 million to the Revenue? Those errors are seriously harming our most vulnerable families. When will the Government get to grips with this malfunctioning system?

Mr. Hain: Witty jousting is no substitute for a serious policy. As the hon. Gentleman knows, a serious policy of tax credits has helped families and people by the thousand in his constituency of Montgomeryshire and by the tens of thousands throughout Wales. The Liberal Democrats, the Conservative Opposition and Plaid Cymru have put forward no coherent alternative to that anti-poverty programme, which, as a Labour Government, we are proud to have led.

Police Force Mergers

3. **Mark Williams** (Ceredigion) (LD): If he will make a statement on the timetable for the merger of Welsh police forces. [81349]

The Secretary of State for Wales (Mr. Peter Hain): My right hon. Friend the Home Secretary announced in the House on 19 June that he did not intend to lay any orders for enforced police force mergers before the summer recess.

Mark Williams: I thank the Secretary of State for that answer. Yesterday, the Welsh Affairs Committee heard repeatedly from the Minister for Policing, Security and Community Safety that the Government remained firmly attached to an all-Wales police force, yet we have also heard about an extended period of consultation. Will that consultation include a full examination of what the Minister described as "innovative alternatives", including the federated model that the right hon. Member for Torfaen (Mr. Murphy) has been advancing, or is this another example of game, set and match before the match has even started?

Mr. Hain: I am not sure that my right hon. Friend the Member for Torfaen has made that point, but I will certainly check. It is significant that no chief constable—especially Barbara Wilding, the chief constable of South Wales police force, which is the largest in Wales—has supported the idea of a federation. She makes the compelling point that that would not work. Her Majesty's inspectorate of constabulary advanced the original case for a single police force in Wales to bring together capabilities for tackling the huge new threats of serious and organised crime, drug dealing and terrorist activity. The problem with the Liberal Democrats and other critics of the policy is that they do not have a serious alternative for dealing with those new threats, and until they produce one, no one will take their criticism seriously.

Hywel Williams (Caernarfon) (PC): I am still slightly unclear about the Government's position. If the police authorities and, perhaps, the chief constables were to come up with a viable alternative, would it be accepted as something for consideration and discussion, or will we just have a merger because there is absolutely no other choice? If there were a viable alternative, would the Government's mind still be open?

Mr. Hain: Obviously, we want to ensure that we proceed with as much consent as possible so that we can tackle the new threats. As I said, no one has yet provided an alternative that would deal with those threats or deliver the capabilities to measure up to them. Of course we are not going into this with a closed mind. The Minister for Policing, Security and Community Safety made it clear to the Welsh Affairs Committee the other day that he thought that some of the handling of the matter over recent months could have been better, so he is now ensuring that that happens. None of the four chief constables to whom I have spoken—I am seeing the North Wales chief constable next week—has come up with an alternative. If someone does, of course we will not have a closed mind to it, but I do not see an alternative at the moment.

NHS Operations

5. **Mr. Peter Bone** (Wellingborough) (Con): When he last met the Secretary of State for Health to discuss the number of Welsh patients waiting more than six months for an NHS operation in an English hospital. [81352]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): I regularly meet Health Ministers and the Assembly Health Minister. The Assembly Government are investing record amounts in the NHS in Wales and delivering real improvements in the standard of services to all Welsh patients.

Mr. Bone: I thank the Minister for his answer. On 30 November last year, the Prime Minister stated that no one would wait more than six months for an NHS operation. The latest figures show that 120 English patients have been waiting for more than six months at an English hospital, yet 786 Welsh patients have been waiting at an English hospital for more than six months. Clearly, the Government's claim is completely false, but there also appears to be discrimination against Welsh patients.

Nick Ainger: The latest figures show that 768 Welsh patients have been waiting more than six months for treatment in an English hospital, and that represents a significant reduction of 14 per cent. on the previous year. The number of out-patients waiting for treatment in English hospitals has fallen by 43 per cent. Waiting times are plummeting throughout Wales. We are meeting targets on reducing waiting times, and that is a result of the massive investment that is now going into the health service in Wales. We will be spending £5 billion this year, which represents a rise of over 80 per cent. since 1999. That is £1,600 a person. We now have 450 more consultants and 7,300 more nurses.

and our budget for new hospital buildings will go up to £309 million in the next financial year. That is a record of which we are proud. Waiting times are coming down significantly, and it is a record of real achievement.

Ian Lucas (Wrexham) (Lab): Many of my constituents are treated in English hospitals. Will my hon. Friend give me an absolute assurance that he will support my right to ask questions on their behalf about their treatment? Will he assure me that in no circumstances he will take that right away, which is what Conservative Members have suggested?

Nick Ainger: As my hon. Friend is well aware, the Conservatives intend to treat Welsh and Scottish MPs as second-class citizens in the House. I can assure him that he will still be able to put questions to the Department of Health and the Wales Office, which would not be the case under the Opposition, who are proposing to create a second tier of second-class MPs. That is outrageous.

Mr. David Jones (Clwyd, West) (Con): The target waiting time for English patients at the Robert Jones and Agnes Hunt hospital at Gobowen is six months. For Welsh patients it is 12 months, so will the Minister please explain why my constituents, who pay their taxes and national insurance contributions at exactly the same rate as English patients, should be expected to wait in pain for six months longer?

Nick Ainger: As I stated to the hon. Member for Wellingborough (Mr. Bone), significant and massive investment is aimed specifically at reducing waiting times. Where we have an arrangement with an English hospital, discussions are ongoing about waiting times, the costs of operations and so forth, but I can assure the hon. Member for Clwyd, West (Mr. Jones) and his constituents that much of this year's £5 billion going into the NHS is targeted on reducing waiting times. Waiting times are plummeting in Wales, as they are in England. Indeed, it is a record of achievement.

Post Offices

6. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What discussions he has had with colleagues in the Department of Trade and Industry on the number of post offices in Wales. [81353]

The Secretary of State for Wales (Mr. Peter Hain): Numerous ones.

Mr. Llwyd: I am grateful to the Secretary of State for that enlightening answer. From 1998 to December 2005, 331 post offices—one in every four—closed in Wales. A further avalanche is expected with the loss of the TV licence contract and the phasing out of card accounts. Yet the main campaigning tool in Blaenau Gwent was a Labour petition to re-open the post offices. Was that not a rather cynical exercise that saw through by the people of Blaenau Gwent?

Mr. Hain: Talking of Blaenau Gwent, I do not think that anyone takes the hon. Gentleman seriously any more.

Mrs. Betty Williams (Conwy) (Lab): Does my right hon. Friend share my concern that in some instances post offices close because the postholder is retiring and the property is no longer available? Will he discuss with his colleagues in the Department of Trade and Industry whether, when it is difficult to find a building to carry on a post office service, it would be possible to provide a mobile service so that our constituents do not suffer?

Mr. Hain: My hon. Friend makes a fair point and a compelling argument that mobile post offices could be slotted in to fill gaps in the circumstances that she describes. That could provide a viable alternative in many rural areas across Wales. I will certainly take up her request and do as she asks.

Mr. Roger Williams (Brecon and Radnorshire) (LD): In Brecon and Radnorshire, 6,800 people hold post office accounts and the demise of the facility will lead to financial inconvenience and reduce the viability of post offices. On top of that, Rev. Marian Morgan from New Radnor reports to me that a recently re-housed homeless person is unable to save up for a TV licence because the savings scheme has been abolished, and he will have to travel 10 miles to the nearest town to get his TV licence. In those circumstances, what assessment has the Secretary of State made of the continuing viability of rural post offices?

Mr. Hain: This is a real issue, as it was under the previous Conservative Government, when 3,500 post offices closed, mostly in rural areas. It has been a continuing problem for all Governments as a result of different consumer patterns and so on. However, we need to do as much as we can to deal with the sort of examples that the hon. Gentleman describes in his constituency, which is largely rural. That is why we have made unprecedented investment since 1997 of more than £2 billion to help maintain the post office network. That includes £150 million this year. We look to provide what extra support we can.

Mrs. Madeleine Moon (Bridgend) (Lab): Post Office card accounts and credit unions have successfully helped people in Wales to stay out of debt. My hon. Friend the Member for Ogmore (Huw Irranca-Davies) and I held a recent workshop on financial exclusion, which was targeted at people in the Ogmore and Bridgend constituencies. One of the suggestions that people attending the workshop made was that we should build greater links between credit unions and post offices, whereby additional income could come in to post offices and credit unions could provide access to low-cost loans. Will the Secretary of State examine the potential in Wales to build on that partnership?

Mr. Hain: I would be happy to do that. I am a member of my local credit union in Neath Port Talbot. Credit unions do an important job, and there is scope for those who use post offices for banking services to bring extra income and customers into post offices,

especially as credit unions offer low interest rates to many people on low incomes. As my hon. Friend suggests, it is a win-win situation for credit unions and local post offices.

Agriculture

7. **James Duddridge** (Rochford and Southend, East) (Con): What recent meetings he has had to discuss agriculture in Wales. [81354]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): My right hon. Friend and I have regular meetings with both ministerial colleagues and colleagues in the Welsh Assembly Government on a range of topics, including agriculture.

James Duddridge: The Under-Secretary will know that roadkill badgers are currently being tested for TB. What discussions has he held with the Department for Environment, Food and Rural Affairs about the results of those tests and will he make a statement to the House about them?

Nick Ainger: DEFRA and the Assembly Government are working closely together on bovine TB. As the hon. Gentleman knows, the Welsh Assembly Government are testing roadkill badgers, and the results of that study will be available in September or October. Once it is made available, a decision will be made about the next step to take in Wales on bovine TB.

Earnings Statistics

8. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What the average earnings were in Wales in the last period for which figures are available. [81355]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): Latest figures for Wales show average weekly earnings of £454.40 in 2005, which is 87.9 per cent of the average for the UK as a whole.

Mr. Crabb: I thank the Under-Secretary for that reply. Average wages in Preseli Pembrokeshire increased only modestly in the past five years and remain well below the UK and Welsh averages. In contrast, house prices have soared by more than 170 per cent. in that period. What is he doing specifically to tackle the growing crisis of housing affordability, which affects families and young people throughout Wales? What steps are his Labour colleagues in the Assembly taking to deal with that problem? Why do they not deliver the social housing that is required in Wales?

Nick Ainger: In fact, in the past year, the hon. Gentleman's constituency and mine have experienced the fastest rise in average earnings in Wales. In the past four years, average earnings in Wales have risen faster than in England. We are closing the gap, especially in the objective 1 area, where there have been increases of 21 per cent. in average earnings in the past four years.

The problem of the affordability of housing is not unique to west Wales—it applies throughout Wales and the rest of the country. The Government are investing significant sums in tackling that problem. We are ensuring that social housing funds are available, working with housing associations to develop new schemes and considering innovative schemes such as community land trusts. I expect Pembrokeshire housing association and Pembrokeshire county council to examine those radical and innovative ways of providing affordable social housing in his and my communities.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): Given the importance of Airbus to the Welsh economy and to the earnings of 6,500 people in Wales, and now that there is a shift from the use of metallic materials to composites in new aircraft design and manufacture, does the Minister share my alarm at the reports that the Spanish Government are targeting our wing business in Wales? Will he guarantee that he will do everything in his power to ensure his Cabinet colleagues' support for the new A350 aircraft?

Nick Ainger: My right hon. Friend the Secretary of State recently met Airbus senior management because of the latest concerns about EADS and its share price. He was assured that Airbus has a long-term commitment to both Broughton and Filton. They are world leaders in wing production and have a skills base that is almost unique—the only other is in Seattle, in the United States. My right hon. Friend was assured of the long-term future of Airbus investment in Broughton and Filton.

Mrs. Gillan: But does the Minister agree that bringing the A350 to Wales will create 10,800 more jobs in UK aerospace and that we need firm assurances from Welsh Ministers that they will back the production of A350 wings in Wales and in the United Kingdom?

Nick Ainger: Of course we have done that, and we have put significant launch project funding into all the schemes that Airbus has promoted—about £21 billion over the years. There is no question but that the Government are fully backing the Airbus project. Bearing in mind that investment and the jobs in Broughton that are dependent on it, I am concerned that the hon. Lady is now raising these issues—they do not exist.

Mark Tami (Alyn and Deeside) (Lab): Airbus employs more than 7,000 people at Broughton, and that has been possible due to the support of this Government, investing in successful manufacturing. Airbus is European co-operation; does my hon. Friend agree that the Conservative party's attitude to Europe could well threaten the future of such co-operation?

Nick Ainger: I totally agree. My hon. Friend emphasises the importance of Airbus not just to the local economy but to the economy of north Wales and north-west England. It provides more than 7,000 extremely well-paid jobs, and it is there because the Government have regularly invested substantial sums to support the development of new technology at that plant and in Filton. As my hon. Friend says, the anti-European attitude that still runs through the Conservative party threatens that co-operation.

Adam Price (Carmarthen, East and Dinefwr) (PC): One of the main reasons Wales is languishing at the bottom of the wages league under this Government is the loss of high-wage manufacturing jobs. The Labour candidate in Blaenau Gwent said that existing Government policy had failed and there was a desperate need for a new manufacturing strategy. Does the Minister, or indeed the Chancellor, agree?

Nick Ainger: Let me tell the hon. Gentleman that just recently, although there have been problems in certain companies, International Rectifier, which makes semiconductors, has brought 250 well-paid jobs to Newport; Ford, developing the new Volvo engine in Bridgend, has created 250 new jobs; LogicaCMG has created 765 well-paid jobs with a high-tech MOD contract; and other jobs are being created in the finance and service sectors. Although there may well be problems in certain sectors, the economy in Wales is diverse. We are seeing expansion upon expansion, and new jobs are being created where other, older jobs are being lost. It is a dynamic economy and we are moving forward. Wales is doing extremely well.

Search and Rescue Operations

10. **Albert Owen** (Ynys Môn) (Lab): What discussions he has had with ministerial colleagues on the future of search and rescue operations in Wales. [81357]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): Search and rescue provision in the UK is continuously reviewed by the UK search and rescue strategic committee and its associated working groups. No changes to the level of service are currently planned to the helicopter search and rescue service in Wales, operated by the Ministry of Defence and the Maritime and Coastguard Agency.

Albert Owen: I thank my hon. Friend for that response. He will be aware of the excellent work that is done by the search and rescue community in Wales and the contribution of Squadron 22 that is based at RAF Valley. He will be further aware that the headquarters of SAR is to be moved to Valley in the coming year. There are concerns about the harmonisation that is planned by the Ministry of Defence and the Department for Transport. Owing to financial savings involving the private finance initiative, that could undermine the operations and deployments in place. Can the Minister give assurances that that will not be the case? Will he press the MOD and the Department for Transport for those assurances?

Nick Ainger: I can give my hon. Friend that reassurance. Rigorous assessment of options by the joint MOD-Marine and Coastguard Agency procurement team led to a recommendation of harmonisation under a private finance initiative. The MOD and the MCA will continue jointly to manage and task the service, and will retain a high proportion of military aircrews. There will be no reductions in the service provision of search and rescue helicopters. The Government are committed to delivering a future service that is at least as effective as the present one. I hope that my hon. Friend is reassured.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [82382] **Tom Brake** (Carshalton and Wallington) (LD): If he will list his official engagements for Wednesday 5 July.

The Prime Minister (Mr. Tony Blair): Before listing my engagements, I am sure that the House will join me in sending our condolences and sympathy to the families of Corporal Peter Thorpe and Lance Corporal Jabron Hashmi, who were killed in Afghanistan over the weekend. They were immensely brave and committed soldiers and we mourn their loss deeply.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Tom Brake: In the past week we have witnessed the systematic destruction of the infrastructure that the Palestinian people need for their survival. Does the Prime Minister agree that this military action is in breach of international law and constitutes collective punishment that the international community should condemn and bring to an end as soon as possible?

The Prime Minister: I entirely agree that the situation is very serious. We have made it clear what we believe that the Israeli Government should do in the circumstances. However, I return to the point that I have made on many occasions. We can condemn Israel on the one hand or the Palestinian Authority on the other. The only thing that will resolve this issue ultimately is a restart to the negotiation process and a two-state solution that is in the interests of Israelis and Palestinians.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): As London has its own elected assembly and a directly elected Mayor, who even has his own foreign policy, does my right hon. Friend think that the time is approaching when we should ban London Members from voting—*[Interruption.]*

The Prime Minister: Tempting though that occasionally might be, no. I think that it is important that we have one class of Member of Parliament, which is an essential part of our constitution. I hope very much that the right hon. Member for Witney (Mr. Cameron) will rethink his position on this. It is wholly contrary to the spirit of our constitution, and an utterly irresponsible thing to do or propose.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to the two servicemen killed in Afghanistan on 1 July – Corporal Peter Thorpe and Lance Corporal Jabron Hashmi. Lance Corporal Hashmi's family said yesterday that he was proud to serve in the British Army, and that you can be proud to be both Muslim and British. The family is right and the extremists who seek to divide us are wrong.

The British troops in Afghanistan have our full support. Preventing that country from becoming again a rogue state that backs terror is, inevitably, a complex mission. It means supporting the Afghan Government in a range of tasks and confronting the Taliban. Major General Peter Wall has said that resistance has been "more virulent" than had been anticipated. Can the Prime Minister confirm that that is the case?

The Prime Minister: Yes, it is clear that the Taliban will fight hard, particularly in the south of the country, to regain their foothold and turn Afghanistan back into a failed state where al-Qaeda had its headquarters and the people were brutally oppressed by a regime that was not just bloody in what it did to its own people but in what it exported to the rest of the world. So, yes, they will fight hard, and the mission of the British forces is absolutely clear, as is the mission of the other forces, for example, Germany and Italy in the north and west of the country: it is to support the Afghan Government centrally and locally so that they can reconstruct their country and so that what the Afghans voted for—a stable, prosperous, democratic, tolerant society—can come about.

Mr. Cameron: The Prime Minister said yesterday that to date he had received no requests for reinforcements. Does that statement cover equipment, including helicopter lift capacity? What discussions has he had with our NATO allies, so that should further combat troops or equipment be required our allies will also make an increased contribution?

The Prime Minister: We have not at the present time received a request from the commanders on the ground for more resources, either for logistics or for troops, but of course they will look carefully, now that we are in Helmand province, at what we need. As I indicated yesterday, if they need more, we will make sure that they get more. In the end, it is important to realise that the operational plans are drawn up and implemented by the commanders on the ground, which is how it should be, but if they desire more from us, of course, we will make sure that we give them every support.

I just want to make it clear that the British troops who are there are doing the most extraordinary and heroic job. They are fighting a battle that is important not just for the security of Afghanistan but for the security of the wider world. It is absolutely right that we give them every support, and we will do so. Sadly, we have lost troops in Afghanistan, and so have many other countries, including Germany, Italy and Spain. It is important to realise that when they give their lives in the service of our country they do so in support of a mission that is absolutely necessary and vital to our security in this country.

Mr. Cameron: At the heart of the whole mission is the reconstruction of Afghanistan. There are many different people involved, including the Afghan Government, the aid agencies and the UN. Last week, the shadow Foreign Secretary suggested appointing a special representative mandated by the UN and approved by the Afghan Government to help to bring those efforts together. The Minister for Europe said that that was "a sensible suggestion", and I wonder whether the Prime Minister has given further consideration to the proposal to ensure good co-ordination on the ground.

The Prime Minister: I have not given consideration to it myself, but no doubt we will do so, and if it is sensible we will do it. The most important thing is to try to back the efforts of the Afghan Government to build up their own police and army and make sure that their economy, which the Taliban effectively turned into a narco economy, is reconstructed on a basis that does not depend on the drugs trade. That is a very difficult mission, for which we have lead responsibility in the whole of Afghanistan.

That is important, too, for other countries. In the south of the country, we have about 3,600 troops at the moment, and there are about 6,000 troops from other countries. That is a NATO and United Nations mission, and it is important that the international community realise that it is not just about the British and American effort but about the united effort of the international community. We have to stay the course. Whether it is in Afghanistan, where we are supporting efforts at democracy—millions of Afghans came out and decided that they wanted a democracy—or in Iraq, our job is to stand alongside our allies, fighting the terrorists and fighting for democracy.

Ann McKechin (Glasgow, North) (Lab): Given the disappointing failure of last weekend's world trade talks, will my right hon. Friend give me an assurance that he will use his best endeavours to ensure that western leaders live up to their promises to provide a fairer trade deal for the world's poor?

The Prime Minister: I shall do my level best. There are two aspects to the issue. First, we must make sure that we secure a proper development package, including aid for trade, which is important for the poorest countries so that they have the capacity to trade properly if markets are opened up. In addition, we will try, even at this late hour—and it is very late indeed—to make sure that the other countries come together and support us in trying to ensure that we do not just have freer markets in Europe, the United States and Japan but freer non-agricultural market access in the G20 countries, including Brazil and India. However, it is very, very late in the day to secure an agreement, and the next couple of weeks will be critical, particularly in the run-up to the G8 conference.

Sir Menzies Campbell (North-East Fife) (LD): May I associate myself and my right hon. and hon. Friends with the expressions of condolence and sympathy from the Prime Minister and the Leader of the Opposition?

On 1 March the Prime Minister told me that he did not believe that the arrangements for the extradition of United Kingdom citizens to the United States were unfair. Does he still believe that?

The Prime Minister: I do believe that the arrangements are not unfair, for the reason that I can give the right hon. and learned Gentleman, although I totally understand the concern of the individuals who are to be extradited and their families as to what may happen, particularly in terms of bail, when they get to the United States. I will say more about that in a moment. What is important to realise is that the changes that we made a few years ago ended a situation

where the United States was uniquely, to its detriment, not given the same arrangements as other countries. The purpose of the change—*[Interruption.]* Listen to the facts. The purpose of the change was to bring the United States into line not merely with European countries, but with countries such as Australia, New Zealand and Canada. That was the purpose of the change, but I totally understand the concern about bail arrangements and other matters.

Sir Menzies Campbell: Once cannot but observe, what about the principle of reciprocity? What could be more unfair than for a British citizen to be extradited to the United States without a prima facie case and under a treaty that the United States declines to ratify? Will the Prime Minister act to bring an end to this practice?

The Prime Minister: If I may again deal with the reciprocal arrangements, it is not true that the United States has a different evidential burden from this country. The probable cause, which is the burden that the United States places on countries that want to extradite from the United States, is analogous to what we now provide under the Extradition Act 2003. It is not correct to say that the United States has been given preferential treatment or that the arrangements in respect of evidence are not reciprocal. However, I do understand the real concern that the families will have about what happens when they go to the United States, and I have asked our officials to see whether there is any support or assurances that we can give so that if they are extradited, they are given the opportunity to be bailed.

Mr. Denis MacShane (Rotherham) (Lab): The Prime Minister will be aware of the scourge of human trafficking, which has brought several thousand young girls to work as sex slaves in massage parlours and brothels in the UK. There is a Council of Europe convention on the matter, which 26 members of the Council of Europe have signed. Britain, alas, is not one of them. An all-party group of MPs is working on this. I do not ask the Prime Minister to agree at the Dispatch Box today to sign the convention, although that would be very welcome to Amnesty International, the Anti-Slavery Association and others working in the field. If he cannot do that, will he agree to meet an all-party group, who will try to persuade him that the Home Office officials resisting the convention are wrong and the new Home Office team should sign it forthwith?

The Prime Minister: I am very happy to meet my right hon. Friend and any such delegation to discuss the issue.

Q2. [82383] **Mr. Jeremy Browne** (Taunton) (LD): Everyone recognises the extra money that has been spent on the NHS, so why is Musgrove Park hospital in Taunton struggling with a £6 million deficit? Why does it have to close the Alfred Morris centre, which gives specialist treatment to people with severe head injuries, and why do people from my constituency still have to travel 100 miles to Bristol and back to receive cancer treatment?

The Prime Minister: I thank the hon. Gentleman for his recognition of the extra money that has gone in. It is that extra money which, for example, in the strategic health authority in which his constituency is situated, has meant more than 6,000 more nurses, 800 more doctors and over 1,000 more consultants; and for treatment for the patients, all the waiting times, out-patient and in-patient, have come down dramatically. But all health trusts will have to live within their means. That is so, irrespective of the amount of money that we put in. It is important that health authorities and the trusts take the decisions that are necessary to put our health service on a sustainable basis. That sustainable basis is one where waiting times will continue to fall and treatment will continue to improve.

Paul Flynn (Newport, West) (Lab): Does my right hon. Friend recall his Defence Minister saying in April that the Helmand mission would last three years and the British Army would come out of it without firing a single shot? Five of our soldiers have died, and many Afghans have died—some Taliban and some civilians. With this mission, which has been described by many in the military and elsewhere as a mission impossible, are we not in grave danger of driving the ordinary people of Afghanistan into the hands of the Taliban? Could we explain to our American friends that we cannot win hearts and minds by using bombs and bullets?

The Prime Minister: First, let me correct the impression, which my hon. Friend has just repeated, that my right hon. Friend the Home Secretary said that not a shot would be fired on this mission. My right hon. Friend actually said that he would be happy if that were so, but went on to warn people that

> "We are here to stabilise and build the country and the Taliban and the terrorists want to stop us doing that. If they attack us we will defend ourselves and if defending ourselves at the operational level means taking pre-emptive action we will do that."

He did not say that it was a mission without danger—he said precisely the opposite. On the idea that, somehow, we are driving people into the arms of the Taliban, there is a democratic Government in Afghanistan for the first time. That is why girls have been allowed back into school, which I would have thought even my hon. Friend would support. Our job is to stay with those people who want Afghanistan to progress as a democracy and to defeat the terrorists—anything else would be a dereliction of duty.

Mr. David Cameron (Witney) (Con): This week marks the anniversary of the first suicide bombing attacks in Britain. The whole country will remember the 52 people of all faiths and none who were killed and the hundreds who were wounded. Of the 500 victims who have applied for compensation, almost 300 are still waiting for final settlement. Does the Prime Minister agree that those people should not have to wait so long?

The Prime Minister: I agree that it is important that their claims for compensation are dealt with as quickly as possible. Obviously, the compensation authority is independent from the Government, but it is trying to make sure that not only the interim claims but the full

claims are paid out as soon as possible. We constantly discuss that matter with the compensation authority as well as with the relatives of the victims of 7/7.

Mr. Cameron: Yesterday, the Prime Minister was right to emphasise the role that the Muslim community itself should play in helping to root out extremism, but we all have a role to play in helping to foster a greater sense of common citizenship. Does the Prime Minister agree that we need an ambitious nationwide programme, including youth volunteering and school exchanges, as part of that? Does he further agree that such a programme would work best with the participation of all parties right from the start? And will he make sure that that happens in all cases in future?

The Prime Minister: I agree that it is important that we engage everyone in fostering good community relations and in saying that irrespective of whether people are of one religion or creed or another, we share the British values of tolerance, respect for other people, democracy and liberty. It is important that those values are carried through into every part of our community, and I welcome the help and participation of all political parties in that. Indeed, it is very much to the credit of the political system in this country that all major parties are committed to such a future for Britain. When I said yesterday that I think it important that the Muslim community confront the issues within it, I did not mean to diminish our responsibility to do our part, too. The fact is that we are all going to have work very hard at rooting out extremism. We face a global movement with a global ideology, and we will defeat it only when we defeat its ideas as well as its methods.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Reports today have once again highlighted the recent increases both in household fuel bills and the profits of energy companies. Will my right hon. Friend ask the Department of Trade and Industry to look at the case being made by consumer organisations for a better use of social tariffs, which bring down fuel bills for vulnerable consumers while at the same time meaning that those who consume more energy and the power companies pay more?

The Prime Minister: I am sure that those at the DTI will have heard my hon. Friend's words and will no doubt look into them.

Q3. [82384] **Philip Davies** (Shipley) (Con): Last week, my hon. Friend the Member for Monmouth (David T.C. Davies) launched "Safer", a campaign to stop all forms of early release. Given that a poll conducted over the weekend shows that 89 per cent. of the public support such action, does the Prime Minister think that the time has come to make sure that prisoners serve the sentence handed down by the courts in full, and if not, why not?

The Prime Minister: There has always been a system of parole in this country. I would point out to the hon. Gentleman that over these past few years prison sentences have been longer and there have been more people in prison. What is important is that there is consistency in sentencing, and we are working on that with the Sentencing Guidelines Council.

Q4. [82385] **Mr. Mohammad Sarwar** (Glasgow, Central) (Lab): My right hon. Friend knows that I am a Glasgow MP representing a Glasgow constituency. Is it his intention to make me a second-class MP representing a second-class nation?

The Prime Minister: No, I can assure my hon. Friend that that is not my intention. As a member of the Conservative party said yesterday, such a thing would be a constitutional abortion. It would be completely wrong. The fact is that our constitution relies on there being one class of MP in this House. That is absolutely right, and under this Government it will always remain so.

Mr. Andrew Robathan (Blaby) (Con): Will the Prime Minister tell the House on how many occasions he has started an investigation under his ministerial code, and whether he thinks it appropriate that his Deputy Prime Minister should stay with an American business man—

Mr. Speaker: Order. This matter has been put before the Parliamentary Commissioner, and there will be no more discussion about it until the Parliamentary Commissioner has dealt with it.

Q5. [82386] **Anne Snelgrove** (South Swindon) (Lab): Churchfields school in my constituency was one of 100 schools that achieved specialist status earlier this week. The school, where I am a governor, was in special measures until three years ago, so specialist science and maths status represents a considerable achievement by the staff and students. Will my right hon. Friend join me in congratulating Churchfields and all the new specialist schools? Does he agree that specialist schools not only provide choice and a guarantee of educational achievement for parents but are crucial in fulfilling our aim of motivating schools to achieve better results—

Mr. Speaker: Order. I think that the Prime Minister will be able to reply.

The Prime Minister: First, I should like to congratulate Churchfields school in my hon. Friend's constituency on attaining specialist status. A majority of schools are now specialist schools, and their results are improving very rapidly; they go alongside those of the city academy programme. The truth is that having significantly raised results in primary schools, we are now creating the basis upon which we can get those increased results in secondary schools as well. This is all part of the process of investment and reform to give us a 21st century education system.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Can the Prime Minister explain to my constituents why they face the prospect of the downgrading of the accident and emergency unit at St. Richard's hospital in Chichester and the downgrading of the A and E unit at Worthing hospital, why Littlehampton hospital is a pile of rubble, with the rebuilding programme on hold, and why the Richard Hotham mental health unit in Bognor Regis war memorial hospital is to close just five years after it opened?

The Prime Minister: I do not know about the specific circumstances of the hon. Gentleman's constituency. However, I have no doubt that if I do look at the specific circumstances, I will find that there has been massive investment in health care services in his constituency, all of which was opposed by him and his colleagues, that waiting lists are down, and that cancer and cardiac treatment is better. Yes, it is true that difficult decisions have to be taken in all constituencies as to how we configure health care for today's world, but those decisions need to be taken no matter how much money is put in. It is absurd for Conservatives to complain about funding in the health service when they voted against the very funding that we put in.

Q6. [82387] **Rosie Cooper** (West Lancashire) (Lab): Despite some very challenging financial situations in my constituency, the staff of Southport and Ormskirk hospital have done fantastic work in meeting, ahead of schedule, the Government's waiting list targets and achieving the best waiting times for A and E in the strategic health authority. Does my right hon. Friend join me in congratulating those staff?

The Prime Minister: I give my congratulations to my hon. Friend's hospital. If we take health care throughout the entire country, we see that it is not merely that in-patient and out-patient waiting lists are dramatically different from where they were nine years ago. In accident and emergency departments, which we were discussing a moment or two ago, I think that most people would say, never mind even on a statistical basis, that they are considerably improved from where they were a few years ago. That is because we have not only put in extra money and staff but reformed the system of working. Many congratulations to my hon. Friend's hospital; I am sure that that situation is replicated in many places throughout the country.

Q7. [82388] **Mr. Laurence Robertson** (Tewkesbury) (Con): Will the Prime Minister join me in congratulating staff at Winchcombe hospital in my constituency on the services that they provide for the quite elderly population there? Given that the Government quite rightly want to see more patients being treated closer to home, will he also join me in condemning the decision by the local health trust to close the hospital?

The Prime Minister: Again, I do not know the precise circumstances of the situation in the hon. Gentleman's constituency, but I shall be very happy to look into the matter and to write to him about it. I am sure he would accept, however, that, as a result of the investment that has been put into his constituency and many others, all the measurements for waiting times for treatments are now significantly better than they were a few years ago. But, as I said in answer to a question a moment ago, no matter how much money we put in, there will be a limit, and health authorities and trusts must operate within that limit.

Q8. [82389] **Mr. Lindsay Hoyle** (Chorley) (Lab): Does my right hon. Friend the Prime Minister agree not only that the rising energy costs for domestic customers are unfair but that the whole of the manufacturing sector is now suffering because of the rise in energy bills of between 35 and 40 per cent. in the past 12 months? That is placing the heavy users of energy in this country's industrial sector at a disadvantage compared with our European competitors. Will my right hon. Friend use his good offices to get a fair deal from the energy companies?

The Prime Minister: The issue that my hon. Friend raises is an important one for industry, and it is one that the energy review specifically addresses. We need to improve our storage capacity for the energy that we import, but we also need to ensure that we have a sustainable basis for energy supply that will not make us dependent on imports. As my hon. Friend rightly implies, prices have gone up three times in the past few months, which has made things very difficult for intensive energy users. The answer is to keep the economy stable, which we are doing, and to ensure that we have secure supplies for the future.

Rev. Ian Paisley (North Antrim) (DUP): I associate myself with the expressions of sympathy offered by the other leaders for those who are in deep sorrow today.

Is the Prime Minister aware that the Northern Ireland Assembly is to come back on Friday? Is he also aware that IRA-Sinn Fein have announced that they will boycott that meeting? Does he agree that the deputy leader of IRA-Sinn Fein would be better employed doing the work that he is supposed to be doing for his constituency, rather than going round the world praising other terrorist organisations and their murder campaigns?

The Prime Minister: Obviously, it is important that that debate takes place on Friday, and I hope that everyone will participate in it. However, the single thing that would make the biggest difference, as I am sure the right hon. Gentleman accepts, would be to ensure that we have proper devolved institutions in which these debates and decisions can take place.

Q9. [82390] **Gordon Banks** (Ochil and South Perthshire) (Lab): Africa bears 24 per cent. of the global disease burden, yet it has only 3 per cent. of the world's health workers and 1 per cent. of the world's health spending. A year on from the Gleneagles G8 summit, how does my right hon. Friend view the progress that we have made on Africa and on climate change? What steps will he take to ensure that those two issues are kept at the top of the international agenda at St. Petersburg and beyond?

The Prime Minister: We will have a debate on Africa at St. Petersburg, where I hope we will recommit ourselves to the commitments made by the G8 last year. There has been substantial progress on debt relief, which has meant that hundreds of thousands of people in countries such as Nigeria, for example, are now able to have schooling that they would otherwise not have had. We have also put forward a plan, with funding, to achieve near-universal access to HIV-AIDS treatment. Treatment of the killer diseases is another key objective from Gleneagles that we are taking forward. Furthermore, our £8.5 billion investment in education in countries overseas over the next 10 years is an example of this country playing a leading role in what I have often described as the great moral cause of our time.

Anne Main (St. Albans) (Con): Given that we want to get people out of cars and on to trains, will the Prime Minister explain to my constituents why the Minister for Transport has accepted a bid that included a baseline proposal of an increase in fares and fewer passengers on First Capital Connect's lines?

The Prime Minister: It is, of course, important that we get more people using public transport. In the end, however, the companies must make ends meet, and the only way in which the Government could avoid such developments would be through putting even greater public subsidy into transport. I know that the hon. Lady was not a Member of the House at the time, but when we put forward plans allowing us to treble transport expenditure, her party voted against them.

Q10. [82391] **Mr. Eric Illsley** (Barnsley, Central) (Lab): My right hon. Friend will be aware that at the end of May, the National Institute for Health and Clinical Excellence confirmed its decision to restrict the Alzheimer's drugs Aricept, Exelon and Reminyl, and completely to withdraw Ebixa from the NHS. That decision was met by Alzheimer's carers and doctors with utter dismay, and it will obviously have an adverse effect on 750,000 Alzheimer's sufferers. Even at this late stage, will my right hon. Friend revisit that decision?

The Prime Minister: As I understand it, an appeal against that decision continues. In respect of Ebixa, I think that I am right that NICE said that it should be part of a clinical trial rather than available now. We are putting more research and development money into cures for Alzheimer's and dementia, but I totally understand the concern, which has led to the appeal. The fact is that having an independent system under NICE has been right. My hon. Friend will remember how many different arguments there were, before we set up that institute, about whether treatments were justified. The system is right; the decision can be looked at.

Speaker's Statement

12.31 pm

Mr. Speaker: I have a brief statement to make to the House. I must inform Members that I have received the following letter from the Clerk of the House:

"Dear Mr Speaker,

As I have previously indicated to you, I would wish to retire on 30th September this year, on the 41st anniversary of my first joining the service of the House.

The procedural and management responsibilities which are now combined in the post of Clerk of the House present a formidable challenge. But I have been able to rely on the high quality and commitment of the staff at every level in the House and on the strengths of my fellow members of the Board of Management, who bring a richly diverse range of skills and experience to their work for Parliament. I have also been greatly assisted by the moral and practical support which I have received from you, from the Deputy Speakers, and from your colleagues on the House of Commons Commission.

The House of Commons is a much criticised institution; and its own Members are often as critical as anyone. But whatever its perceived failings, the House remains at the centre of political and public life and is the envy of most other countries in the world. Its durability and occasional bloody-mindedness have made, and continue to make, a crucial contribution to the country's stability and prosperity. I have never for a moment regretted making my career in the House, and I am very grateful for having had the opportunity to serve as its Clerk.

Yours sincerely,

Roger Sands".

The Leader of the House of Commons (Mr. Jack Straw): Members on both sides of the House who have benefited from the sound and impartial advice of the Clerk, Sir Roger Sands, will be sorry to learn from your announcement, Mr. Speaker, that he is due to retire. As I have no doubt that Members on both sides of the House will wish to express their appreciation of his service to the House, I shall table a motion relating to his retirement before the House rises for the summer recess, to give them an opportunity to pay an appropriate tribute to him.

Community Hospitals

12.34 pm

The Secretary of State for Health (Ms Patricia Hewitt): In the White Paper "Our health, our care, our say: a new direction for community services", published in January, we outlined our proposals to create a new generation of community hospitals and services. Today I am announcing that we will make available up to £750 million of public capital investment to realise that vision, and I am publishing guidance on how primary care trusts can access the money. A copy of the guidance has been placed in the Library, and copies are available from the Vote Office.

Developments in medical technology and clinical practice are making it possible to provide far more care in local communities, closer to where people live, and even in people's own homes. During the unprecedented public consultation for "Our health, our care, our say", people made it clear that, whenever it is safe and effective, they want more convenient, local and personal services, with more consultations, diagnostic tests and treatments in local facilities. Moving more services out of acute hospitals and into communities will help to improve care for patients, and will deliver better value for money for taxpayers.

We are already making a major investment in GPs' premises and health and care centres, as well as in community hospitals. A billion pounds of capital has been invested through the NHS local improvement finance trusts alone. We will now take the next step by making up to £150 million of capital available in each of the next five years, starting this year—a total of up to £750 million—for the development of a new generation of community hospitals and services.

The investment capital will be available to PCTs for a wide range of community schemes, including the redevelopment of some existing cottage hospitals. Services could include in-patient and out-patient facilities, diagnostic tests, specialist clinics, minor surgery, health and social care services for people with long-term conditions, dentistry, rehabilitation and palliative care and other services. For people who are seriously ill or injured, or people needing complex treatments, care will of course remain in acute hospitals, where patients can be treated by specialist teams using the most advanced technology.

PCTs that want to use the new investment capital will need to engage fully with local people to ensure that services are truly designed for the needs of patients and users. They will also be expected to work closely with other local partners, including general practices and other NHS services, local councils, voluntary organisations and others in the independent sector, to develop effective plans.

I made it clear in the White Paper that decisions on the long-term future of existing community hospitals should not be made solely in response to short-term budgetary pressures that are not related to the viability of the community facility itself. I have asked strategic health authorities to assure themselves that all PCT proposals for changes to community hospitals are consistent with the long-term strategy of the White Paper: to move care closer to patients' homes, and to ensure that local people have been properly consulted.

[Ms Patricia Hewitt]

Ultimately, however, changes in the configuration of local health care services in a particular area require local decision making. Primary care trusts, with their broad perspective across hospital, community and primary care, are best placed to make those decisions in consultation with local people and their SHAs. The new investment fund will make it easier for PCTs to establish the right services in the right places for the people whom they serve.

PCTs will be able to choose how they use the newly available capital, investing it simply as public capital, extending the scope of their local investment finance trust schemes or adopting a new approach: the community venture, a more flexible joint venture approach that will give a wider range of public, voluntary and private parties an opportunity to pool their skills, or indeed their investment, for the benefit of the local community. It will, however, be for PCTs to decide which model is adopted. Whichever one is chosen, PCTs will of course need to demonstrate that investment proposals are sustainable and can be funded over the longer term. As we said in the White Paper, we expect to see a strategic shift in how the NHS provides care, with a redirection of funding to support the provision of more convenient services in local communities.

PCTs that already have advanced plans for community services, as many have, should submit them to their strategic health authorities by the end of September. For schemes that are ready to start in the next financial year, proposals should reach the health authorities by the end of December. After that, there will be a regular rolling programme managed through the SHAs.

This new programme builds on the unprecedented investment that we have already made in the NHS. It will help to ensure that there are even better services for patients, with better value for money, and I commend it to the House.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am, of course, grateful for advance sight of the Secretary of State's statement, although it has all been trailed in the press beforehand, as usual. The Secretary of State once again claims that she is the saviour of community hospitals. *[Laughter.]* Well, Labour Ministers have been saying that for four years. The right hon. Member for Darlington (Mr. Milburn) said exactly the same thing in 2002. However, within recent months 80 community hospitals have been under threat of closure or partial closure.

In January, the Secretary of State said that community hospitals would be safeguarded by the White Paper. Why has that had so little positive effect? We discovered last week with the abortive notice in the *Official Journal of the European Union* that the Secretary of State's policy is not even understood in her own Department. As a result of the White Paper, we also know that her policy is not understood or not listened to across the NHS. Why are they simply ignoring her?

The threat to community hospitals is little diminished since January. For example, in Wiltshire, services have already been lost at Westbury and Bradford-upon-Avon hospitals, and there are threats to Warminster, Melksham and Trowbridge. The Secretary of State talked about the review process, but the strategic health authority in Suffolk did the review process on proposals in the area and said that it would close Walnuttree hospital, St Leonards hospital, the Sage day hospital in Newmarket, Hartismere hospital, the Hayward day hospital in Ipswich and Bartlet hospital, and reduce services at Aldeburgh hospital. That is the result of the review process that that Secretary of State says will happen as a consequence of her White Paper.

The Secretary of State now offers a capital fund. In some circumstances, capital for rebuilding or refurbishment will be useful and I welcome that. However, can the Secretary of State explain what proportion of this fund will go into providing health centres—her so-called polyclinics—for GPs and out-patients, rather than existing community hospitals that continue to provide in-patient services? Last year the NHS had capital that it did not spend. The underspend on capital budgets by the NHS last year was £1,165 million. The NHS has capital: it is overspending on revenue. PCTs are cutting revenue and contracts. Community hospitals are closing because their primary care trusts will not commission services from them, because of the revenue shortfall. Can the Secretary of State explain how a capital fund can be a solution to a revenue problem?

If the Secretary of State wanted to support community hospitals in the way they need it, she would ensure that the plan in the White Paper for unbundling the tariff happened now—not in 2007-08. Will she do that? Will she also ensure that the tariff is split so that part of the payment for patients who are stepped down from the acute sector goes to the community hospitals where they are sent? Will she also confirm that decisions about community hospitals will be reviewed in the way that she describes and will be made specifically in consultation with, and with the agreement of—if they offer it—local GPs? In theory, from the end of this year, practice-based commissioning should mean that GPs decide where they want to commission services, but the PCTs are pre-empting that and closing services so that they will not be available for GPs to send patients to.

The Secretary of State said that the fund would be available to the third sector, including charities. I hope that the whole range of charities and voluntary organisations will be able to bid. She mentioned community organisations and I hope that she will make it clear that local private sector and voluntary partnerships can work with GPs to take over community hospitals. Many such hospitals used to be locally owned, because they were established through public subscription. Will the Secretary of State ensure that the assets can be transferred to the third sector and out of the NHS, at a high discount, so that they can be owned and supported locally? That will be as important as the ability to bid on the fund.

No one can say that health care provision will not change. Care closer to home is a legitimate objective and has been for many years; that is what community hospitals offer. I know from my special interest in strokes that that is precisely what community hospitals can do; that kind of intermediate care bed is exactly what people need to step down at an early stage from an acute hospital. Under this Government, the number of such beds increased between 2002 and 2004-05, but they are now being shut down. There is a complete reversal of approach by the Government.

Why? Because community hospitals are being caught in a financial squeeze between rising costs in the acute sector and the cost of meeting GP contracts. We told the Secretary of State last year—she admitted it in January—that short-term financial pressures are forcing decisions that are contrary to the long-term interests of the NHS. Unfortunately, that is still happening and she needs to take more measures to stop it. She must give community hospitals the chance to prove their worth and GPs the chance to decide where patients are treated, and she must tell the House why the promises made in January have yet to be fulfilled.

The Secretary of State did not have the boldness to tell the House today what she told the *Sunday Express* last Sunday when she said:

"We want to make it as easy to access NHS treatment as it is to get a pint of milk. You can pick it up on your doorstep or go to a supermarket...All that's needed is a bit of cash and encouragement."

Well, back on Planet Earth we know what is really going on. I know what is happening in my own constituency, where services and wards are being shut at Brookfields community hospital in Cambridge; the young people's mental health service is being shut down and the PCT is refusing to fund the hospice at home service. That is what is happening on Planet Earth. The Secretary of State should come back to Planet Earth and resolve those problems for community hospitals.

Ms Hewitt: I thank the hon. Gentleman for a reply that was somewhat longer than my initial statement—[Hon. Members: "No, it wasn't."] Indeed, it was—[*Interruption.*] The Leader of the House was counting and I shall rely on him in the matter.

The hon. Member for South Cambridgeshire (Mr. Lansley) talked as though no new community hospitals and facilities had been opened under our Government, but thanks to the investment that we have been making, which Opposition Members voted against, new community hospitals have been opening in recent years; for instance, Withington hospital in south Manchester, Prospect Park in Berkshire, which I visited last week and which offers superb intermediate care, the new community hospitals in Edgware and Willesden and many others.

It is absurd of the hon. Gentleman to imply, as I think he is trying to do, that every one of the existing community hospitals is fit for a modern health service. The reality is that many are not. We have many existing cottage and community hospitals where, despite the absolute dedication of the staff, they are struggling with Victorian workhouse facilities that are wholly unsuitable in a modern health service. In some cases—

Mr. Stephen O'Brien (Eddisbury) (Con): Name them!

Ms Hewitt: Let me give the hon. Gentleman the example of Norwich, which I visited a couple of weeks ago, where the local director of community services and his staff explained that they had had too many community hospitals and too many community hospital beds. They have reorganised services and closed two community hospitals, taken beds from a third and put the services into a new facility in an existing hospital. They have put more staff into the community, so they are looking after more patients in their own homes, as well as in the community hospital. They are giving patients better care, the staff have greater job satisfaction and they are saving money that can be invested in other services. That is precisely what the NHS in Suffolk, Norfolk, Gloucestershire, Surrey, and many other parts of the country that have been overspending, needs to do to provide better services for patients, with more modern, but quite possibly fewer, community hospital facilities and more services delivered to people in their own communities, all of it fit for patients in the modern world.

The hon. Gentleman asked how a capital fund would help deal with revenue shortfalls or overspending in some parts of the country. Yesterday, I had the opportunity to meet NHS colleagues, my hon. Friend the Member for Selby (Mr. Grogan) and people from the wider Yorkshire area. Their primary care trust has financial problems, but they are clear that, by reorganising services that are currently spread across three or four NHS and local council sites and putting them into one new community hospital, enabled by our new capital fund for which they will bid, they will be able to give patients better services closer to home and save the money that they need to save to live within their very substantially increased means.

The hon. Member for South Cambridgeshire mentioned unbundling the tariff. Let me restate our commitment to unbundling the tariff: we are working on that, and we will introduce a pilot next year. But it is already perfectly possible for PCTs to contract outside the tariff, thereby perhaps getting better value for money for the community services that they need. In any good consultation on new community services and hospitals, GPs will already be involved; they have to be involved, of course, particularly in anticipation of practice-based commissioning.

The full range of partners certainly includes the private sector. For instance, it delivers MRI scans in Withington community hospital in south Manchester, which has brought down the waiting time for such scans from months in some cases to just two weeks for most patients, with the report delivered to the GP 48 hours later. That is a superb service. The future of community hospitals can also certainly include the transfer of assets, where that is appropriate and agreed by the local NHS, to a local community charitable trust. That is precisely what is happening with the Wells-on-Sea community facility, which was proposed for closure, but which will now house community facilities. Through such organisations, the voluntary sector and the local community has an enormously important role to play in modern community hospitals.

The hon. Gentleman ended his speech by scorning the idea of more convenient medical services. The reality is that, with modern medical technology, it is now possible to offer, for instance, some chemotherapy services for cancer patients not only in a community hospital or health and care centre, but in their own home, which is far more convenient and much better for such patients. Renal dialysis provides another good example of that. Thanks to the investment that we are making in the NHS, this capital fund will enable that new generation of services to be provided to our patients.

Mr. Kevin Barron (Rother Valley) (Lab): I welcome my right hon. Friend's statement, but is she aware of the "breathing space" project, which is being built in Rotherham? It will bring services for COPD—chronic obstructive pulmonary disease—patients in both the acute and primary sectors under one roof, so that we can treat such lung disease a lot better than it has been treated before. Although that means that the local district general hospital will lose beds and some services, as consultants will work in other places, it will lead to a massive improvement in patient care. Will my right hon. Friend make sure that patients—and the work force, as well—are consulted in all areas where we will have such changes to replace the great, big, all-singing, all-dancing district general hospitals of the past, which many patients do not need?

Ms Hewitt: My right hon. Friend is absolutely right. We can move many services, particularly for patients with long-term conditions such as COPD, into the community and into patients' own homes. As a result, we will give people better care. My hon. Friend the Member for Doncaster, Central (Ms Winterton), who is the Minister responsible for health services, has confirmed that she has visited the site for the new services mentioned.

In many places, decisions are taken to reduce the number of beds in acute hospitals because those services can be better provided for patients within the community. That also represents better value for money, which means more savings, as Norwich—to give just one example—indicated, so that money can be reinvested in better care for other patients, and also in the costs of some of the extraordinary new drugs that are coming on-stream, but many of which are also pretty expensive.

Steve Webb (Northavon) (LD): I thank the Secretary of State for her statement. It is always fascinating to step with her into the parallel world that she inhabits, where shiny new hospitals are delivered to a glad and happy local population.

Something puzzles me about the Secretary of State's statement. When swathes of community hospitals are closed, the Secretary of State does not come before the House, but when they are about to be opened, she does. Can she explain why the closure of community hospitals is somebody else's fault, but the opening of them is her responsibility?

Does the Secretary of State envisage that at the end of this process—at the end of her vision—there will be more community hospitals than the Government inherited? Can she also clarify whether she will be counting in her total figure former district general hospitals, such as Frenchay hospital, which will be reduced to a community hospital? Will we find that the Secretary of State comes back to the House to tell us that she has opened Frenchay community hospital, while overlooking the fact that she has closed a district general hospital?

The financing of the new community hospitals might be under the local improvement finance trust—LIFT—private finance initiative, or traditional forms of funding, but does the Secretary of State not accept that there has been much criticism of the value for money of LIFT as recently as this week, and of PFI? Is she confident that trusts will not be saddled with long-term financial burdens on over-the-odds terms, compared with more traditional ways of paying?

Is this process not yet another example of the centralism of this Government? Can the Secretary of State confirm that PCTs will need the permission of health authorities, which will need the permission of Whitehall? Where is the local democratic accountability in this process? Why cannot the Secretary of State let go? Why is there a control-freak tendency, so that when she talks the language of localism what she means is, "Whitehall will decide"?

Ms Hewitt: The hon. Gentleman, for whom I have considerable respect, is talking rubbish today. Whether the local NHS decides to close certain community facilities because they are no longer the right ones for local people, or to open new or refurbished facilities because they are the right ones for local people, should be local decisions. What I, as Secretary of State, am doing is ensuring that the support is in place for such local decisions, and in particular that the capital investment is in place, which many parts of the NHS have told us that they need so that they can reorganise their services—sometimes their existing cottage and community hospitals—in order to give better services to patients.

The hon. Gentleman needs to focus on the services that are being delivered to patients, rather than on the number of buildings or beds, because not only in respect of acute hospitals, but also of some community hospitals, it is better for many patients if community services are taken into their own homes. That was precisely the point that the excellent nursing and care team in the Norwich community hospital made to me: by reducing the number of beds and putting half of the staff into the community, they were able to give intermediate and rehabilitation care to more patients, some of them in the community hospital, and others looked after by community staff in their own homes. Moreover, they had reduced emergency admissions to the acute hospital by more than 600 in the past six months, thus enabling savings of money that can then be reinvested in better care. That is what the hon. Gentleman needs to look at.

Of course I will open community facilities, as I did at Prospect Park in Berkshire last week, regardless of whether they replace an old district general hospital—or, possibly, old community hospitals—or they are simply new hospitals. The test in all of this, which I invite the hon. Gentleman to support, is to get the best services for patients with the best value for patients and for public money.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Blyth community hospital in my constituency is a wonderful community facility, but I have been told on the grapevine—not officially—that the minor emergency centre, which deals with minor injuries, is to close to save money. If we want to bring that sort of care nearer to the people, doing that is not the answer. I remind the Secretary of State that at least 35,000 people depend on this emergency facility; otherwise, they have to go five, six or seven miles to the next nearest hospital.

Ms Hewitt: I am not aware of the details of the situation to which my hon. Friend refers, and as he suggested, at this point it is a rumour rather than a firm proposal.

Mr. Campbell: Will the Secretary of State look into that?

Ms Hewitt: I will, and I know that my hon. Friend will, too.

Of course, one question with minor injuries units is exactly how many local people are using them and whether they therefore offer the best services for the best value for money. I know that my hon. Friend will be closely involved in any consultation on a local proposal, and I will of course examine it and write to him about it.

Mr. Quentin Davies (Grantham and Stamford) (Con): Does the right hon. Lady realise that last week my constituents received the devastating blow of being told by the United Lincolnshire Hospitals NHS Trust that it proposes to withdraw all acute surgery, the consultant-led accident and emergency department and critical care from Grantham hospital? That news has caused consternation in my constituency, and I hope that I may shortly have the opportunity to speak to the right hon. Lady about it. Does she appreciate that today's announcement that a capital fund is available for setting up community hospitals will be regarded as incomprehensible—and, indeed, hurtful—by my constituents, who have been told that they are about to lose their first-class district general hospital, even though no other such hospital is nearer than three quarters of an hour away?

Ms Hewitt: There is, of course, an extremely difficult situation in the hon. Gentleman's constituency in the wider health community. Unfortunately, there are serious deficits resulting from overspending, and the local NHS is having to consider some difficult options, to see how it can continue to offer the best possible services to people within the substantially increased budgets that we have given it. Indeed, other parts of the region are having to hold back on their own spending to compensate for that overspending while the problems there are sorted out. I understand completely the concern expressed by the hon. Gentleman's constituents and other local people—I have received such correspondence myself—and I will of course meet him to discuss it. But I hope that he will work very closely with the local PCT to make certain that the best decisions are taken to ensure that the NHS in his community lives within its means and, within that very substantial budget, goes on offering the best possible care to his constituents.

Jane Kennedy (Liverpool, Wavertree) (Lab): Today's statement will be welcomed by my constituents because it offers the best possibility of further development at Broadgreen hospital and, potentially, a much better future for the hospital in the constituency of my hon. Friend, and neighbour, the Member for Liverpool, Garston (Maria Eagle). Does my right hon. Friend agree, however, that the success of this project, which is very welcome, will depend on good quality commissioning locally? Will she therefore undertake to look at the GP contract? As GPs take on greater responsibility for commissioning locally, we will require them to be transparent and accountable in undertaking such commissioning, so that they can continually demonstrate that they are acting in the best interests of the patients whom they are there to serve.

Ms Hewitt: My right hon. Friend makes an extremely important point, and I hope that her local PCT will come forward with a proposal to use some of the new capital investment. She is absolutely right about the accountability of GP practices for decisions made under practice-based commissioning. We have already made it clear that it is the PCT's responsibility to ensure proper transparency and accountability to local people—and, ultimately, to this House—in respect of decisions taken by GPs and the PCT on how the money is spent, and from where services are commissioned.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Is the Secretary of State aware that at a public meeting last September in my constituency, which I chaired, her local NHS officials told us that Red House hospital—that is, Harpenden memorial hospital—was safe, but that eight months later they announced that it was to close all beds in order to save £1 million a year? Can she confirm that her fund will not in any way help to avert that, and that when the East and North Hertfordshire NHS Trust, in pursuit of its obligation to cut spending by a quarter over the next three years—from £260 million to £200 million—downgrades the district hospital, she will not claim that that is somehow creating a new community hospital? And will she come to our constituencies and try to convince us of the value of that move?

Ms Hewitt: Far from cutting the budget for the East and North Hertfordshire NHS Trust, we are asking it to live within the very substantially increased budget that it has received over the years—thanks to the investment that we have made, which the right hon. Gentleman voted against. We have put more money than ever before into the NHS, in his area and everywhere else, but we do expect the NHS in Hertfordshire to live within its means. It should not expect the NHS in other parts of the country to bail out its overspending at the expense of patients in the rest of the country, where the NHS is balancing or even underspending on its budgets. This issue has to be sorted out and difficult decisions will have to be made across Bedfordshire and Hertfordshire to ensure that the local health community has the right services in the right facilities, giving the best possible value for money. I am sure that the right hon. Gentleman will continue to take part in the consultation that the local PCTs are having to undertake, in order to ensure that the best decisions are made, but that will be done within the framework of the increased budget that we have made available.

Gwyn Prosser (Dover) (Lab): I warmly welcome the Secretary of State's statement about extra funding for small hospitals, but what advice has she got for the health trusts in east Kent that propose to strip away even basic services from Buckland hospital in Dover? That will almost certainly result in its closure, before it has an opportunity to look at the alternatives that such extra funding could provide.

Ms Hewitt: As I pointed out earlier, I have been saying for some months to PCTs that they need to look at the longer-term strategy. In many cases, the local NHS is finding that by reorganising services—by

[Ms Hewitt]

putting more services into people's homes, for example, and sometimes by bringing together provision from several different sites—it can provide a better quality of care, but with better value for money as well. I know that my hon. Friend, who is very concerned about this issue, will ensure that his constituents' voices are heard in the consultation that has to take place whenever any such reconfiguration of services is proposed.

Mr. Edward Davey (Kingston and Surbiton) (LD): On the question of making an early bid for some of the investment fund in order to rebuild Surbiton hospital, is the Secretary of State aware that Whitehall's capital rules on the use of NHS moneys generated from the sale of surplus land and buildings in the local community prevent PCTs from taking up some of the best options to fund, or part-fund, the rebuilding of community hospitals? Will she look again at those rules, so that PCTs such as Kingston's can use their own capital more efficiently, as well as gaining from her fund?

Ms Hewitt: The hon. Gentleman raises a very important point, and some PCTs have made representations to me about the difficulties associated with the current rules on disposal of assets. We need to look at that issue, and, as the hon. Gentleman will probably remember, I have already asked Sir Michael Lyons and the Audit Commission to look independently at the financial framework within which the NHS operates. I am waiting for their report and the recommendations that I hope they will make to ensure that we have the best possible framework, giving PCTs the real flexibility that they need to reorganise services and to use their assets in the best possible way for the benefit of patients.

Mr. Mike Hall (Weaver Vale) (Lab): North Cheshire Hospitals NHS Trust, in my constituency, is considering reconfiguring services between Halton and Warrington, and the Mid Cheshire Hospitals NHS Trust is looking at reconfiguring services between the Victoria infirmary, in Northwich, and Leighton. Much of what is proposed is very welcome, but the real concern locally—in both towns—is that Halton could lose in-patient activity to Warrington, and that the Victoria infirmary could lose it to Leighton. The proposal affects Leighton because Victoria infirmary needs capital investment of some £2 million to bring its services up to standard. Will this fund help in that regard?

Ms Hewitt: As I have said, the fund is for community hospital provision—and I think that my hon. Friend is referring to the need for upgrading an acute hospital facility. *[Interruption.]* Where the aim is to upgrade facilities in an existing hospital to provide better community health services and to meet the strategy set out in the White Paper, the fund will be available. The details—the criteria that we will use—are all set out in the guidance to which I referred.

Mr. David Curry (Skipton and Ripon) (Con): Is the Secretary of State not alarmed at the huge gap that there obviously is between the profession of a commitment to community hospitals that she makes here, and the near universal impression out in the country that community hospitals are under almost permanent threat? Is that impression surprising, given that the Craven, Harrogate and Rural District Primary Care Trust, the chief executive of which she saw yesterday, has halved, literally overnight, the number of beds at Castleberg and Ripon community hospitals, reducing them to below the historical level of demand? Will the right hon. Lady please accelerate the review of the perverse funding system whereby PCTs buy a package of care at the acute hospital and a certain number of days' stay, and if a patient is then transferred to the community hospital the funds do not follow that patient within the tariff, and the PCT has to find additional funds? That is the lifeblood that is being cut off from community hospitals, and that process is responsible for the halving of capacity at my community hospital.

Ms Hewitt: I think that if the right hon. Gentleman looks at the figures, he will find that large numbers of community and cottage hospitals closed in the years when his party was in government. He will also find that at least as many new community hospitals have been opened as have closed in the years of our Government. As for funding, he is right to say that the tariffs that we pay hospitals for acute services do, depending on the operation concerned, include an element of rehabilitation, although often not the full costs of rehabilitation. That is one of the reasons we are working on unbundling the budget, but even within the current system primary care trusts have considerable flexibility. A large part of NHS funding is not spent on acute services to which the tariff applies, and can be used outside the tariff with all the flexibility that primary care trusts need to deliver services within community hospitals and other community settings.

Michael Jabez Foster (Hastings and Rye) (Lab): I welcome my right hon. Friend's statement, which provides the possibility of exciting developments in local services in Hastings and Rye, but may I put it to her that one of the problems with that yet further increased choice is that hospital trusts are saying that they are losing the critical mass of providing services in the hospitals? Proposals such as closing maternity units and accident and emergency departments are a result of that. What can she do to ensure that the critical mass is not lost in district hospitals?

Ms Hewitt: What we will ensure is that patients have more choice and control over their health services. That is very much what the public want, and what a modern health service ought to deliver. We will also make sure that services are available in the best possible way, with the best value for money. This is not about saying, "Let's keep everything as it is," in particular district general hospitals. It is about looking at which services can be better delivered—better for patients, that is—within the community closer to home, and which services, because of their medical complexity, need to be delivered in a regional or even national specialist centre. Where the issue about critical mass relates to the provision of an essential service—particularly accident and emergency—it is the responsibility of the primary care trust and the strategic health authority to make sure that the essential service is not threatened and that the right relationship continues between the accident and emergency service and, particularly, orthopaedics and trauma services.

Mr. James Clappison (Hertsmere) (Con): The Secretary of State mentioned the age of some community hospitals. Is she aware of the case of Potters Bar community hospital? It is a modern, purpose-built facility that is barely 10 years old, yet it is due to lose 15 of its 45 beds when a significant part of the hospital is put to other uses as a result of revenue shortfalls suffered by the primary care trust. Is there anything in the statement to help Potters Bar hospital, or to help the primary care trust with its financial problems? Does the Secretary of State have any other plans to help Potters Bar hospital, or are we to have the ludicrous situation of an excellent modern facility closing for the very type of short-term reasons that the Secretary of State says she wants to avoid?

Ms Hewitt: The hon. Gentleman has just referred to the fact that there is an excellent modern facility at Potters Bar, so it does not sound as though it will need the capital investment fund that I have just announced. He said that it was proposed to remove 15 out of the 45 beds. I am not aware of the detailed situation, but I know that in many parts of the country, community nursing and therapy teams have found that by reducing the number of in-patient beds, staff can support more patients who need, for instance, rehabilitation support within their own home. That model is already working well in Berkshire, Norwich, Dudley and many other places. That may well be precisely the logic that the local NHS is applying in Potters Bar. I think that I also heard the hon. Gentleman say that although those beds are closing, other services will be provided in that part of the building. On the face of it, without knowing the details, that sounds exactly like the flexible use of community facilities, responding to changing patient needs and changing medical technology, that the local NHS should be engaging in as it continues to get the best possible services with the best value for money.

Mr. David Drew (Stroud) (Lab/Co-op): In the Secretary of State's letter to strategic health authorities of 16 February, which looked at how community hospitals would fit within the White Paper "Our health, our care, our say", mention is made of specific criteria for judging the future of community hospitals. Obviously that relates both to the capital spending that we are hearing about today and to the problems in a place such as Gloucestershire, where we are having a huge review on the back of deficits largely run up elsewhere. Are the criteria now published, and if not, when will they be published? May we have them as soon as possible?

Ms Hewitt: My hon. Friend raises an important point, and he and I have met to discuss some of the local issues in his constituency. The guidance that I have published today includes the criteria for access to the capital investment fund. The broader issues of how community services should be reconfigured, and the strategic direction, were set out in the White Paper itself. Obviously I am happy to look in more detail at the points that he has raised and to write to him.

Peter Viggers (Gosport) (Con): Is the Secretary of State aware that her references to consultation and local decision making will be treated with anger and contempt by many people who have been embittered by an empty consultation procedure of which the Government take no notice whatever? I chaired a meeting in Alverstoke in my constituency, at which 800 people unanimously demanded the retention of the hospital at Haslar, which has excellent facilities. Those are not stupid, uninformed people. In many cases, they are former patients who know that the facilities are outstandingly good. Will the Secretary of State, even at this stage, order an investigation by the independent reconfiguration panel into the future of medical services in south Hampshire?

Ms Hewitt: It is simply untrue to say that the NHS or the Government ignore local consultation. I refer to the recent consultations that we had on the reconfiguration of primary care trusts, where a number of options went out for consultation and decisions were made in the light of that local consultation. The overview and scrutiny committees of local councils have an increasingly important role to play in ensuring that local consultations held by the NHS on reconfiguring services are genuine, and that the outcome is satisfactory for local people. If an overview and scrutiny committee is dissatisfied with the way in which the NHS has conducted the consultation, it has the power to refer the matter to me. Obviously, I look at each of those cases extremely carefully, and where I think it right to do so, I refer them to the independent review panel for its advice. However, I stress again that those decisions are best made locally wherever possible. I hope that in the hon. Gentleman's constituency, in relation to the situation to which he refers, the local primary care trust, local GPs, local people and the council will continue to work together to try to get the best outcome as they reorganise services.

Mr. John Grogan (Selby) (Lab): Will my right hon. Friend say a further word about the community venture model of community hospitals that she referred to? That will be particularly welcomed by the strong partnership being formed to plan the rebuilding of Selby war memorial hospital, given the strong belief locally that that hospital is likely to be more sustainable in the long run if there is strong co-operation between GPs, the local council, the local health service and the voluntary sector.

Ms Hewitt: I am grateful to my hon. Friend for coming to see me yesterday to discuss that, and bringing NHS colleagues who described the possibilities for a new community hospital in Selby. The thinking behind the community venture model is that it would allow not simply a public-private partnership on the LIFT—local improvement finance trust—model, but a much more flexible partnership between the NHS, other public service partners, such as, for instance, the local council, and the voluntary sector, as well as, potentially, the private sector. That would focus not just on a building, which is really what the LIFT partnership is about, but on the services that need to be provided both in a community hospital building and in other settings such as GP practices, health centres and patients' own homes.

Mr. Ian Taylor (Esher and Walton) (Con): Is the Secretary of State aware that in the eastern part of my constituency, it is not so much hospital closures that are taking place, as the downgrading of the services in those hospitals? For example, Epsom hospital is losing its general hospital status quite rapidly, and three community hospitals are being starved of revenue because the primary care trust is encouraging patients to move out of a general hospital straight home, which has led one local GP to say that there were unsafe discharges. There are serious revenue problems, so how will the Secretary of State's announcement about her capital plan help my constituents?

Ms Hewitt: The proposals for Epsom involve the development of a smaller critical care hospital surrounded by—I think—nine community hospitals or health care centre settings. More care will thus be delivered closer to patients' homes, which will be much more convenient for them, but critical care and complex acute cases will be located in one specialist hospital facility. There has been wide consultation on that model of care, and it got widespread public support. The issue is not cuts in funding—I think that the hon. Gentleman suggested something of that kind—but the way in which the unprecedented sums that we are investing in the NHS, which will continue to grow by 9 per cent. this year and next year, are used to best effect for the local population, and how we ensure that when there is overspending, the NHS in the area comes back into financial balance and does not expect other parts of the country to go on bailing it out.

Mr. Graham Allen (Nottingham, North) (Lab): A little girl born this morning in the middle of the most deprived ward in my constituency will live 14 years less than a little girl born this morning in Wollaton, the prosperous ward next door. It will not surprise the Secretary of State to know which ward has a mega regional hospital, and which has no community hospital or facilities whatever. In that context, will she consider entertaining bids not merely from the local PCT, but from the collective local strategic partnership—such partnerships exist in each of the major cities in the UK—so that we can move forward a lot more quickly? One of the most difficult points that was raised with me this morning when I tested the idea locally was anxiety about having private finance initiative-related schemes, or LIFT-related schemes, because of their long-term expense. Will she consider bids and offers from organisations other than PCTs, with a broader financial base?

Ms Hewitt: Yes, we certainly would consider such bids. My hon. Friend is doing outstanding work as chair of his local strategic partnership, so I thank him for that. The community venture model to which I referred earlier is precisely suited to a bid from a partnership of the kind that he describes. Capital investment could come from a variety of places, thus reducing the revenue implications for the NHS in future years. The model is good and it will help to address some of the shocking health inequalities that persist in our country, which are why we are determined to insist on fair funding for different parts of the country with different health care needs.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): Two in-bed units at Doddington community hospital in my constituency have already closed recently, in the teeth of opposition from GPs and the total opposition of local people. What price the much-vaunted boast of listening to local opinion, I ask myself. Does the Secretary of State agree that if GP practice-based commissioning is to mean anything at all, GPs should have a crucial say in what services are provided in their local community hospitals?

Ms Hewitt: As I said earlier, it is absolutely essential that local people are consulted. In many parts of the country, those consultations, which often take place on very difficult issues, have been extremely well led and conducted by primary care trusts, and they often lead to a solution being found that is better than the original options put forward. It is important that that happens and that GPs are closely involved. GPs who are closest to their patients are superbly qualified to act as not only advocates for those patients, but experts on redesigning services and bringing them closer to home. If services are redesigned they will change, so, for example, there might be fewer beds in some places and more in others. The reconfiguration of services, difficult and unpopular though it sometimes is, is part and parcel of creating the best possible modern health care service, so I would hope that the hon. Gentleman would support that.

Keith Vaz (Leicester, East) (Lab): I warmly welcome the additional money that the Secretary of State has announced and congratulate her on her victory over the Treasury in securing it. How will it affect the pathway project in Leicester? As she knows, that project will be downsized by £200 million and the downsizing will fall primarily on the hospital in my constituency, Leicester general. Will the reorganised PCT be able to apply for money from this fund to deal with any of the facilities and services that it will not be able to provide because of the reduction in funds for pathway?

Ms Hewitt: My hon. Friend raises an important point. The pathway project in our city is a PFI project. At the moment, there is no reason at all why it should not continue under the private finance initiative. As he and I heard recently from a hospital chief executive, the aim is to provide far better services for patients from Leicester and Leicestershire with all the facilities in the original proposal, but with better value for money, so that the local NHS does not find itself in financial difficulties in future years. It will certainly be possible for the PCT to examine whether the new fund would also assist in improving community facilities, but whether it uses the new capital fund or PFI, one test, of course, is that the services and buildings must be financially sustainable for many years to come.

David Howarth (Cambridge) (LD): May I return to the central question of the capital nature of the funding? How precisely will the availability of capital funding help Brookfields hospital, for example—I have to say to the hon. Member for South Cambridgeshire (Mr. Lansley) that that hospital is in my constituency, not his, although his constituents use it? It has three wards that are threatened with closure because of a PCT revenue

deficit that amounts to some £45 million. Surely the two policies do not fit together, and on a day when closures are being announced, the new policy makes no difference.

Ms Hewitt: As the hon. Gentleman knows, there is, unfortunately, overspending in the NHS in Cambridge and Cambridgeshire. That must be dealt with because it is taking place despite the fact that there is more money than ever before and more growth money is coming in future years. Of course the NHS in his constituency is examining how it can reorganise services. I described earlier the situation in Norwich, where by reducing beds in some facilities and closing two of the older community hospitals, better services are being provided for patients and financial savings are being made that can be reinvested in other services. It seems to me that that is precisely what the hon. Gentleman should be supporting and expecting from his local NHS. The capital will help when what is needed is a reorganisation of services, perhaps across different facilities, the modernisation of existing old buildings, or the creation of a completely new facility that would, for example, allow services to be taken out of the acute hospital and provided more effectively, with better value for money, in the new facility. Although the capital cannot be used simply to cover overspending on the revenue account, it can certainly be used to support a reorganisation of services that will be more cost-efficient and thus help to deal with financial problems.

Mr. Michael Fallon (Sevenoaks) (Con): Given the turmoil being caused in south-west Kent by the threat to services at Sevenoaks hospital, Edenbridge hospital and Tonbridge hospital, and the fact that the Secretary of State is now allowing a year for primary care trusts to submit bids for the new capital, would it not have been more sensible to have announced a moratorium on any further closures until all the bids had been received and evaluated and the tariffs had been sorted out?

Ms Hewitt: No, I do not accept that at all. There are circumstances where it is clear that the local NHS has too many community hospitals or that some such hospitals are based in outdated buildings that no amount of capital can sensibly be expected to modernise. There may be too many beds in some community hospitals, or perhaps more staff could be working to support more patients in their own homes. Those are judgments that the local NHS needs to make—particularly, but not only, in view of current financial difficulties. The White Paper at the beginning of January set out a very clear strategic direction, which we have reinforced with PCTs and strategic health authorities. The new capital fund will meet many of the requests for capital support that PCTs have put to us. Contrary to the repeated assertions of Opposition Members that we have had nothing but closures of community hospitals, the Community Hospitals Association has confirmed that for every closure in recent years, a new hospital has been opened.

Points of Order

Mr. Edward Garnier (Harborough) (Con): On a point of order, Mr. Speaker. May I draw a matter to your attention and seek your advice? On 4 July, I received a written answer from the Home Office in response to a question that I had tabled on 30 March. My first point is that that is lamentably slow. Secondly, if one looks at the content of the answer, there are good grounds for concern. My question was:

"To ask the Secretary of State for the Home Department how many inmates were being held in open conditions who had previously been Category A or Category B prisoners on 31 December of each of the last 10 years."

The answer from the Under-Secretary of State for the Home Department, the hon. Member for Bradford, South (Mr. Sutcliffe), was:

"This information is not held centrally and could only be obtained by examination of individual records at disproportionate cost."

It seems to me that that is precisely the sort of information that should be held centrally and that should be retrievable by the Home Office if it is to run a proper Prison Service. Furthermore, what on earth does the expression "disproportionate cost"—it keeps being thrown back at us—mean? It is entirely subjective. I appreciate that you, Mr. Speaker, are as frustrated as we are in having to deal with these issues, but surely the Government should at least occasionally condescend to become accountable to the House.

Mr. Speaker: The hon. and learned Gentleman is seeking to debate some aspects of the answer, which I cannot do. However, on the question of the length of time Ministers take to answer parliamentary questions, I answered the hon. Member for Hemel Hempstead (Mike Penning) on a similar point of order yesterday. The Leader of the House and I are seeking to ensure that Ministers get replies to the House timeously. I have had the full co-operation of the Leader of the House on that matter.

Mr. Garnier: Further to that point of order, Mr. Speaker. I am most grateful for your answer, which I find extremely helpful. In your discussions with the Leader of the House, could you ask him to ask his ministerial colleagues to explain the basis on which they use the expression "disproportionate cost"? Unless that is explained and unless there is some factual basis for using the expression, it has no meaning.

Mr. Speaker: I have a background in the trade union movement and I recall that there was always a rule that the electrician did not do the plumber's job. Similarly, the Speaker does not do the Back Bencher's job. It is for the hon. and learned Gentleman to pursue the matter in parliamentary questions and it would be a good idea if he did so. Otherwise, I am doing his job, which would go against my trade union principles.

Mr. David Wilshire (Spelthorne) (Con): On a point of order, Mr. Speaker. I hope that I can raise my point of order without appearing to challenge your authority, as I am conscious of the consequences of trying to do so. During Prime Minister's Question Time today, you stopped my hon. Friend the Member for Blaby (Mr. Robathan) from finishing his question. I do not wish to question your ruling in any respect, Mr. Speaker, or to seek in any way to open up the subject matter of that question. However, as I thought about what happened, I saw something that seemed to me to be new, as I had not encountered it during my 19 years in the House. I sensed two separate issues: one was the code of conduct for MPs; the other was the ministerial code. While I entirely accept your ruling, Mr. Speaker, it raised an approach that I have not come across, as I said, in my 19 years. Would you be willing to reflect on my points and decide whether it would be appropriate to provide some general guidance on how we should or should not approach Question Time in the light of what happened today?

Mr. Speaker: In a sense, I am grateful to the hon. Gentleman for raising that point of order, which helps me to explain the position. He mentioned how long he has been in the House and he will know that I have been a Member for 27 years and it is important to note that we have not always had a Parliamentary Commissioner, who is a new officer. We must recognise that every hon. Member is entitled to natural justice, which means that when Members put a matter before the Parliamentary Commissioner, they should leave it with him. Until such time as the commissioner reports back, it is inappropriate to raise the matter with the Prime Minister or any other Minister. We should bear it in mind that the question put to the Prime Minister was about a specific Minister—the Deputy Prime Minister—and that there is nothing to stop any Member raising with the Prime Minister general matters relating to ministerial conduct or the conduct of an hon. Member. I say again that when it comes to specific cases, if any Member has a complaint before the Parliamentary Commissioner, it is only fair—and the House would expect me to say this—to leave the matter to the commissioner.

Mr. Wilshire: Further to that point of order, Mr. Speaker. May I say that I find what you have just said very helpful indeed and I hope that my colleagues will also find it to be useful guidance?

Mr. Greg Knight (East Yorkshire) (Con): Further to that point of order, Mr. Speaker. Are you effectively saying that in respect of complaints that are before the commissioner, you will treat the matters that they deal with as though they were sub judice?

Mr. Speaker: Yes, that is exactly what I am saying. As far as I am concerned, the matters are sub judice, so in specific cases they should not be put before a Minister of the Crown while the Parliamentary Commissioner is looking into them.

Mr. David Gauke (South-West Hertfordshire) (Con): On a point of order, Mr. Speaker. Further to the issues raised by my hon. and learned Friend the Member for Harborough (Mr. Garnier) about the delays in answers to Home Office questions, I know that you are well aware of our concerns. Indeed, I have experienced considerable delays in getting my own questions answered. I tabled a question on 25 May asking the Home Secretary

how many written questions tabled before 5 May remained unanswered. I received a holding response on 15 June, but I have still not received a substantive response a month later. That highlights the fact that it is impossible to evaluate how many questions have not been answered. I wanted to bring the matter to your attention, Mr. Speaker, and to underline our concerns about delays, particularly in the Home Office, in responding to parliamentary questions.

Mr. Speaker: I will look into that matter and reply to the hon. Gentleman.

Climate Change (Commercial and Public Services Sectors)

1.38 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision about the reduction of greenhouse gases; to promote energy efficiency and the consumption of renewable and low carbon energy in the commercial and public services sectors; to provide for the Secretary of State to report to Parliament on energy usage in the commercial and public services sectors; and for connected purposes.

The Bill is, in essence, a simple measure. It requires the Secretary of State to take reasonable steps to ensure that, by 2010, the amount of energy usage in commercial and public sector undertakings reduces by at least 10 per cent. compared with 2005, and by a further 10 per cent. by 2020. It also requires the Secretary of State to take reasonable steps to ensure that such reductions in energy usage are not at the expense of higher carbon intensity in the resulting energy use.

The measure requires the Secretary of State to produce a report on targets to be achieved for the production of heat and electricity for use in the commercial and public sectors from renewable sources, combined heat and power and microgeneration. It also requires the production of an annual report to set out progress towards those targets and state whether they are, in the Secretary of State's opinion, likely to be met, and if not, what additional steps he or she proposes to take to ensure that they are reached. We are all aware of the pressing need to take action on climate change. The most effective way to reduce emissions from energy use that contribute to climate change is to use less energy, and to use what we do more efficiently. We know that the prime users of energy are in the domestic sector and in the commercial and industrial sector in heating and powering the daily life of business and industry.

We also know that we need to redouble our efforts to tackle climate change. That is now acknowledged with vigour in all parts of the political spectrum. Against that backdrop, it is worrying that the latest predictions about UK CO_2 emissions are far from encouraging. The UK will reach and exceed its Kyoto commitments and I was proud that the UK Government aimed to go beyond that by introducing their domestic commitments on CO_2 emissions.

In February, the Department of Trade and Industry published its updated projections to 2010 about UK energy use and CO_2 emissions. According to those, the UK was, at that time, on course to undershoot by 9.4 per cent. its domestic target to reduce CO_2 emissions by 20 per cent. below 1990 levels by 2010.

In the following month, the Government published their revised climate change programme, the purpose of which was to put us back on track to achieve that 20 per cent. CO_2 reduction. That was acknowledged to be a challenging aim and the document that was produced included a comprehensive series of proposals about how to get back on track. However, the long-awaited document did not appear, at the time of its publication, to be able to achieve that. It was estimated that the new package of measures announced in the programme was

[Dr. Alan Whitehead]

sufficient to deliver emissions reductions of only between 15 to 18 per cent., leaving the UK still 2 to 5 per cent. adrift of its target.

More recently, Cambridge Econometrics added to what might be termed the gloom with the publication of the latest edition of "UK Energy and the Environment", which contained its updated forecasts of energy demand and CO_2 emissions. The forecast was extended for the first time to 2020. Its conclusion was that, even taking into account the additional measures announced in the updated climate change programme, UK CO_2 emissions would reduce by only 14 per cent., compared with 1990 levels, by 2010. In other words, unless more is done urgently, we will undershoot our domestic CO_2 target by 6 per cent.

Beyond 2010, Cambridge Econometrics predicts that carbon emissions are set to rise slightly in 2010-15, but to level off thereafter to 2020. The expected levelling-off between 2015 and 2020 is due to a decline in power generation emissions, but that is offset by the continuing growth in carbon emissions from the commercial sector and transport.

The Government already accept the primacy of the aim of ensuring that we use less energy. I hope that, when the energy review is published, measures to introduce energy management arrangements for consumers of electricity and gas will feature strongly. In 2003, the energy White Paper described energy efficiency as the

"cheapest, cleanest and safest way"

of addressing all the UK's energy policy objectives. Subsequent Government pronouncements have continued to highlight the critical role that energy efficiency must play in reducing our carbon emissions.

Furthermore, in the energy efficiency implementation plan, which was published a year after the White Paper, DEFRA explicitly acknowledged that action on energy efficiency measures in the commercial sector had been "intermittent and restricted" and

"not achieving its full potential".

It also acknowledged that the commercial sector had the fastest growing energy use apart from aviation, principally from space heating and lighting, ventilation and air-conditioning. Other drivers include the energy services associated with the use of information and communications technology. In addition, that sector is highly electricity intensive—electricity has an especially high carbon footprint. According to February's Department of Trade and Industry projections, if no new policy measures are introduced to tackle energy demand in the commercial and public services sector, its use of electricity is projected to soar by a staggering 45 per cent. from 1990 to 2020.

In the light of the above, the Bill is clearly long overdue. I hope that it will be welcomed by all parties. Indeed, it has received support across the House. Early-day motion 2378 in support of the Bill was tabled only on 15 June, but has already attracted the support of 200 Members of Parliament. The Bill simply requires the Government to take reasonable steps to achieve the reductions in energy usage in the commercial and public services sector that they have already described as cost-effective and practicable. For 2010, that means a reduction in energy usage of at least 10 per cent. compared with 2005, and a further reduction in energy usage of 10 per cent. below 2010 levels.

The Government have already explicitly acknowledged the need for binding energy efficiency targets by introducing in the Housing Act 2004 a target to achieve a 20 per cent. increase in energy efficiency in the residential sector by 2010. The Bill simply completes the policy picture by introducing similar binding targets not only for the domestic and residential sector, but for the commercial and public services sector.

Question put and agreed to.

Bill ordered to be brought in by Dr. Alan Whitehead, Mr. Elliot Morley, Mr. Michael Meacher, Mr. Tim Yeo, Chris Huhne, Colin Challen, Helen Goodman, David Howarth, Mr. Nick Hurd, Bob Spink, Kitty Ussher and Mr. Edward Vaizey.

CLIMATE CHANGE (COMMERCIAL AND PUBLIC SERVICES SECTORS)

Dr. Alan Whitehead accordingly presented a Bill to make provision about the reduction of greenhouse gases; to promote energy efficiency and the consumption of renewable and low carbon energy in the commercial and public services sectors; to provide for the Secretary of State to report to Parliament on energy usage in the commercial and public services sectors; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 20 October, and to be printed [Bill 209].

Orders of the Day

Finance (No. 2) Bill

Not amended in Committee and as amended in the Standing Committee, further considered.

Clause 19

MISSING TRADER INTRA-COMMUNITY FRAUD

1.47 pm

The Paymaster General (Dawn Primarolo): I beg to move Government amendment No. 18, page 22, line 6, at beginning insert

'An order under this subsection may confer power on the Commissioners to make regulations or exercise any other function,'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following: Government amendments Nos. 19 and 20.

Amendment No. 121, page 23, line 3, at end insert—

'But no order may be made under this subsection on or after 22nd March 2009.'.

Dawn Primarolo: Clause 19 provides for a change in the VAT accounting provisions for sales of specific goods to tackle missing trader intra-community fraud. That fraud is an organised criminal attack on the VAT system, which, in 2004-05, is estimated to have cost up to £1.9 billion in stolen VAT.

This change of accounting provision, known as the reverse charge, will be introduced once the necessary derogations from the sixth VAT directive have been agreed. It will apply to sales of certain specified goods between VAT-registered businesses. When the reverse charge applies, it is no longer the seller's responsibility to account for and pay the VAT on the sale to Her Majesty's Revenue and Customs, but that of the customer. Subsection (13) of new section 55A, which clause 19 introduces, of the VAT Act 1994 provides for amendments to be made to that Act by Treasury order where it is necessary and expedient for the reverse charge.

Amendment No. 18 allows a Treasury order under this provision to amend the VAT Act to confer power on the Commissioners of Revenue and Customs to make regulations or exercise any other function. The amendment is necessary to ensure that the power can be tailored to introduce any change in the manner most appropriate to the circumstances. By that, I mean the evolving fraud being perpetrated. I appreciate that this is a wide power, but it is a necessary one, and of course it will receive proper scrutiny by this House.

Amendments Nos. 19 and 20 reflect concerns highlighted following discussions with the European Commission about the need to ensure that the reverse charge mechanism does not create opportunities for further revenue loss—a matter that I am sure will also be of concern to Members of the House. The amendments allow HMRC to introduce secondary legislation, first, to require VAT-registered persons trading in the specified goods to which the reverse charge will apply to submit reports of those transactions and notify HMRC when they first make supplies of those goods; and, secondly, to apply the existing penalties for similar statements in respect of intra-Community sales for inaccurate statements or non-submission of statements, as well as existing penalties for a failure to make any required notification.

John Bercow (Buckingham) (Con): As the Paymaster General rightly says, the amendment is widely drawn, and that might be entirely justified. She indicates that the power would be subject to proper scrutiny. Can she tell the House whether the provision would be subject to the negative procedure of the House or its affirmative counterpart?

Dawn Primarolo: The affirmative procedure will be necessary. I know that Members, including the hon. Gentleman, fully appreciate the importance and urgency of tackling this fraud and of the Department having the necessary powers. None the less, the House should still scrutinise how the powers are intended to be used and how they are used.

I will go further and say that the details of the reporting requirement and how it will affect business means that there needs to be discussions with business as well. We have to make sure that there is the minimum impact, particularly regulatory impact, on businesses generally. The reporting requirement should be kept to an absolute minimum. The provisions will need to take into account consultation on those elements. Thus far businesses have been totally supportive of the Government's actions—they have been consulted—because they are well aware of the dangers that such fraud poses not only to the Revenue, but to their activities as legitimate businesses that can be undermined by fraud.

John Bercow: I am extremely grateful to the right hon. Lady for giving way again and for her helpful earlier reply. It is a matter of concern to me that when regulations of this sort are introduced they should as far as possible be subject to widespread advance consultation, and I have asked the Leader of the House if we could be sure on these occasions that, wherever possible, draft regulations are issued before the passage of the Bill. Might that happen in this instance?

Dawn Primarolo: The regulations are not available at this point. It would be foolish to reveal to the fraudsters, in advance of receiving agreement on the reverse charge, exactly how it will operate. However, it will be necessary for the regulations to come before a Committee through the affirmative procedure, and it stands to reason that they will have to be available for the Committee to read, with an explanatory memorandum. As I have said before—I know that the hon. Member for Rayleigh (Mr. Francois) appreciates this—I am doing my best to make as much information as possible available to the House without prejudicing the Department's position in dealing with this important matter.

I come finally to amendment No. 121. A similar amendment was tabled in Standing Committee, although it was not moved. Recognising the importance that the Opposition placed on the matter, I indicated to them that had they moved it I would have accepted it, and here it is again, so I repeat my

[Dawn Primarolo]

assurance. The amendment seeks to insert a sunset provision, namely, that if the orders have not been made by 22 March 2009 the powers cannot be used. I do not think that it is necessary, but I see no problem with it, and if it reassures the Opposition that this matter will be dealt with in a timely fashion I am, as I indicated, prepared to accept it. We need to sort out the matter a lot earlier than 2009.

Mr. Mark Francois (Rayleigh) (Con): I am tempted to say thank you and sit down quickly, but there are a few points that need to be made.

I rise to move amendment No. 121 in my name and those of my hon. Friends. It seeks to insert an additional sunset provision into clause 19.

Mr. Deputy Speaker: Order. The hon. Gentleman does not have to move the amendment at this stage; we are debating the group of amendments. If the question is eventually to be put, I will ask him to move the amendment formally at the appropriate time.

Mr. Francois: I am very grateful for your procedural advice, Mr. Deputy Speaker. As the Paymaster General said that she was going to accept it the amendment, I wanted to take no chances whatsoever.

As we heard, the right hon. Lady said in the Standing Committee that she was minded to accept the amendment. We have brought it back to the Floor of the House on Report to test her commitment to that, and I am pleased to say that she has honoured her pledge, for which I am grateful.

I want also to comment briefly on Government amendments Nos. 18 to 20, particularly No. 18, which appears to confer on Ministers a wide-ranging regulation-making power. It is therefore right that we should focus on that at least briefly before we allow the measure to be included in the Bill.

Clause 19 refers to missing trader intra-community fraud, or MTIC fraud, as it is more popularly known, which is now a multi-billion-pound problem across the European Union. We debated the issue at some length in the Standing Committee on 11 May, and I do not intend to reprise the whole debate on the Floor of the House, but there are a few points that need to be reiterated in debating these amendments.

The problem of MTIC fraud has become so widespread that the Office for National Statistics now adjusts UK trade figures to take into account estimates of MTIC fraud. As the ONS points out, by definition the extent of such fraud is difficult to measure accurately. However, HMRC, in a press release dated 26 January 2006, estimated UK VAT losses from MTIC fraud to be between £1.1 billion and £1.9 billion for 2004-05. It is interesting that the Paymaster General used the £1.9 billion figure a few moments ago. In April 2006 the Government announced the first annual fall in VAT revenues since the UK started collecting the tax in 1973, largely because of a significant rise in estimated carousel fraud, which is a particular breed of MTIC fraud.

Dawn Primarolo: I am happy to correct the record: there was a substantial fall in VAT receipts in the 1990s under a Conservative Government.

Mr. Francois: I am not questioning that that occurred; I am saying that in this instance VAT receipts have fallen and the Government's explanation for that is fraud. I want to press the Paymaster General on the exact extent of the fraud in a moment.

On 30 May *The Guardian* estimated that the cost to the UK alone of MTIC fraud is now running at about £5 billion a year. Nicholas Watt wrote the following:

"The Guardian recently reported that carousel fraud jumped by 50 per cent. in the first quarter of the year—and has swollen by more than 500 per cent. in the past 12 months. Tax losses in Britain alone are more than £5bn this year."

On 11 June, in an article in *The Sunday Telegraph*, Jasper Copping and Robert Watts, under the headline "Carousel gangs cheat UK out of billions", said:

"The alarming scale of carousel fraud indicates that the scam is spiralling and this year will far exceed the Government's estimate that it cost £1.9 billion in 2004-05."

This seems a suitable opportunity to ask the Paymaster General to update the record. Given that her figures relate to 2004-05, and we are now in 2005-06, and in the financial year 2006-07, can the right hon. Lady provide an official updated estimate of the scale of the fraud as the Treasury now understands it to be? All the signs are that the scale of the fraud is rising, so we would believe it to be in excess of £1.9 billion a year. *The Guardian* is talking about £5 billion and *The Sunday Telegraph* is talking about some billions of pounds. To clear up the confusion, will the Paymaster General tell the House the latest Government estimate of the scale of MTIC fraud and its cost to the Exchequer? Part of their argument for the powers that are being sought, and the amendments, is that they are needed to combat the fraud. Therefore, the House will want to know how bad the Government think that the problem is and what the trend-line is.

2 pm

Dawn Primarolo: The Government update the position on MTIC fraud in every pre-Budget report. The hon. Gentleman's observations about the Office for National Statistics and the trade statistics do not relate directly to either VAT that is claimed or paid out. The correct figures will be available in the PBR, as they are every year following the application of the strategy for reducing MTIC fraud.

Mr. Francois: I thank the right hon. Lady for that reply. She may recall that when we debated this matter in Standing Committee on 11 May, I pressed her for some clarification based on last year's PBR figures. If I recall correctly, we did not get an updated figure at that time. If the right hon. Lady is saying, having read yesterday's debate, that we will definitely get an updated figure in the PBR this autumn, that is to be welcomed. It would have been more helpful if we could have had an updated estimate for the House today, bearing in mind the importance of the powers that we are about to agree to. However, we look forward to seeing the updated figure in the PBR.

The Government's solution to the problem, as set out in clause 19, is essentially to introduce a so-called reverse charge procedure for certain categories of goods that can be specified by secondary legislation. This is intended to combat fraud by passing the duty to account to the Government for the VAT further down the chain to legitimate businesses. As the HMRC press release of 26 January 2006, which outlines the process, explained:

"Under the reverse charge procedure the suppliers of the goods do not account for VAT on their sales when selling to other VAT-registered businesses. Instead, it is the responsibility of the purchaser of the goods to account for the VAT, although they can recover this VAT in the normal way."

This means that HMRC is not put into a position where it may have to make repayments of VAT where the corresponding tax on the purchase has not been paid to HMRC.

A similar procedure was adopted some years ago to combat missing trader fraud in the gold bullion market, apparently with some success, and the intention is essentially to apply the same solution here. However, the Government's solution, including that which is set out in the amendments, depends on the Government obtaining a derogation from the sixth VAT directive in order to apply the reverse charge in situations where it was not originally envisaged.

On 1 June, a little while after our debate on these matters in Standing Committee, the *Financial Times* reported that the EU tax commissioner, Mr. Lazlo Kovacs, was saying that the UK would most probably receive a positive response to the derogation request. On 7 June, there was an ECOFIN meeting in Brussels, which was rather famously attended by the Chancellor of the Exchequer at short notice. Was the matter discussed there? As we return to the subject on Report, which I welcome, I take the opportunity to ask the Paymaster General to update the House on progress in seeking the derogation that is necessary for the procedure to come into effect. In essence, what is the latest state of play in our negotiations with the Commission on this matter?

Similarly, when do Ministers anticipate that they will be in a position to issue the orders to implement this element of the strategy? I repeat the question that I put to the Paymaster General in Standing Committee on this issue, which she really did not address at that time. Given the history of our negotiations with our EU partners in recent years, what is our plan B if, for any reason, the derogation is not granted? Given the scale of the problem, what do the Government intend to do then?

I come now to Government amendments Nos. 18 to 20. As I understand it, the essence of amendment No. 20 is to confer a regulation-making power on Ministers to set out reporting requirements on suppliers in relation to the operation of the reverse charge. Amendment No. 19 appears to be essentially contingent on amendment No. 20, in that it allows for a penalty regime if reporting requirements are not complied with correctly as specified by Ministers in the regulations. This seems reasonable, but why was the provision not included in the Bill?

Conversely, amendment No. 18 confers on Ministers a relatively wide-ranging regulation-making power in the context of the operation of the reverse charge procedure as a whole. As this is potentially quite a broad power—certainly compared with the other two Government amendments—can the Government give us any examples of how the power is likely to be used in practice without tipping off the fraudsters? For instance, will the power be used only to specify the types of goods to which the reverse charge procedure will apply, or is it intended to be used more widely than that?

Given the scale of the power, I had intended to ask the Paymaster General whether it would be subject to the affirmative resolution procedure. However, my hon. Friend the Member for Buckingham (John Bercow), in his usual perspicacious manner, has already elicited that information in an intervention. I am pleased that the Paymaster General has, quite rightly, told the House that the process would go through in practice after the affirmative resolution procedure has been adopted. We thank the right hon. Lady for that assurance, which we welcome.

I move on briefly to amendment No. 121. The powers to introduce the reverse charge procedure are potentially quite powerful. They are therefore subject to the sunset provision contained elsewhere in the clause. The purpose behind the amendment is to introduce an additional sunset provision with regard to the adjustment of output tax. This seems a relatively non-controversial additional safeguard provision, and one that we hope might be accepted.

The Paymaster General rightly recalled that she said in Standing Committee that she would have been minded to grant us the amendment had it been pressed at the time. For the information of the House, the *Hansard* record stated:

"his amendment No. 3 touched on an issue that would not have been in dispute between us."—[*Official Report, Standing Committee A*, 11 May 2006; c. 120.]

The right hon. Lady's more direct reaction, which unfortunately was not captured by *Hansard* but which I clearly recall, was, "Oh, I was going to give you that one." Perhaps she will be kind enough, as she has indicated, to grant us that amendment and to allow what is now amendment No. 121 to be incorporated in the Bill.

Julia Goldsworthy (Falmouth and Camborne) (LD): I have only a few brief remarks. We dealt with the matter in some detail in Standing Committee. We are dealing with what is clearly a significant problem and real efforts have been made in various clauses to overcome it. The Government's amendments are an exposition of that. Amendments Nos. 19 and 20 seek to overcome openings where there could continue to be fraud, and amendment No. 18 confers extra powers, so essentially we are talking about regulation and reporting requirements.

The Paymaster General referred to why it was not possible to reveal the draft regulations in advance. If fraudsters are trying to get around the regulations, what difference does it make if they see them in draft form? Surely their desire to get around them will be exactly the same. *[Interruption.]* The Paymaster General is saying "Time", but presumably once they are on the statute book, the fraudsters will still have time to avoid the regulations.

Dawn Primarolo: If draft regulations are available before the House has given the authority for the powers

[Dawn Primarolo]

to be used, those who study them have time to get round the regulations before the authorities can use the powers that are conferred in them. That is the difficulty. That is why there has not been a long exposure of what the powers may look like. This is straightforward, really.

Julia Goldsworthy: I thank the Paymaster General for that clarification. There is a development beyond the regulations and reporting requirements that are set out in the amendments. If the requirements are to be enforced, they need to be supported by resources. I refer to an article in *The Times* of 13 June, in which it is said that there are believed to be 9,000 people involved in spearheading the crime that is known as missing trader intra-community fraud, but Revenue and Customs has only 500 officers to tackle it. The article points to a lack of resources making very difficult the enforcement of whatever regulations are in place to overcome this fraud. In fact, the article goes on to say:

"There is even a suggestion that fraudsters believe the risk of detection is so low that they no longer trade actual goods but engage in a 'virtual' fraud where the trade exists only in the bogus documents used to support fraudulent VAT reclaims."

What efforts have the Treasury made to ensure that it has sufficient resources to enforce the regulations?

Mr. David Gauke (South-West Hertfordshire) (Con): I should like to touch on three issues relating to MTIC fraud.

First, in Committee, the Paymaster General said that the German Government advocated applying the reverse charge generally, but she rightly said that that would create great difficulties for small and medium-sized companies, and was thus unattractive. It has been said, too, that there would be substantial fiscal consequences if we went down that route. Can the Paymaster General confirm whether that is correct? More significantly, I seek reassurance that the reverse charge approach will be neither generally applied nor negotiated away, although one member state is keen to go down that route.

Secondly, I am concerned about the effectiveness of an approach that requires a reverse charge on certain goods. In Committee, the Paymaster General said at column 135 on 11 May that

"90 per cent. of...losses from MTIC fraud arise from goods that would be targeted specifically under the reverse charge mechanism".

She went on to say that

"it tends to be small, high-value goods that can be circulated easily—but, of course, they are not circulated." [*Official Report, Standing Committee A*, 11 May 2006; c. 135.]

I should be grateful if the Paymaster General, drawing on the expertise of Her Majesty's Revenue and Customs, clarified that response. Is MTIC fraud a matter of small, high-value goods being circulated—there is, however, a missing trader, so there is VAT fraud—or is it a matter, as the hon. Member for Falmouth and Camborne (Julia Goldsworthy) suggested, of virtual transactions in which goods are not circulated at all? If it is the latter, it would be easy for fraudsters to move from the small, high-value goods to which the measures apply to other goods and services, so the Bill's provisions would not be as effective as we would all like.

Thirdly, the Government have attempted to reduce MTIC fraud by toughening the VAT registration process—the Paymaster General will recall that I asked a question about that in Committee. Since then, I have tabled written questions on the issue, and I understand that, in the spring months, only 65 per cent. of VAT registration applications were completed within the target 21 days. Can steps be taken to improve and speed up the VAT registration, because it is worrying that it takes a substantial period to register? Complaints about registration come not just from applicants in the high-risk sector of small, high-value goods such as computer equipment and so on but from other sectors. Again, I would be grateful for the Paymaster General's comments.

Dawn Primarolo: I shall deal quickly with the points made by hon. Members. May I tell the hon. Member for Rayleigh (Mr. Francois) that the Government are confident that the European Commission will introduce a proposal in response to our request for a reverse charge? Discussion is under way—hence the amendments—but the proposal will be submitted to ECOFIN for a unanimous decision by the 25 member states. The Commission will not submit it before it is satisfied that there is a sensible working arrangement.

2.15 pm

That links to the point made by the hon. Member for South-West Hertfordshire (Mr. Gauke). We are confident that we will secure agreement, because this is a matter not just for the UK but for all European member states—indeed, Germany has been mentioned, and its preferred option is a general reverse charge. However, that would cause reporting problems for small businesses and people who are not involved in illegitimate activity, and would completely change the structure and orientation of VAT. The Commission is aware that the problem is urgent and that we need to find a solution. The UK and other member states understand why the Germans want a complete reverse charge, but have made it clear that that is not desirable. We are doing all that we can to ensure a speedy solution, but we must reach the right agreement with the Commission and, after discussions, we must be able to deliver it.

May I remind the House of the nature of the powers that are being sought? The provision allows only amendments necessary for the implementation of the reverse charge, and it cannot be used to increase anything else, including the amount of tax payable. As I have said, it is subject to affirmative resolution. It is not an open-ended power—it is necessary purely for the implementation of the reverse charge—so it will lapse three years after Budget 2006. The Conservative Government introduced a similar power in 1993, but it lacked a sunset clause. I believe, however, that a time limit is necessary to ensure that we tackle the issue properly.

I have dealt with the hon. Member for Rayleigh's points about the extent of MTIC fraud. The latest estimates for 2004-05 cover a range of figures, and £1.9 billion is at the top end. However, that represents a 30 per cent. reduction in MTIC fraud since 2001-02 as a result of the Government's strategy. We have to wait for the pre-Budget report, even in subsequent years,

because we require data from European Union member states on the nature of such fraud, which take five or six months to be processed, hence the PBR is an appropriate point for an update.

Mr. Francois: I thank the right hon. Lady for her explanation of the timings. She said that the figures cover a range, and that we will be given an updated estimate in the autumn 2006 PBR. Given her knowledge of HMRC, does she think that by that stage the figure will rise above £1.9 billion, or will it fall below it?

Dawn Primarolo: I am not in a position to make such a forecast, but the hon. Gentleman will accept that the purpose of the reverse charge is to disrupt the fraudsters. VAT registration and repayment are subject to challenge by HMRC. It will be difficult to assess the strategy that is running in parallel—plan B, as the hon. Gentleman put it—because we hope that HMRC will not need to make those challenges in the first place. People may try to defraud, but our intention is that they should not be successful.

The hon. Member for Falmouth and Camborne asked about resources. I refer her to column 1090W of the *Official Report* of 17 May, where I gave the full list to her hon. Friend the Member for Kingston and Surbiton (Mr. Davey), showing the extra resources and the work that is being undertaken by HMRC. I also gave the figures in Committee. Hon. Members should be cautious about believing what is written in the newspapers.

On the question about VAT registration—whether the transaction is fictitious or real and how the Government are dealing with it—the answer is that it can be fictitious, as is increasingly the case, or real. The real is dealt with in the Bill by the stamping of goods, tracking and record keeping, which is the subject of other clauses. That will be effective where there is fraud in the chain, as opposed to the whole chain being fraudulent.

There is the fictitious as well, and I shall give two examples. In August 2005 four people were found guilty of carousel fraud resulting in an estimated loss of £40 million in VAT. They used fictitious companies and false invoices, with the proceeds being sent to a Hong Kong bank account. They received sentences of 22 years. In December 2005 jail sentences totalling eight years were handed down to two men involved in a £58 million fraud. The fraud involved mobile phones purchased from fictitious companies and sold to other mobile phone brokers. The phones never found their way into the legitimate market. It was a perpetual fraud, and the reverse charge is specifically directed at that aspect of carousel fraud. The hon. Member for South-West Hertfordshire is right that we need to look carefully at whether that might mutate into other high value goods.

Part of the discussion with the Commission is about what measures will be available to member states to counter such fraud. We need a careful balance so that there is not a reverse charge on all goods. Intelligence and an understanding of how MTIC frauds are perpetrated are needed. There will not be a general tightening of VAT registration. The Department is undertaking rigorous checks at the point of registration where it seems that something is not quite as it should be—missing information or a company that has been dormant for a long time suddenly submitting a high claim on VAT or seeking to become active again. Bogus businesses must be prevented from entering the VAT system, so the Department is doing its best to target those checks. If there was a general holding up of VAT registration, the numbers that I gave would have been considerably higher.

The Department is approaching, sensibly and proportionately, a serious problem in the tax system not just for the UK, but for other member states where this type of fraud can be committed. I hope the House will agree the amendments today and that I can report soon on the progress of negotiations on the reverse charge and the start date of its operation.

Amendment agreed to.

Amendments made: No. 19, page 22, line 40, at end insert—

'(2A) In section 65 of VATA 1994 (inaccuracies in EC sales statements)—

(a) at the end insert—

"(7) This section applies in relation to a statement which is required to be submitted to the Commissioners in accordance with regulations under paragraph 2(3A) of Schedule 11 as it applies in relation to an EC sales statement.", and

(b) in consequence of the amendment made by paragraph (a) the heading becomes "Inaccuracies in EC sales statements or in statements relating to section 55A".

(2B) In section 66 of VATA 1994 (failure to submit EC sales statements)—

(a) at the end insert—

"(10) This section applies in relation to a statement which is required to be submitted to the Commissioners in accordance with regulations under paragraph 2(3A) of Schedule 11 as it applies in relation to an EC sales statement.", and

(b) in consequence of the amendment made by paragraph (a) the heading becomes "Failure to submit EC sales statement or statement relating to section 55A".

(2C) In section 69 of VATA 1994 (breaches of regulatory provisions), in subsection (1) (failure to comply with a requirement imposed under provisions mentioned in the paragraphs in that subsection), after paragraph (b) insert—

"(ba) paragraph 2(3B) of Schedule 11; or".'.

No. 20, page 22, line 44, at end insert—

'(3A) In Schedule 11 to VATA 1994 (administration, collection and enforcement), in paragraph 2 (accounting for VAT and payment of VAT), after sub-paragraph (3) insert—

"(3A) Regulations under this paragraph may require the submission to the Commissioners by taxable persons, at such times and intervals, in such cases and in such form and manner as may be—

(a) specified in the regulations, or

(b) determined by the Commissioners in accordance with powers conferred by the regulations,

of statements containing such particulars of supplies to which section 55A(6) applies in which the taxable persons are concerned, and of the persons concerned in those supplies, as may be prescribed.

(3B) Regulations under this paragraph may make provision, in relation to the first occasion on which a person makes a supply of goods to which section 55A(6) applies, for requiring the person to give to the Commissioners such notification of the supply at such time and in such form and manner as may be specified in the regulations."'.—*[Dawn Primarolo.]*

No. 121, page 23, line 3, at end insert—

'But no order may be made under this subsection on or after 22nd March 2009.'.—*[Mr. Francois.]*

Schedule 1

GROUP RELIEF WHERE SURRENDERING COMPANY NOT RESIDENT IN UK

Mr. Mark Hoban (Fareham) (Con): I beg to move amendment No. 122, page 155, line 21, leave out from second 'the' to end of line 22 and insert 'earlier of—

(a) two years after the end of the accounting period; or

(b) the deadline for filing corporate tax returns in the EEA territory concerned.'.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment No. 15, page 155, line 21, leave out

'immediately after the end of the current period'

and insert

'when the claim for group relief was made'.

Mr. Hoban: Both amendments seek to amend the deadline by which group relief claims can be made in regard to losses made in other European economic area countries where the group relief payments are to offset profits incurred in the UK.

The background to schedule 1 is a case involving Marks and Spencer, which sought to use various provisions of European treaties to enable losses incurred in other EEA territories to be offset against profits in the UK. The European Court of Justice found in favour of Marks and Spencer, albeit with strict limitations on the circumstances in which that relief could be claimed. There were several issues on which further guidance was needed, including the timing of making a claim, which is the subject of both amendments.

When we discussed these matters in Committee, the Government approached the task of implementing the ECJ's judgment and a subsequent judgment by Mr. Justice Park, who was asked to rule on specific elements of the ECJ's judgment, including the timing of the claim, as restrictively as possible. They sought to narrow the circumstances in which claims could be made, whereas one of the arguments that I made on behalf of the Opposition concerned effectiveness.

In Mr. Justice Park's later judgment on the case, he commented:

"A principle that runs through the whole of community law and has been enunciated by the ECJ in numerous cases is the principle of effectiveness: procedures in Member States must not render practically impossible or excessively difficult the exercise of rights conferred by Community Law".

That is the principle of effectiveness, which I want to explore.

The ECJ conferred upon UK companies the right to claim group relief in certain circumstances on losses incurred by subsidiaries in other EEA states. That is enshrined in schedule 1, but we need to consider whether the procedures set out there meet the terms of Mr. Justice Park's judgment—whether they

"render practically impossible or excessively difficult the exercise of rights conferred by Community Law".

I would argue that the time of the claim does make it practically impossible or excessively difficult to exercise the rights.

We should remember that UK companies claiming group relief on UK losses have up until two years after the end of the accounting period in which those losses are incurred to make a claim. One might ask why they need two years. I suspect that there is no scientific reason for that, but it enables groups to go through the necessary steps. It enables them to draw up the accounts of subsidiaries and determine the scale of any losses incurred. It enables them to revise accounting estimates, and to assess the write-down in the value of assets, such as stock and debtors; and it allows the parent company to calculate the extent to which losses can be carried back against profits made in earlier years. The auditors can audit the accounts, and any adjustments between accounting and taxable profits or losses can be made. Companies need to go through a drawn-out process to assess such profits, to ensure that the auditors have signed off such profits and to calculate taxes and profits properly.

2.30 pm

I have a degree of experience. I have worked as an auditor and with companies in preparing their accounts, so I understand why the exercise is not straightforward or quick. My problem with the way in which the Government have introduced the Marks and Spencer judgment in schedule 1 is that without a gap between the year-end and the filing of the claim it would be virtually impossible for any business to submit a robust claim that would withstand scrutiny from Her Majesty's Revenue and Customs. I hope that the Treasury will acknowledge that the process of making a group relief claim is not straightforward.

The Marks and Spencer judgment, which involves a company making a group relief claim in relation to losses incurred in another EEA country, adds a further layer of complexity. Where there is any prospect of losses incurred in EEA territory being carried forward against profits, the losses cannot be claimed, so a business will have to have made decisions about the future of that loss-making company—it may have had to close it during the course of the year, or it may plan to close it down in the next accounting period.

Where there is any prospect of such losses being offset against future profits, the losses cannot be claimed through group relief against the profits of a UK company. More time will be required for businesses to make those claims, a more thorough investigation will be required and the process will be longer. One cannot simply press a button in an overseas territory at the end of the financial year and produce perfectly formed accounts and a group relief claim.

Rob Marris (Wolverhampton, South-West) (Lab): The hon. Gentleman is the accountant, not me, but he may have misread the provision that he seeks to amend. He has referred to distinguishing between a year-end point and the time for filing a claim for that year-end. Amendment No. 122 refers to the filing of the claim part of the process, whereas I read paragraph 7(4) as dealing with the end of the current period, when the picture is taken—as he has said, the figures are put together afterwards through a long process. By my reading of the provision—I may be wrong—he is confusing apples and oranges.

Mr. Hoban: We debated that point in Standing Committee, where I felt that the Government shared my interpretation of when the claim would be made, so it would be welcome if the Economic Secretary were to clarify the position. The message that I have received in talking to advisers in the field is that the timing of the claim is so tight that it renders impossible the making of a group relief claim. A number of people involved in the area are concerned that the time for making a claim is so tight that it renders a group relief claim practically impossible. The consensus in the sector is widespread, but if the Economic Secretary were to reassure the accountancy profession and business, that would be welcome. The situation is not clear at the moment in the eyes of companies and their tax advisers, which is one reason why the amendment was tabled today.

In his judgment, Mr. Justice Park considered the timing of the claim and examined various possibilities. It is important that companies can make such claims and that the right conferred upon them by the ECJ judgment is not rendered impossible to exercise in practice, which is why we have re-introduced the amendment on Report. I was concerned that the answer given by the Financial Secretary in Committee did not address the issue properly, and I want to use the debate on Report to clarify the matter for the sake of those who must implement the provision.

The Economic Secretary to the Treasury (Ed Balls): I hope that I can provide the reassurance sought by the hon. Member for Fareham (Mr. Hoban) and those whom he has consulted in recent weeks.

I have re-read the *Hansard* of the debate in Committee, where we had an interesting and wide-ranging discussion about the role of the ECJ and European decision making in UK tax law and considered the almost philosophical issues around tax policy. However, the hon. Gentleman has raised some particular points, which I shall address in a particular way.

As the hon. Gentleman has said, clause 27 and schedule 1 provide for a small extension to the group loss relief rules for companies. That extension allows UK groups to claim corporation tax relief for foreign losses in very limited circumstances. Existing group relief rules for UK losses, including the timing period, which business is keen to retain, are unaffected by the proposed legislation. We are introducing this small extension to group relief following last December's judgment of the ECJ in the case of Marks and Spencer plc *v.* Halsey, which set the conditions under which group relief should be extended to foreign losses. Those conditions are very restrictive, which was the intention. Indeed, the way in which members of the European judiciary reflected legal opinions made it clear that the conditions are to be applied in extremely restricted circumstances.

Amendments Nos. 15 and 122 go beyond the judgment and relax one of the conditions under which extended group relief is available. The condition is that to be eligible for relief in the UK, there must be no possibility of relieving a loss in a future period in another state. The amendments would change the date by reference to which companies determine whether that possibility exists. The reference date is currently immediately after the end of the loss period, but amendment No. 15 would change that to the date on which the group relief claim is made by a UK company. Amendment No. 122 would change the reference date to the earlier of two years after the end of the accounting period or the deadline for filing corporate tax returns of the foreign loss-making company, whichever is earlier.

On amendment No. 15, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) has said, there is no logic in tying the test of possibility of relief to the rules that apply in respect of claims, because the concepts are entirely separate. The claims rules apply to the claimant company, while the possibility of relief rule applies to the losses of the surrendering company, and there is no logic in trying to create an entirely forced link between the two. We are talking about the definition of the loss period and the point at which the decision is made; we are not talking about the timing of the claim. The claimant company will still have at least two years to claim relief, which exactly mirrors the current relief rules for UK group relief. The difference is that at the time of the claim, the claimant company must look back to the date immediately after the loss period to see whether there is any possibility of relief at that time. As I have said, we are discussing the loss period, not the claim period.

Mr. Hoban: Does the Economic Secretary require the loss-making company fully to assess the quantity of its losses immediately after the end of the accounting period?

Ed Balls: As I have said, the company has a two-year period to make a claim. The issue is the date at which the losses from the foreign company are judged to be unrelievable in the foreign tax jurisdiction. Once that date is decided, there are two years in which to make the claim. We are in danger of confusing two different concepts—the two-year claim period and the loss period, which relates to the tax year when the decision on unrelievability was made. There will still be two years for that assessment to be made and for the relief to be claimed back in the UK tax jurisdiction and against UK profits. The idea that an immediate assessment calculation will subsequently have to be delivered to the Revenue at a particular point in time is not in line with what we are seeking to do. The claimant company will have at least two years to claim relief, mirroring current rules for UK group relief. As I said, the difference is that at the time of the claim the claimant company must look back to the date immediately after the loss period to see whether there is any possibility of relief at that time. It is true that Mr. Justice Park decided in his High Court ruling that the relevant time was the date on which a claim was made by the UK-resident company. However, that is not a settled point; it is still subject to appeal. His judgment also considers past claims to group relief, whereby the current legislation sets out the rules that are to apply to claim periods after 1 April 2006.

Amendment No. 15 would provide a fiscal and financial incentive to delay claims until the last possible minute. Moreover, since the ability to claim can depend

[Ed Balls]

on whether an inquiry is open, companies would have an incentive not to settle inquiries. Those factors would sit uneasily with the Government's compliance objectives and with businesses' oft-repeated requests for certainty.

Amendment No. 122 would make the relief more generous than that in the Bill by effectively giving access to up to three years' worth of losses rather than one. That would go beyond the ECJ judgment. Moreover, it would substantially increase the extension's cost to the Exchequer, from the £50 million estimated in the Budget documentation to £150 million. That is not a concession that we seek to make, nor is it necessary given the distinction between the claim period and the loss period. The amendment could facilitate a form of loss shopping, with companies putting their losses into the state with the most generous filing deadline. It would also cause many practical problems for business and for Revenue and Customs, as filing dates vary from country to country.

In short, both amendments would remove important protections in the Bill at substantial cost to the Exchequer. I agree with my hon. Friend the Member for Wolverhampton, South-West that the concerns of the hon. Member for Fareham are based on a confusion between two different concepts. I hope my remarks enable him to assure his friends in the industry that their concerns are not justified and to withdraw the amendments.

Mr. Hoban: I am grateful to the Minister for putting on the record his clarification of the important point about the timing of the claim that people can make and its being in line with UK group relief rules.

One outstanding issue remains. At the end of the accounting period, the overseas company must be aware of its current position and its ability to offset losses that it has incurred against profits of other group companies in the same territory, as well as whether there is the prospect of relieving those losses against future profits to be made. That is a difficult issue, because if there is any prospect whatsoever of profits being made in the next accounting period—for example, if some trading is still taking place—the losses cannot be relieved. If, however, a business has taken the decision to close during the accounting period, at the accounting period end it will know that there is no future prospect of relieving those profits. That issue of how much knowledge a business must have at the end of an accounting period is problematic. It leads to a difficulty in applying the ECJ judgment. It is in line with the Government's strategy of applying the most restrictive interpretation of the ECJ judgment. I suspect that companies may wish to return to it in future.

Given the Minister's confirmation of the date of the filing deadline, and notwithstanding my concerns about information that a business must have at the end of the accounting period to determine whether it can carry forward losses and whether they are available for relief elsewhere, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

2.45 pm

Schedule 5

ENTITLEMENT TO FILM TAX RELIEF

Amendment proposed: No. 98, page 171, line 40, leave out 'partly' and insert 'mainly'.—*[John Healey.]*

Mr. Deputy Speaker (Sir Michael Lord): With this we will take Government amendments Nos. 21, 24, 25, 26, 22 and 23.

Mrs. Theresa Villiers (Chipping Barnet) (Con): I turn first to the Government amendments in this group on taxation of leases—amendments Nos. 21 to 26. Government amendments Nos. 24 to 26 provide some useful technical clarification of schedule 8, which introduces a completely new framework for the taxation of leases, in relation to the backdating of the provisions. The Opposition have no objection to those amendments being made.

I particularly welcome amendments Nos. 21 to 23, since they are virtually identical to amendments which I tabled in Committee and which the Financial Secretary graciously said that he would look into. In three places, the Bill imposes a motivation test. The formulation usually adopted in anti-avoidance legislation asks whether the purpose, or one of the main purposes, of entering a relevant transaction is that of obtaining a tax advantage. By contrast, under schedule 8 it is sufficient if the Revenue can show that the circumstances of the case are such that it would not be unreasonable to conclude that the purpose of entering the transaction is to gain the tax advantage. Under the traditional formulation for motivation provisions, it is for the Revenue to prove its case in court—that is, that obtaining the tax advantage was the purpose of entering the transaction. It would have to prove that on the balance of probabilities, according to the normal civil standard of proof. However, under the formulation chosen in schedule 8, the Revenue would no longer have to prove that tax avoidance was one of the motivations—it would have only to show that it was not unreasonable to reach that conclusion. That seems to allow for the possibility that the Revenue might succeed despite failing to show that the actual purpose was to obtain a tax advantage, if it could show that it was not unreasonable to conclude in the circumstances that that was the motivation. It would then be up to the taxpayer to show that the relevant tax inspector's decision was unreasonable in the circumstances. That alters the ordinary onus of proof and therefore gives rise to significant problems.

I am grateful that the Financial Secretary has reviewed the matter and decided to remove the formulation that I mentioned and return to a more orthodox approach that requires the Revenue to prove that tax avoidance was the motivation. I hope that that change of approach by the Government will be reflected in future and that the "not unreasonable in the circumstances" formulation does not become the norm in tax law. That was one of the main anxieties raised with me by organisations such as the Law Society, which was concerned not only about the

impact of this measure in terms of the taxation of leases but about the possibility of its becoming the standard form for drafting anti-avoidance provisions.

I am positive about the Government's amendments to schedule 8, and I need only delay the House with a few remarks on the schedule. The Opposition still have serious reservations about the new framework for the taxation of leases. Although it is improved by the Government amendments, we are concerned that the abolition of tax incentives for leasing environmentally friendly equipment could harm the battle against climate change. The administrative costs of proposed new section 70Q(2)(d)of the Capital Allowances Act 2001 could be excessive, with lessees forced to establish the tax position of their immediate lessors and superior lessors; and, if they are overseas companies, their theoretical position in UK tax law, had they been subject to UK taxes. That could be a complex process and is not one that is required by the needs of the Revenue.

There is a danger that the new provisions on the taxation of leases could interact negatively with the tonnage tax regime. Overall, we are concerned about the considerable complexity of the new rules in schedule 8. We are worried about the impact that the changes could have on the leasing industry, which plays an enormously important role in UK business investment and fixed capital formation. The Finance and Leasing Association has reported that its members provided the finance in about a quarter of all fixed capital investment in the UK in 2004, involving some £93 billion in new business.

The outgoing leasing rules have proved attractive to foreign direct investors, so their loss might be expected to remove an important incentive to bring business to the UK. We also believe that the shift of capital allowances from lessor to lessee, which is at the heart of schedule 8, will push up costs for the public sector. The NHS in particular has benefited in recent years from reduced costs in leasing equipment, because it can pass on to lessors the tax allowances on those leases which, as a non-taxpayer, it cannot use itself.

We hope that the Government will keep the new framework for the taxation regime for long-funding leases under review and monitor its impact on the three areas that I have outlined, namely business investment, the public sector and overseas investment in the UK. We also hope that they will consider seriously the options for simplification, and that they will continue to consult the market participants affected by these rules closely, because of the key role that the leasing industry plays in business investment, and hence in productivity in the economy.

We acknowledge, however, that the Government have conducted a lengthy and detailed consultation with the industry on these matters, and that they have removed a number of the problems that initially arose from their draft proposals. So as well as graciously conceding an important point today, they have taken steps to remove several difficulties that were present in the earlier drafts.

My comments on Government amendment No. 98 will be even more brief. The provision relates to schedule 5 and the Government's new framework for film tax, and it seems to provide a sensible, albeit minor, clarification of the provisions. I shall therefore add only a few general remarks about the provisions that the Government are seeking to amend today. There is of course a degree of consensus on the film industry. Members on both sides of the House recognise the importance of making the UK a competitive and attractive place in which to make films, because of the commercial and cultural importance of the film industry, and because it is a highly mobile industry and we are competing with other jurisdictions providing incentives for film makers.

We all agree that the old section 42 and section 48 reliefs have been abused and that they have to go because they are not providing sufficient value for money for the taxpayer. If we are going to have film tax reliefs, it make sense to focus them on the people who actually make films, as the Bill attempts to do, rather than on those who merely wish to reduce their tax bill—the people whom the Chancellor memorably described as the grey middlemen.

There are, however, a number of technical problems with the new structure, such as the blurred edges of the definition of a film production company, and the requirement that such a company be involved in pre-production as well as in principal photography and post-production. We are also concerned about the impact of the rules on TV companies, which cannot claim the reliefs but are still subject to the burdens of the framework, including problematic new accounting provisions.

Above all, we very much hope that the pattern of continuing changes in the film tax regime that we have seen in recent years will not be repeated in the next Finance Bill. There have been recurring amendments to the regime, and the resulting instability creates serious difficulties for the industry, driving up costs and deterring film makers from coming to the UK. We urge the Government to do everything possible to provide a stable tax framework for the British film industry, and one that will provide much greater value for money for the taxpayer—

Mr. Deputy Speaker: Order. May I remind the hon. Lady that these are minor technical and drafting amendments? Her remarks are going rather wide of those matters.

Mrs. Villiers: Mr. Deputy Speaker, you have been very indulgent, and I am grateful to you and to the House for listening to my general remarks, which I was about to conclude.

Julia Goldsworthy: We consider these proposals to be minor technical amendments and we do not need to make any detailed comments on them at this stage.

The Financial Secretary to the Treasury (John Healey): I welcome the fact that the hon. Member for Chipping Barnet (Mrs. Villiers) regards these amendments as useful. The provisions on leasing are narrow, and I do not propose to re-run the wider arguments that we went into in some detail in Committee. However, we will keep the new regime for leasing under close review. We will also consult the interests in the industry when monitoring the impact and operation of the new regime, just as we did during its design.

[John Healey]

Amendments Nos. 21 to 23 in particular reflect the points made by the hon. Lady in Committee, as well as the representations of the Law Society. We have had a chance to look at all those points more closely, and we have now tabled those amendments. I pay tribute to her work and to the representations of the Law Society on this matter.

On amendment No. 98, the hon. Lady is right to say that there is a degree of consensus in the House on the need to support our film industry. It is an important, innovative, creative and economically successful industry. There is also consensus, however, that we need to safeguard against the practice of artificially inflating claims for relief or abusing the reliefs that we put in place. We believe that the Bill gets the balance right and that the new regime will work, but we will keep it under close scrutiny.

Perhaps the House will be interested in a letter that Mr. Dan Glickman, the chairman of the Motion Picture Association of America, sent to the Chancellor last month, in which he said of the American industry:

"Our industry...finds the UK an enormously attractive location to produce our films for a variety of reasons. We are optimistic that the revised tax program will continue to make the UK an economically attractive location as well".

Amendment agreed to.

Clause 61

COMPUTER EQUIPMENT

Julia Goldsworthy: I beg to move amendment No. 126, page 46, line 29, leave out clause 61.

Thank you, Mr. Deputy Speaker, for giving me the opportunity to raise this issue again. I believe that a fundamental problem still remains, and I welcome the opportunity to discuss it again on Report. However, rather than rehearse the arguments that were put in some detail in Committee, I shall ask a number of questions to which I hope the Paymaster General will be able to respond.

Clause 61 seeks to remove the tax exemption that existed prior to the Budget, whereby employers who made computer equipment available for private use could do so tax-free, provided that the annual amount of the benefit in kind was £500 or less. Under the new regime, it remains the case that when the personal use of computer equipment is "not significant", it does not need to be reported for tax purposes. What value does the Paymaster General attribute to "not significant"? How much below the previous limit of £500 per year will it be? How will the Government assess what does and does not count as significant?

The Paymaster General made the point in Committee that the system was being abused—by being extended to include MP3 players, for example. There was a great deal of discussion at the time about what evidence the Government had used when they decided to withdraw the scheme rather than to tighten the definitions. The Paymaster General was kind enough to give examples of websites illustrating how the scheme could be abused, but can she quantify the scale of the abuse? Half a million people have benefited from the scheme, and many family members, as well as employees, now have access to a computer at home as a result. In particular, people found the kind of support provided through the scheme particularly helpful and reassuring.

Companies involved in delivering the scheme were reporting an increase in uptake, and I do not believe that that was entirely due to abuses of the system. However, if the Paymaster General has evidence to show that that increase was due solely to such abuse, I would welcome that information. However, the Paymaster General rightly pointed out the perceived weakness of the scheme—that it related only to employees, and that vulnerable and isolated groups not in employment could not benefit from it. The Home Computing Initiative Alliance recognised that, and I understand that it was in discussions with the Treasury and auditors about how best to resolve that issue when the scheme was withdrawn.

3 pm

While I recognise and applaud the new digital inclusion team announced in the Committee of the whole House, why were existing partners not deemed appropriate to fulfil the remit that was described? Will the entirety of the £370 million in savings generated by the scheme's abolition be transferred to the new team, or will some of that go back into the Treasury pot? That question was asked in the Committee of the whole House, but I do not see a response to it in *Hansard*. Finally, will the Paymaster General provide us with an update on the digital inclusion team's work? On that note, I look forward to her response.

Mr. Francois: It is a pleasure to follow the substantive contribution of the hon. Member for Falmouth and Camborne (Julia Goldsworthy). As the House may recall, we debated in some detail the Government's proposal to abolish the home computing initiative scheme, under clause 61, in the Committee of the whole House on 2 May. On that occasion, the official Opposition proposed the deletion of clause 61, which, as I recall, the Liberal Democrats supported. If the hon. Member for Falmouth and Camborne presses her amendment to a Division, we shall remain consistent with our original position, return the compliment and support her amendment.

On 2 May, I spoke on this matter for some time and, I hope, in considerable detail, going back to the genesis of the scheme under section 45 of the Finance Act 1999. I therefore suspect that the House will welcome the fact that I do not propose to rehearse all that today. Instead, my aim this afternoon is to re-examine the Government proposal under five fairly succinct—I hope—headings. First, how was the decision to abolish HCI taken? Secondly, what was the subsequent impact? Thirdly, why was an alternative scheme not adopted? Fourthly, what is the tax position now, including such questions as: what now constitutes private use, which can be deemed for tax purposes to be "not significant"? Lastly, what really lay behind the decision all along?

On the first question, there is little doubt in the industry or elsewhere that the decision to abolish the scheme was taken late in the run-up to the Budget. That is evidenced by several points. In the days immediately preceding the Budget, the HCI Alliance, which represents companies specialising in this field,

was negotiating with the Treasury in good faith to see how the scheme could be modified, in order to save it from the allegations that elements of it were being abused. The HCI Alliance was therefore shocked when the scheme was abolished in the Budget on 22 March, while those negotiations were effectively still ongoing. They were not the only ones to be caught out. The Department of Trade and Industry, the scheme's departmental sponsor, was also taken unawares, not least as it was about to roll out the scheme to its own employees, and was promoting it on its departmental website on the day of abolition, stating:

"The real beauty of HCI schemes is that they have the potential to improve performance in almost every area of the organisation. As well as traditional drivers—reducing cost, increasing profitability—they can also contribute to more recent imperatives such as corporate responsibility, individual learning and workplace development."

The Department for Work and Pensions, one of the largest employers in government, was also about to roll out the scheme to its staff, and was also blind-sided by the Treasury.

The announcement also drew criticism from the CBI and the TUC, both of which had actively promoted the scheme to their members. Brendan Barber, the general secretary of the TUC, protested:

"The Home Computing Initiative has helped thousands of low-paid workers without confident IT skills buy their first ever computer. Unions up and down the country have been promoting the scheme, often linked to training schemes. The sudden closure of the scheme would mean that many hours of voluntary union effort would go to waste."

Moreover, the matter received no prior formal public consultation and, as the Government's regulatory impact assessment pointed out, unusually, no small firms impact test was carried out in advance of the decision either. In short, it had all the hallmarks of a decision taken hurriedly in the final few days before the Budget announcement, as the printers were training to print the final version of the Red Book.

Rob Marris: I thought that this was going to be succinct.

Mr. Francois: The hon. Gentleman says from a sedentary position that he thought my comments were going to be succinct. I say gently to him, having heard him once or twice in Committee, that there is an element of the pot calling the kettle black about that.

Rob Marris: Can the hon. Gentleman cite where in Committee I spoke for more than two columns of *Hansard* in any one speech or intervention?

Mr. Deputy Speaker: Order. I would prefer that we stuck to the proceedings before the House this afternoon.

Mr. Francois: Thank you, Mr. Deputy Speaker. I shall gladly write to the hon. Gentleman on that matter, either one way or the other.

As for the impact of the decision, take-up of the HCI scheme was just beginning to take off when the Treasury suddenly and unfortunately announced its abolition. Nearly half a million employees around the country had taken advantage of the scheme to help improve their computer literacy and that of their families, which was part of the point of the scheme. More than 1,000 organisations, including public, private and voluntary sector bodies had begun to use the scheme. More than 100 different NHS trusts and hospitals had done so, including King's College hospital and even the Sedgefield primary care trust, as had a wide variety of local authorities, a number of which were Labour-run. Many other organisations were also planning to adopt the scheme, including, as we have heard, two Departments.

Unfortunately, even for organisations that had already signed up their employees, the benefits will now be time-limited, as once current HCI agreements expire they cannot be renewed on the same terms. That is confirmed by paragraph 71 of the regulatory impact assessment, which states:

"Changes to the exemptions for computers and mobile phones were announced in the Chancellor's Budget Statement on 22 March 2006 and will take effect from 6 April 2006. However, those people also participating in schemes based on the law as it applied prior to 6 April will not be affected until the period of their current agreement expires and they enter into a new agreement."

Therefore, even those people's HCI schemes will run out when whatever agreement they happen to have signed over the past few years reaches its originally agreed termination date. If clause 61 remains in the Bill, they will not be allowed to renew on those terms.

David Taylor (North-West Leicestershire) (Lab/Co-op): Having worked in the computing industry for 30 years before coming to this place, I welcomed the initiative and the attempt to raise levels of computer literacy, as lack of such literacy has resulted, among other things, in unnecessary recruitment from abroad to fill jobs that UK citizens could do. However, does the hon. Gentleman acknowledge that any Government must act if they believe that a scheme has been abused, or that growing numbers of people are using it in a way not anticipated under the original terms and objectives?

Mr. Francois: I thank the hon. Gentleman for his intervention. As he knows, I have quite a lot of time for him. At one level, what he says is correct, if the motive had genuinely been to address abuse. First, however, I do not believe that there was widespread abuse of the scheme, as I shall briefly explain. Secondly, as I hope I shall demonstrate, I believe that the motivation was not to combat abuse per se, and that the Government had other reasons. The issue of abuse has been used as a smokescreen, and I shall explain why. I take his point, but I do not believe that what he describes is what happened in this instance.

The impact on employment has been estimated by the UK trade body Intellect at around 2,000 job losses. Since the announcement was made, a number of companies operating in the field, including Red PC, Encompass and Evesham Technologies have, sadly, announced redundancies as a result. The greatest overall effect, however, is on the people who will no longer be able to avail themselves of the scheme, many of whom are in modestly paid jobs. When we debated the matter in the Committee of the whole House, I read into the record a series of e-mails and web comments from people who feared that they would no longer be

[Mr. Francois]

able to use the scheme. I will not go over that again, but in summary, the HCI Alliance estimated that 60 per cent. of the scheme's participants are in blue-collar industries and 75 per cent. pay the standard rate of tax or lower. Three quarters of the people who were using the scheme could hardly be described as rich by any measure. Moreover, the computer supplier Intel pointed out in a letter to me that 21,000 Tesco workers had taken up the scheme, and expressed the view that many of them would not have computers had they not been offered them under the scheme.

Why was an alternative scheme not adopted? We debated that at some length on 2 May. If the Treasury was generally concerned about the degree of abuse to which it argued that the scheme was subject—and I accept that there was some abuse at the margin—it should have been possible to amend the 2004 scheme guidelines to specify a "positive" list of products to which the scheme and the exemptions would apply in future, perhaps supplemented by a "negative" list of those to which they would definitely not apply. That would have been a way of tightening up the scheme in order to save it.

There is a precedent. The Government in Sweden have operated a system similar to the HCI for some time, and similar concerns were expressed there about people seeking to exploit the tax advantages by purchasing equipment outside the original spirit of the rules. However, in 2004, rather than scrapping the scheme the Swedes simply tightened the rules on qualifying equipment. It deemed that only personal computers were allowed, with a maximum of one per employee. The monitor size was restricted to 30 in to avoid the alleged abuse by people using the scheme to buy large-scale plasma televisions. Peripherals and accessories were divided into two categories: those primarily used connected to a PC, such as keyboards and printers—which were allowed—and those whose primary use did not involve a PC, such as digital cameras and MP3 players, which were specifically not allowed.

Even if the Treasury refused to accept the Swedish example wholesale, as we have argued before, restrictions of that kind would be relatively simple to introduce through modification of the guidelines. The Government simply cannot hide behind excuses such as the difficulty of defining qualifying equipment, because we have already given them an empirical example of that being done successfully elsewhere. Furthermore, that very option was included in the Government's own regulatory impact assessment, under the heading "Refocus the Exemptions". The more tightly defined scheme, which was option 2 in the RIA, still offered considerable revenue savings to the Treasury, while also offering the prospect that the scheme could continue relatively intact. If option 2 had been used, the taxpayer would have saved money against the alleged abuse, while the scheme—still relatively intact—could have achieved its objective of contributing positively to the spread of e-literacy among the population. The Government could have saved it if they had wanted to; their own regulatory impact assessment makes that clear.

What is the tax position now? Here we see some clarification from the Paymaster General. If the Government are determined to press ahead with their decision, that leaves open the question of the tax position following the introduction of clause 61. Paragraph 22 of the RIA states

> "If significant private use is made of a computer provided for business purposes a tax charge will arise on the private use element based on the value of the computer and the extent of the business and private use. Employers will also be liable to class 1A National Insurance contributions."

On the day of our debate in the Committee of the whole House, *The Times* said in a leading article

> "Treasury officials have promised to take a "practical" view of how much private use should be regarded as "significant". The most practical approach, when the issue is debated in the Commons today, would be to withdraw it. We are watching."

I very much hope that it is still watching.

Can the Paymaster General update us on the progress of the post facto consultation with interested parties? Paragraph 74 of the RIA implied that that work would be completed by Royal Assent. As Third Reading is due in just a few hours, and as, following scrutiny in the House of Lords, we might reasonably expect Royal Assent before the end of July, can the Paymaster General tell us whether a solid working definition has been achieved so that employees will know exactly where they stand in relation to tax—which will be very important to them—and employers will not have to endure a complicated compliance burden to try to stay on the right side of the law, as all Members of Parliament would expect them to do?

3.15 pm

What really lay behind the decision? The answer seems very clear: the Chancellor simply wanted the money. The Red Book reveals that the decision to scrap the HCI will raise some £300 million in revenue between 2006-07 and 2008-09. No doubt that preyed heavily on the Chancellor's mind in the run-up to the Budget, given that he is now pledged to borrow an incredible £175 billion over the next six years. Coming from a Chancellor who always likes to wax lyrical about making decisions for the long term, this smacks of short-term decision making of the worst kind. Indeed, we observed the irony during the most recent Treasury questions, on 15 June. The Chancellor himself was berating the Opposition for, in his opinion, not doing enough to encourage investment in computers.

David Taylor: Is it not the case that over a three-year period, £200 million represents about one sixtieth of 1 per cent. of a public expenditure total of some £1,200 billion? Is the hon. Gentleman really suggesting that what is, in that context, a trivial sum would provide the motivation for a decision of this kind?

Mr. Francois: The hon. Gentleman must forgive me; I know that he is an accountant by training, but I would not call hundreds of millions of pounds trivial in any context. I remind him of what the Chancellor proudly told the *Daily Record* in March 1999, when he was attempting to float the official version of what became the HCI. He said

> "Britain can no longer afford to lag behind America. Inequality in computer learning today will mean inequality in earning power tomorrow".

Perhaps the hon. Gentleman should take that point up with the Chancellor directly. Someone must tell him that his decisions should remain consistent at least for a few months.

Is it any wonder that even Labour Members are beginning to doubt the Chancellor's judgment? That was evidenced in an excellent article in yesterday's edition of *The Daily Telegraph* by Rachel Sylvester, entitled "Twitchy Labour MPs look to ditch Brown along with Blair". As she explained,

"Even Mr. Brown's closest allies in the Commons are becoming frustrated with their preferred leader. Changing people who are set in their ways is very difficult according to one weary MP."

Quite.

This is clearly a decision made in haste by a Chancellor on the look-out for short-term revenue-raising measures. In fairness to the Paymaster General, it must be said that, as so often happens, the Chancellor has made a difficult decision and expected his junior Ministers to front for him. His decision will impede the spread of computer literacy in our country, not least among modestly paid employees and their families, at a time when, according to Hewlett Packard, our international competitors such as China and India are between them churning out more than 100,000 IT graduates a year.

The bottom line is that the Government could have refocused the exemptions to protect revenue for the taxpayer, and still have saved the scheme. They had that option, but they did not follow it because they wanted every penny that they could squeeze. Nevertheless, I call on the Government one last time to reverse this erroneous decision—although, sadly, I believe I know the outcome even before I ask the question.

Dawn Primarolo: In Committee of the whole House, I made it clear that there were a number of reasons why it was the right time to remove the exemption. I shall briefly repeat each one.

The home computer initiative has been used extensively by groups whom we would not generally expect to experience difficulty in accessing information technology. Twenty-five per cent. of participants in the scheme are higher rate taxpayers, more than twice the proportion among taxpayers as a whole. Furthermore, nearly a third of participants are employed in white-collar industries. In March, the Low Pay Commission published the findings of its review of benefits in kind, salary sacrifice schemes and the accommodation offset. It found that take-up rates were often low and that many part-time low-paid workers would gain no advantage from salary sacrifice schemes for home computers and other benefits in kind. The analysis shows that those who can afford to do so have the computers and those who cannot afford to do so, do not. The recommendation was, therefore, to refocus—not to amend—the scheme.

David Taylor: It may be that the benefit of the scheme was focused on the middle class, IT-literate, higher paid section of the population, but many people would have been happier had the savings—some £200 million over three years—been refocused in a way that enabled access for older or less-well-off people in certain areas. It could have been done perhaps through the community education system, which has had some problems in recent times.

Dawn Primarolo: My hon. Friend is right and I will come to that point.

The HMRC also had evidence that the tax exemption was being used beyond the scope of its original intention, not only in the equipment provided but in the marketing of the scheme, which implied that people could buy that equipment at prices offset against their salary sacrifice.

Julia Goldsworthy: Will the Paymaster General give way?

Dawn Primarolo: I shall come to the hon. Lady's points and, if necessary, give way then.

The investment for the groups that my hon. Friend mentioned was specifically addressed in the digital review and the Low Pay Commission report. I shall come to those points when I have finished explaining why the scheme was not appropriate. It was the correct time for the Government to remove the exemption and better focus support on the groups of people in our community that my hon. Friend mentioned, so as to increase access to technology for the poorest, the unemployed, the elderly and the low paid. Salary sacrifice schemes cannot provide that access.

During proceedings in the Committee of the whole House, I announced that we would establish a dedicated digital inclusion team. That team has now been set up by the Department for Communities and Local Government, and is working closely with the City of London Corporation. It will champion examples of excellence in using highly effective and efficient information and communication technology to tackle the key drivers of exclusion. It will also promote leadership and understanding and inform decisions.

I also announced that the Government would change the aims and objectives of the digital strategy to focus on digital inclusion. The Treasury will collaborate closely with industry on meeting the goals of the digital strategy, building on the success of more than 6,000 UK online centres—more than half of which are located in the 2,000 most deprived wards in England. Some 90 per cent. of the population live within 5 km of one of those centres, and that is precisely the type of investment that is needed to reach those groups.

It is stunning that every time the hon. Member for Falmouth and Camborne (Julia Goldsworthy) is asked about the Liberal Democrats' spending commitments, we are told that they have a commission and are thinking about it. Then she berates the Government for investment in making progress on tackling social exclusion—

Julia Goldsworthy: Will the Paymaster General give way?

Dawn Primarolo: I will give way to the hon. Lady if she will tell me where she will get the £300 million for the unfocused support of those who already have access to the technology and how she plans to tackle the exclusion of everybody else.

Julia Goldsworthy: Is it right that all the money saved from the withdrawal of the scheme will be reinvested in digital inclusion for vulnerable groups?

Dawn Primarolo: I have told the hon. Lady the Government's plans for spending the money. She has a flipping cheek—I shall rephrase that. It is somewhat audacious of the hon. Lady to suggest that I should forecast future Government spending when she is not even prepared to make a current commitment on expenditure by her party on anything, let alone in this area.

I have made it clear that with the refocusing of the digital strategy, the setting up and use of the digital inclusion team and the discussions that we are having with industry, we are looking at how we can refocus support on targeted groups. I remind the hon. Member for Rayleigh (Mr. Francois) that if those people are low paid, unemployed or elderly, a salary sacrifice scheme will not help them, however it is amended. The point of the reports that the Government received was to demonstrate that the resources should now be directed at the groups I have mentioned.

The final question was about the remaining arrangements for when computer equipment is provided by employers solely for work purposes and the definition of "significant" in relation to private use. The HMRC's interpretation of not significant is that

"where a computer is provided by an employer because it is necessary for an employee to have it available at home or in the office to carry out the duties of their employment, it is highly unlikely that any private use made of that equipment will be significant when compared to the business need."

It is assumed that the business need would outweigh any consideration of private use. To put that point beyond doubt, the HMRC—in consultation with the employers—has drafted guidance with detailed explanations of the point, which is currently being scrutinised. Employers can still provide computers for business need.

It is entirely appropriate that the Government should refocus the resources. There is no hidden agenda. The agenda is clear and it involves reaching out to those who are excluded from information technology and ensuring that the regime as provided is properly used. That is precisely what we have done.

Julia Goldsworthy: I shall be brief. Although the hon. Member for Rayleigh (Mr. Francois) may not approve, I am sure that many other Members will be grateful.

The unfairness still stands. People who could have benefited from the home computer scheme will not be able to access it and, as has been said in previous debates and again today, many of those people are in blue-collar jobs and low-income households. Businesses have closed as a result of the end of the scheme, so what confidence can the Paymaster General expect businesses to have in the Government's proposals to extend digital access to vulnerable groups? Why would they support or invest in future schemes, given their experience of the home computer scheme?

3.30 pm

The right hon. Lady has not explained why the Government were not able to tighten the definition, when other countries were perfectly able to do so. For those reasons—

Mr. Francois: Will the hon. Lady give way?

Julia Goldsworthy: Of course I will give way to the hon. Gentleman, provided that he is succinct.

Mr. Francois: I cannot give the hon. Lady an absolute guarantee—that is subject to the Chair.

Having heard the Government's explanation of what they have decided to do, we would very much like to join the hon. Lady in the Lobby if she decides to press the amendment to a vote. Does she agree that as the Paymaster General said that draft guidelines had been prepared on the "not significant" issue, it would be helpful if the Government placed a copy of the guidelines in the Library as soon as possible?

Julia Goldsworthy: I very much agree with the hon. Gentleman's last point. I was hoping to intervene on the Paymaster General to ask her to place in the Library the evidence provided to her by HMRC that the scheme was being used beyond its scope.

For the reasons I have outlined, I feel that the issue is still significant and I shall press the amendment to a vote.

Question put, That the amendment be made:—

The House divided: Ayes 224, Noes 274.

Division No. 279] **[3.29 pm**

AYES

Afriyie, Adam	Clark, Greg
Ainsworth, Mr. Peter	Clarke, rh Mr. Kenneth
Alexander, Danny	Clegg, Mr. Nick
Amess, Mr. David	Clifton-Brown, Mr. Geoffrey
Atkinson, Mr. Peter	Conway, Derek
Bacon, Mr. Richard	Cox, Mr. Geoffrey
Baker, Norman	Crabb, Mr. Stephen
Barrett, John	Curry, rh Mr. David
Beith, rh Mr. Alan	Davey, Mr. Edward
Bellingham, Mr. Henry	Davies, Philip
Benyon, Mr. Richard	Davies, Mr. Quentin
Bercow, John	Djanogly, Mr. Jonathan
Beresford, Sir Paul	Dodds, Mr. Nigel
Binley, Mr. Brian	Donaldson, Mr. Jeffrey M.
Blunt, Mr. Crispin	Dorrell, rh Mr. Stephen
Bone, Mr. Peter	Duddridge, James
Boswell, Mr. Tim	Duncan, Mr. Alan
Bottomley, Peter	Duncan Smith, rh Mr. Iain
Brady, Mr. Graham	Dunne, Mr. Philip
Breed, Mr. Colin	Ellwood, Mr. Tobias
Brokenshire, James	Evennett, Mr. David
Brooke, Annette	Fabricant, Michael
Browne, Mr. Jeremy	Fallon, Mr. Michael
Bruce, Malcolm	Farron, Tim
Burns, Mr. Simon	Featherstone, Lynne
Burrowes, Mr. David	Field, Mr. Mark
Burstow, Mr. Paul	Foster, Mr. Don
Burt, Alistair	Francois, Mr. Mark
Burt, Lorely	Fraser, Mr. Christopher
Cable, Dr. Vincent	Gale, Mr. Roger
Campbell, rh Sir Menzies	Garnier, Mr. Edward
Carmichael, Mr. Alistair	Gauke, Mr. David
Carswell, Mr. Douglas	Gibb, Mr. Nick
Cash, Mr. William	Gidley, Sandra
Chope, Mr. Christopher	Gillan, Mrs. Cheryl
Clappison, Mr. James	Goldsworthy, Julia

Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Roger Williams and Mr. Dan Rogerson

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan

Johnson, Ms Diana R.
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Ian Cawsey and Huw Irranca-Davies

Question accordingly negatived.

Schedule 6

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

Ed Balls: I beg to move amendment No. 99, page 181, line 2, at end insert—

'Repeal of rent factoring provisions

A1 (1) Sections 43A to 43G of ICTA (rent factoring) shall cease to have effect.

(2) The amendment made by this paragraph has effect in relation to transactions entered into on or after 6th June 2006.'.

Mr. Deputy Speaker: With this it will be convenient to discuss Government amendments Nos. 16, 100, 17 and 101 to 106.

Ed Balls: These amendments cover two similar areas. They deal with changes to the legislation on "repos"—the name for agreements for the sale and repurchase of securities—and introduce legislation on the factoring of income generally, replacing existing legislation on the factoring of rents from land. Both these areas involve anti-avoidance rules.

Amendments Nos. 99 to 101 deal with factoring of income generally and are more substantial, so I will describe them first. The ideas behind the rules for structured finance arrangements are not new; they build on, extend and replace legislation introduced in 2000 called rent factoring. However, the structures that Her Majesty's Revenue and Customs has seen recently are new: they take rent factoring ideas and extend them to types of receipts other than rents.

Before turning to the detail, it may be helpful to start by outlining why the amendments are being introduced at this stage of the Finance Bill cycle, rather than on Budget day. The context is that, earlier this year, HMRC became aware that a major corporation had entered into the new type of factoring scheme to avoid paying tax on significant amounts of income. At that stage, HMRC was not aware of the detailed mechanics of the scheme, so the Government were not in a position at Budget time to introduce properly targeted legislation. Work continued to ensure that the scheme was properly understood and then on developing a legislative solution.

3.45 pm

On 6 June, my right hon. Friend the Paymaster General announced to Parliament that the Government would introduce amendments to the Finance Bill on Report to ensure that the new type of factoring arrangement would be properly taxed, and that the legislation would have effect from 6 June. On that day, HMRC published draft legislation and a detailed explanatory statement on its website identifying the types of scheme that the legislation would affect. It also invited interested parties to attend a longer open day later in June, with HMRC

and Treasury officials, with the object of clarifying the new rules and identifying any areas where they might need to be amended. As I said, this is, in essence, anti-avoidance legislation. The Government do not usually consult about anti-avoidance legislation.

Mr. Hoban: Will the Minister explain to the House the principal differences between the draft legislation that was published on 6 June and the provisions in front of us today? What types of transactions were taken out?

Ed Balls: I was just coming on to explain how the consultation had affected the initial proposals and how consultation had helped us to make better tax policy.

I was saying that, normally, one would not consult on this kind of anti-avoidance legislation, but because we are talking about a difficult area, we thought that it would be helpful for there to be a period of consultation and discussion about the detail—as long as it was always clear that the legislation would have effect from the date that it was announced, 6 June, and provided that the House was content for these amendments to be introduced on Report. As I said, we held an open day discussion on 20 June, which was attended by about 30 representatives of business and the advisory professions, to go through the legislation and, in particular, to consider whether the exclusions that had originally been built in were sufficient. Those exclusions were to make sure that we did not inadvertently capture appropriate behaviour as we tried to deal with the particular form of tax avoidance relating to this complex way of providing loan finance.

The consultation process has been constructive and beneficial in identifying areas where changes to the original proposals were needed in order to exclude cases that could be inadvertently caught. The process has been welcomed by business as a way of striking the right balance between protecting tax revenues and making sure that we get legislation right. The main exclusions are for transactions that are already taxed in the way that the amendments propose. That includes finance leases and other similar arrangements such as repos, stock lending and some types of Islamic finance. To put the point beyond doubt, ordinary loans are also excluded. In essence, the new legislation for structured finance arrangements will bring other types of financing arrangements into line with the new finance leasing rules, and so remove what would otherwise have been an anomaly from the tax system.

I want to confirm in particular that, following discussions, the finance leasing industry is content with the exclusions in the amendments. In response to the hon. Member for Fareham (Mr. Hoban), I should say that it was around those issues of finance leasing that most of the detailed changes to the original 6 June announcement were made. Following those consultations with the industry, we understand that it is content that the exclusions in the amendments provide the right outcome, particularly in relation to any overlap between the leasing rules and the structured finance rules. We think that these measures are a proportionate response to complex arrangements. Had we not acted, several hundreds of millions of pounds of tax would have been at risk. The provisions do not penalise, but put all finance arrangements on a level playing field so that a company's decision on how to finance itself is not driven by tax considerations, but by commercial ones.

Amendments Nos. 16 and 17 are changes to the tax treatment of sale and repurchase—or, as they are commonly known, repo—transactions. These amendments are the Government's prompt reaction to a recent adverse decision of the special commissioners—the first instance tax tribunal—in a case where there was what is known as a three-legged repo. Clearly, in this case, there was no question of consultation because we were responding to that decision.

Repos are used widely in the financial markets as a form of a secured loan. They typically involve one party agreeing to sell securities to another, with a related agreement to buy back the securities at an agreed future date at a price agreed at the outset. Ordinary repos involve only two parties: the original holder and the interim holder. The special commissioners held that the legislation for taxing repos did not work properly in a three-legged repo situation and upheld a company's claim to a deduction when, overall, there was no net loss to the group of companies involved. It is very likely that HMRC will appeal that decision, but it opens up the possibility of companies trying to enter into similar schemes in the hope that the special commissioners' decision will be upheld. The possible cost of that could run into hundreds of millions of pounds.

The amendments on repos will ensure that such a scheme will not succeed in future, whatever the outcome of the appeal. The changes will not have any wider effect on genuine commercial repo transactions. This is another example of us acting quickly and fairly, but properly, to deal with tax avoidance without damaging legitimate transactions. I hope that I have assured the hon. Member for Fareham that the consultation has been well handled, and I commend the amendments to the House.

Mr. Hoban: I thank the Minister for his explanation of these complex and technical changes. He was right to suggest that the consultation process has been thorough and effective. Given that many of the issues on which we have had conflict during the passage of the Bill have been areas on which there has not been proper consultation, that is something on which we can agree. The Minister has taken on board fully the remarks made by tax advisers. On that point, may I put on record my thanks to the advisers who have helped us throughout the passage of the Bill? PricewaterhouseCoopers has helped us to tackle some of the complexities of the Bill, but it was not alone in providing us with guidance, support, suggestions and help.

The Minister is right to clamp down on the problem. I understand that taxpayers are trying to obtain tax relief on both the interest and the principal. The example given in the explanatory notes demonstrates the extent to which people will structure such transactions simply to acquire tax relief on them. The amendments are thus valid. My discussions have shown that the industry is broadly content with them. Things such as finance leases were in the original scope of the draft legislation and the fact that they have been taken out is welcome. There is provision in the legislation that when other genuine commercial transactions could be caught by the changes, there is a mechanism for ensuring that they will fall outside the scope of the anti-avoidance provisions.

[Mr. Hoban]

May I ask several questions about repos? The Minister was right to point out that such transactions are ordinarily straightforward. However, the transactions that came to the Government's attention through the case considered by the special commissioners involved three parties. The original owner sold securities to an interim purchaser, who sold them to someone else, who then sold them back to the original owner—that is quite a complex loop. When considering such transactions, did the Treasury or HMRC do any research to determine whether any valid commercial transactions involved three parties in a tri-party repo arrangement?

I understand that there are frequently occasions on which a third party will act as an agent between the two parties to a repo. Will the Minister confirm whether the use of agents will lead to transactions being classified as tri-party repos and thus fall under the terms of the amendments? Clarification on that would be useful because agents are widely used when such transactions are carried out.

The third issue is assignment and novation of the arrangements. There may be occasions when, for entirely commercial reasons, existing repos are assigned and novated to another party—for example, as part of a corporate reorganisation or a transfer or takeover of business. In those circumstances, since the assignee would not be the party to whom the securities were originally sold, one would not expect that they would be eligible for tax relief in respect of any deemed manufactured dividend or interest. There is some concern that the new rules might capture those transactions inadvertently.

I should be grateful if the Minister responded to those three concerns: has there been any research into the valid commercial use of tri-party repos; will it capture deals where an agent has facilitated the repo; and what will happen where there are assignments and novations as part of an ordinary commercial transaction or corporate reorganisation? Will the Minister clarify those three matters?

Ed Balls: I am happy to clarify those three issues. Having spent some time reflecting on these matters in recent weeks, it is clear that it is a highly complex area and that changes to legislation in respect of market developments over a number of years have led to very considerable complexity. In future, we will look to finding ways to make the legislation more user friendly, without at the same time losing any of the important protections that have been introduced in recent years and in the amendments today.

On the first point, I can confirm that protection of revenue is being put in place without affecting normal transactions in any way. We have been careful to ensure that standard repo contracts will not be affected. We are talking about a particularly contrived form of three-party repo—not the sort of transactions that o' . stumbles into inadvertently. They exist only where .axpayers are attempting to avoid paying tax by using artificial or contrived arrangements. Standard commercial or two-party repos will not be inadvertently affected by the changes.

The second question was about agency cases. I can confirm that they will not be caught by the changes, as we looked into that particular problem.

On the third question about novations, I can confirm that our understanding is that they will not be caught in that way. Following the special commissioner's decision, we decided to act quickly. We do not want to open up a wider problem. As a result of the commissioners decision, the right thing to do was to act in a speedy manner and hopefully in a well thought out manner. I can assure the hon. Gentleman on all of his three ; oints. More generally, because this is a complex area, we will keep it under review and if we can take further action in future Finance Bills to bring greater simplicity while at the same time keeping proper revenue protections in place, we shall certainly do so. For now, I urge hon. Members to support the amendments, which are necessary to protect the taxpayer from the potential loss of hundreds of millions of pounds. They will also help to ensure that the vast majority of people who go about their proper business in the financial markets will not be affected by the problem.

Amendment agreed to.

Amendments made: No. 16, page 185, line 8, at end insert—

'Multiple holders of securities subject to sale and repurchase agreement: no relief for deemed manufactured payments

3A (1) Section 737A of ICTA (sale and repurchase of securities: deemed manufactured payments) is amended as follows.

(2) In subsection (5) (application of Schedule 23A and dividend manufacturing regulations), after "apply" insert ", subject to subsection (5A) below,".

(3) After that subsection insert—

"(5A) If the relevant person is not the person to whom the transferor agreed to sell the securities, the relevant person is not entitled, by virtue of anything in Schedule 23A or any provision of dividend manufacturing regulations, or otherwise—

(a) to any deduction in computing profits or gains for the purposes of income tax or corporation tax, or

(b) to any deduction against total income or total profits,

by virtue of subsection (5) above.

Where the relevant person is a company, an amount may not be surrendered by way of group relief if a deduction in respect of it is prohibited by this subsection.".

(4) In subsection (6) (interpretation), for—

(a) "subsection (5) above", and

(b) "that subsection",

substitute "this section".

(5) The amendments made by this paragraph have effect in relation to securities if—

(a) the agreement to sell them was made on or after 27th June 2006, or

(b) a person other than the person to whom the transferor agreed to sell them became the relevant person in consequence of any other agreement made on or after that date.'.

No. 100, page 185, line, at end insert—

'Structured finance arrangements: factoring of income receipts etc

3B (1) After section 774 of ICTA (transactions between dealing company and associated company) insert—

"Factoring of income receipts etc

774A Meaning of "structured finance arrangement" for purposes of s.774B

(1) For the purposes of section 774B an arrangement is a structured finance arrangement in relation to a person ("the borrower") if the following condition is met in relation to the borrower.

(2) The condition is that—

(a) under the arrangement the borrower receives from another person ("the lender") any money or other asset ("the advance") in any period,

(b) in accordance with generally accepted accounting practice the accounts of the borrower for that period record a financial liability in respect of the advance,

(c) the borrower, or a person connected with the borrower, makes a disposal of an asset ("the security") under the arrangement to or for the benefit of the lender or a person connected with the lender,

(d) the lender, or a person connected with the lender, is entitled under the arrangement to payments in respect of the security, and

(e) in accordance with generally accepted accounting practice those payments reduce the amount of the financial liability in respect of the advance recorded in the accounts of the borrower.

(3) For the purposes of this section, in any case where the borrower is a partnership, references to the accounts of the borrower include the accounts of any member of the partnership.

(4) For the purposes of this section and section 774B—

(a) references to a person connected with the borrower do not include the lender, and

(b) references to a person connected with the lender do not include the borrower.

774B Disregard of intended effects of arrangement involving disposals of assets

(1) If—

(a) an arrangement is a structured finance arrangement in relation to a person ("the borrower"), and

(b) the arrangement would (disregarding this section) have had the relevant effect (see subsections (2) and (3)),

the arrangement is not to have that effect.

(2) If the borrower is a person other than a partnership, the relevant effect is that—

(a) an amount of income on which the borrower, or a person connected with the borrower, would otherwise have been charged to tax is not so charged,

(b) an amount which would otherwise have been brought into account in calculating for tax purposes any income of the borrower, or of a person connected with the borrower, is not so brought into account, or

(c) the borrower, or a person connected with the borrower, becomes entitled to an income deduction.

(3) If the borrower is a partnership, the relevant effect is that—

(a) an amount of income on which a member of the partnership would otherwise have been charged to tax is not so charged,

(b) an amount which would otherwise have been brought into account in calculating for tax purposes any income of a member of the partnership is not so brought into account, or

(c) a member of the partnership becomes entitled to an income deduction.

(4) If—

(a) a person in relation to whom the structured finance arrangement would otherwise have had the relevant effect is a person within the charge to income tax, and

(b) in accordance with generally accepted accounting practice the accounts of the person record an amount as a finance charge in respect of the advance,

that person may treat the amount for income tax purposes as interest payable on a loan.

(5) If a person in relation to whom the structured finance arrangement would otherwise have had the relevant effect is a company within the charge to corporation tax—

(a) the advance is to be treated, in relation to the company, for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 as a money debt owed by the company,

(b) the arrangement is to be treated, in relation to the company, for the purposes of that Chapter as a loan relationship of the company (as a debtor relationship), and

(c) any amount which, in accordance with generally accepted accounting practice, is recorded in the accounts of the company as a finance charge in respect of the advance is to be treated as interest payable under that relationship.

(6) For the purposes of this section, in any case where the borrower is a partnership,—

(a) references to accounts include the accounts of the partnership, and

(b) any deemed interest is treated as payable by the partnership (whether or not the finance charge is recorded in the accounts of the partnership).

(7) For the purpose of determining when any deemed interest in respect of the advance is paid—

(a) the payments mentioned in section 774A(2)(d) are treated as consisting of amounts for repaying the advance and amounts ("the interest elements") in respect of interest on the advance, and

(b) the interest elements of those payments are treated as paid when those payments are paid,

and the deemed interest in respect of the advance is treated as paid at the times when the interest elements are treated as paid.

(8) In this section "deemed interest" means any amount which is treated as interest as a result of subsection (4) or (5).

(9) This section is subject to the exceptions contained in section 774E.

774C Meaning of "structured finance arrangement" for purposes of s.774D

(1) For the purposes of section 774D an arrangement is a structured finance arrangement in relation to a partnership ("the borrower partnership") if condition A or B is met in relation to the borrower partnership.

(2) Condition A is that—

(a) a person ("the transferor partner") disposes of an asset ("the security") under the arrangement to the borrower partnership,

(b) the transferor partner is a member of the borrower partnership immediately after the disposal (whether or not a member immediately before the disposal),

(c) under the arrangement the borrower partnership receives from another person ("the lender") any money or other asset ("the advance") in any period,

(d) in accordance with generally accepted accounting practice the accounts of the borrower partnership for that period record a financial liability in respect of the advance,

(e) there is a relevant change in relation to the membership of the borrower partnership involving the lender or a person connected with the lender (see subsection (6)),

(f) under the arrangement the share of the lender or person connected with the lender in the profits of the borrower partnership is determined by reference (wholly or partly) to payments in respect of the security, and

(g) in accordance with generally accepted accounting practice those payments reduce the amount of the financial liability in respect of the advance recorded in the accounts of the borrower partnership.

(3) For the purposes of condition A, references to the accounts of the borrower partnership include the accounts of the transferor partner.

(4) Condition B is that—

(a) the borrower partnership holds an asset ("the security") as a partnership asset at any time before the arrangement is made,

(b) under the arrangement the borrower partnership receives from another person ("the lender") any money or other asset ("the advance") in any period,

(c) in accordance with generally accepted accounting practice the accounts of the borrower partnership for that period record a financial liability in respect of the advance,

(d) there is a relevant change in relation to the membership of the borrower partnership involving the lender or a person connected with the lender,

(e) under the arrangement the share of the lender or person connected with the lender in the profits of the borrower partnership is determined by reference (wholly or partly) to payments in respect of the security, and

(f) in accordance with generally accepted accounting practice those payments reduce the amount of the financial liability in respect of the advance recorded in the accounts of the borrower partnership.

(5) For the purposes of condition B, references to the accounts of the borrower partnership include the accounts of any person who is a member of the partnership immediately before the arrangement is made.

(6) For the purposes of this section and section 774D there is a relevant change in relation to the membership of the borrower partnership involving the lender or a person connected with the lender if directly or indirectly in consequence of, or otherwise in connection with, the arrangement—

(a) the lender, or a person connected with the lender, becomes a member of the borrower partnership at any time, or

(b) there is at any time a change in the share of a member of the borrower partnership in the profits of the borrower partnership in a case where that member is the lender or a person connected with the lender.

(7) For the purposes of subsection (6)(b) the reference to a person connected with the lender includes a person who at any time becomes connected with the lender directly or indirectly in consequence of, or otherwise in connection with, the arrangement.

774D Disregard of intended effects of arrangement involving change in relation to a partnership

(1) This section applies if—

(a) an arrangement is a structured finance arrangement in relation to a partnership ("the borrower partnership"), and

(b) any relevant change in relation to the membership of the borrower partnership involving the lender or a person connected with the lender would (disregarding this section) have had the following effect.

(2) The effect is that—

(a) an amount of income on which a relevant member of the borrower partnership would otherwise have been charged to tax is not so charged,

(b) an amount which would otherwise have been brought into account in calculating for tax purposes any income of a relevant member of the borrower partnership is not so brought into account, or

(c) a relevant member of the borrower partnership becomes entitled to an income deduction.

(3) In this section "relevant member of the borrower partnership" means—

(a) in any case where condition A in section 774C is met in relation to the arrangement, the transferor partner, and

(b) in any case where condition B in that section is met in relation to the arrangement, any person other than the lender who is a member of the borrower partnership immediately before the time at which the relevant change in relation to the membership of the borrower partnership involving the lender or a person connected with the lender occurs.

(4) Part 9 of ITTOIA 2005 and section 114 above are to have effect in relation to any relevant member of the borrower partnership as if the relevant change in relation to the membership of the borrower partnership involving the lender or a person connected with the lender had not occurred.

Accordingly, the structured finance arrangement is not to have the effect mentioned in subsection (2).

(5) The following provisions of this section confer relief from tax the availability of which depends on which of the conditions in section 774C is met in relation to the arrangement.

(6) In any case where condition A in section 774C is met, if—

(a) the transferor partner is a person within the charge to income tax, and

(b) in accordance with generally accepted accounting practice the accounts of the borrower partnership record an amount as a finance charge in respect of the advance,

the transferor partner may treat the amount for income tax purposes as interest payable by the transferor partner on a loan.

(7) In any case where condition A in that section is met, if the transferor partner is a company within the charge to corporation tax—

(a) the advance is to be treated, in relation to the company, for the purposes of paragraph 19 of Schedule 9 to the Finance Act 1996 (and the other provisions of Chapter 2 of Part 4 of that Act) as a money debt owed by the borrower partnership,

(b) the arrangement is to be treated, in relation to the company, as a transaction for the lending of money from which that debt is treated as arising for those purposes, and

(c) any amount which, in accordance with generally accepted accounting practice, is recorded in the accounts of the borrower partnership as a finance charge in respect of the advance is to be treated as interest payable by the company under that transaction.

(8) For the purposes of subsections (6) and (7), references to the accounts of the borrower partnership include the accounts of the transferor partner.

(9) In any case where condition B in section 774C is met, if—

(a) a relevant member of the borrower partnership is a person within the charge to income tax, and

(b) in accordance with generally accepted accounting practice the accounts of the borrower partnership record an amount as a finance charge in respect of the advance,

the relevant partner may treat the amount for income tax purposes as interest payable by the borrower partnership on a loan.

(10) In any case where condition B in that section is met, if a relevant member of the borrower partnership is a company within the charge to corporation tax—

(a) the advance is to be treated, in relation to the company, for the purposes of paragraph 19 of Schedule 9 to the Finance Act 1996 (and the other provisions of Chapter 2 of Part 4 of that Act) as a money debt owed by that partnership,

(b) the arrangement is to be treated, in relation to the company, as a transaction for the lending of money from which that debt is treated as arising for those purposes, and

(c) any amount which, in accordance with generally accepted accounting practice, is recorded in the accounts of the borrower partnership as a finance charge in respect of the advance is to be treated as interest payable by the borrower partnership under that transaction.

(11) For the purposes of subsections (9) and (10), references to the accounts of the borrower partnership include the accounts of any relevant member of the borrower partnership.

(12) For the purpose of determining when any deemed interest in respect of the advance is paid—

(a) the payments mentioned in section 774C(2)(f) or (4)(e) are treated as consisting of amounts for repaying the advance and amounts ("the interest elements") in respect of interest on the advance, and

(b) the interest elements of those payments are treated as paid when those payments are paid,

and the deemed interest in respect of the advance is treated as paid at the times when the interest elements are treated as paid.

(13) In this section "deemed interest" means any amount which is treated as interest as a result of any of subsections (6) to (10).

(14) This section is subject to the exceptions contained in section 774E.

774E Sections 774B and 774D: exceptions

(1) Section 774B or 774D does not apply if the whole of the advance under the structured finance arrangement—

(a) is charged to tax on a relevant person (see subsection (7)) as an amount of income,

(b) is brought into account in calculating for tax purposes any income of a relevant person, or

(c) is brought into account for the purposes of any provision of the Capital Allowances Act as a disposal receipt, or proceeds from a balancing event or disposal event, of a relevant person.

For the purposes of this subsection the effect of section 785A (rent factoring of leases of plant or machinery) is to be disregarded.

(2) Subsection (1)(c) is not to be taken as met in any case where—

(a) the receipt or proceeds gives rise to a balancing charge, and

(b) the amount of the balancing charge is limited by any provision of the Capital Allowances Act.

(3) Section 774B or 774D does not apply if, at all times, the whole of the advance under the structured finance arrangement—

(a) is a debtor relationship of a relevant person for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 (loan relationships), or

(b) would be a debtor relationship of a relevant person for those purposes if that person were a company within the charge to corporation tax.

For the purposes of this subsection references to a debtor relationship do not include a relationship to which section 100 of the Finance Act 1996 (money debts etc not arising from the lending of money) applies.

(4) Section 774B or 774D does not apply in so far as the structured finance arrangement is an arrangement in relation to which—

(a) section 263A of the 1992 Act (agreements for sale and repurchase of securities) applies,

(b) paragraph 15 of Schedule 9 to the Finance Act 1996 (repo transactions and stock-lending) applies, or

(c) Chapter 5 of Part 2 of the Finance Act 2005 (alternative finance arrangements) has effect.

(5) Section 774B or 774D does not apply in so far as—

(a) the security under the structured finance arrangement is plant or machinery which is the subject of a sale and finance leaseback, or

(b) the structured finance arrangement is an arrangement in relation to which sections 228B to 228D of the Capital Allowances Act apply with the modifications contained in section 228F of that Act (lease and finance leaseback).

(6) For the purposes of subsection (5)(a), whether plant or machinery is the subject of a sale and finance leaseback is determined in accordance with section 221 of the Capital Allowances Act.

But, in applying that section, it is to be assumed that the words "and which are not a long funding lease in the case of the lessor" were omitted from section 219(1)(b) of that Act (meaning of "finance lease").

(7) For the purposes of this section a "relevant person" means—

(a) if section 774B applies, a person in relation to whom the structured finance arrangement would (but for that section) otherwise have had the relevant effect (within the meaning of that section), and

(b) if section 774D applies, a relevant member of the borrower partnership (within the meaning of that section).

774F Sections 774B and 774D: power to provide further exceptions

(1) The Treasury may make regulations prescribing other circumstances in which section 774B or 774D is not to apply in relation to a structured finance arrangement.

(2) Any regulations under subsection (1) may make provision amending section 774E.

(3) The power to make regulations under subsection (1) includes—

(a) power to make provision having effect in relation to times before the making of the regulations (but not times earlier than 6th June 2006),

(b) power to make different provision for different cases or different purposes, and

(c) power to make incidental, supplemental, consequential or transitional provision and savings.

774G Sections 774A to 774D: minor definitions etc

(1) For the purposes of sections 774A to 774D "arrangement" includes any agreement or understanding (whether or not legally enforceable).

(2) For the purposes of sections 774A to 774D "income deduction" means—

(a) a deduction in calculating any income for tax purposes, or

(b) a deduction against total income or total profits.

(3) For the purposes of sections 774A to 774D—

(a) references to a person's receiving any asset include the person's obtaining directly or indirectly the value of any asset or otherwise deriving directly or indirectly any benefit from it,

(b) references to a disposal of an asset include anything which constitutes a disposal of the asset for the purposes of the 1992 Act,

(c) references to payments in respect of any asset include obtaining directly or indirectly the value of any asset or otherwise deriving directly or indirectly any benefit from it.

(4) For the purposes of sections 774A to 774D, section 839 (connected persons) applies.

(5) For the purposes of sections 774A to 774D references to the accounts of any person who is a company include the consolidated group accounts of a group of companies of which it is a member.

(6) If any person does not draw up accounts in accordance with generally accepted accounting practice, sections 774A to 774D apply as if the accounts had been drawn up by the person in accordance with that practice.

(7) Sections 277 to 281 of ITTOIA 2005 and section 34 above (lease premiums) are not to apply in relation to a premium paid in respect of a grant of a lease where the grant constitutes a disposal of an asset for the purposes of section 774A(2)(c) or 774C(2)(a).".

(2) The amendment made by this paragraph has effect in relation to any arrangements whenever made (but see sub-paragraphs (3) and (4)).

(3) In relation to arrangements made before 6th June 2006, amounts are, as a result of the amendment made by this paragraph,—

(a) to be charged to tax, or

(b) to be brought into account in calculating any income for tax purposes or deducted from any income for tax purposes,

only if the amounts arise on or after that date.

(4) The amendment made by this paragraph has no effect in relation to any arrangement made before that date in so far as section 43B or 43D of ICTA (rent factoring) applies to it.

(5) In any case where, in relation to arrangements made before that date, a person is treated, as a result of the amendment made by this paragraph, as being a party to any loan relationship—

(a) a period of account is to be treated for the purposes of Chapter 2 of Part 4 of FA 1996 as beginning on that date, and

(b) the loan relationship is to be treated for those purposes as being entered into by the person for a consideration equal to the notional carrying value of the liability representing the relationship.

(6) For this purpose, the notional carrying value is the amount that would have been the carrying value of the liability in the accounts of the person if a period of account had ended immediately before that date.

(7) "Carrying value" has the same meaning here as it has for the purposes of paragraph 19A of Schedule 9 to FA 1996.

Rent factoring of leases of plant or machinery

3C (1) Section 785A of ICTA (rent factoring of leases of plant or machinery) is amended as follows.

(2) After subsection (5) (provision about partnerships with legal personality) insert—

"(5A) This section does not apply in so far as section 774B or 774D (structured finance arrangements) applies in relation to the arrangements mentioned in paragraph (c) of subsection (1) above as a result of the transfer mentioned in that paragraph.".

Transactions associated with loans or credit

3D (1) Section 786 of ICTA (transactions associated with loans or credit) is amended as follows.

(2) After subsection (5) (transaction under which a person assigns, surrenders etc income arising from property) insert—

"(5ZA) But subsection (5) above does not apply if the person mentioned in that subsection is, as a result of section 774B or 774D (structured finance arrangements), chargeable to tax on the amount of income assigned, surrendered, waived or forgone.".

Structured finance arrangements: chargeable gains treatment of acquisitions and disposals

3E (1) After section 263D of TCGA 1992 (gains accruing to persons paying manufactured dividends) insert—

"263E Structured finance arrangements

(1) This section applies if—

(a) section 774B of the Taxes Act (disregard of intended effects of arrangement involving disposals of assets) applies in relation to a structured finance arrangement,

(b) the borrower or a person connected with the borrower makes a disposal of any security at any time under the arrangement to or for the benefit of the lender or a person connected with the lender, and

(c) condition A or B is met.

(2) Condition A is that the person making the disposal subsequently acquires under the arrangement the asset disposed of by that disposal.

(3) Condition B is that—

(a) the asset disposed of by that disposal subsequently ceases to exist at any time, and

(b) that asset was held by the lender, or a person connected with the lender, from the time of the disposal until that time.

(4) The disposal of the security by the borrower or a person connected with the borrower is to be disregarded for the purposes of this Act.

(5) Any subsequent acquisition by the person making the disposal of the asset disposed of by that disposal is to be disregarded for the purposes of this Act.

(6) In this section—

"the borrower", in relation to a structured finance arrangement, means the person who is the borrower under the arrangement for the purposes of section 774A of the Taxes Act,

"the lender", in relation to a structured finance arrangement, means the person who is the lender under the arrangement for the purposes of that section,

"security" means any such asset as is mentioned in subsection (2)(c) and (d) of that section.

(7) For the purposes of this section—

(a) references to a person connected with the borrower do not include the lender, and

(b) references to a person connected with the lender do not include the borrower.".

(2) The amendment made by this paragraph has effect in relation to disposals made on or after 6th June 2006.

(3) The amendment made by this paragraph also has effect in relation to any disposal made by a person before that date if the person makes a claim to that effect under this sub-paragraph.'.

No. 17, in page 192, line 19, at end insert—

'Loan relationships: repo and stock-lending arrangements

13A (1) In Schedule 9 to FA 1996 (loan relationships: special computational provisions), paragraph 15 (disposal or acquisition made in pursuance of repo and stock-lending arrangements not to be related transaction) is amended as follows.

(2) In sub-paragraph (2)(b) (transfer to original transferor ("A") giving effect to entitlement or requirement to rights on re-transfer etc.), after "to A" insert "by B".

(3) The amendment made by this paragraph has effect in relation to any transfer to A (within the meaning of paragraph (a) of sub-paragraph (3) of paragraph 15) under arrangements—

(a) consisting in or involving an agreement made on or after 27th June 2006 for the transfer of rights by A to B (within the meaning of that paragraph), or

(b) involving an agreement made on or after that date providing for a transfer giving effect to the entitlement or requirement described in paragraph (b) of that sub-paragraph otherwise than by B.'.—*[Mr. Watts.]*

Schedule 8

LONG FUNDING LEASES OF PLANT OR MACHINERY

Amendments made: No. 21, page 203, line 30, leave out from 'the' to 'purpose' in line 31 and insert 'main'.

No. 24, page 209, line 7, at end insert—

'(6) A plant or machinery lease is not a funding lease in the case of the lessor if—

(a) before 1st April 2006, the plant or machinery had, for a period or periods totalling at least 10 years, been the subject of one or more leases, and

(b) the lessor under the plant or machinery lease was also lessor of the plant or machinery on the last day before 1st April 2006 on which the plant or machinery was the subject of a lease.'.

No. 25, page 212, line 43, at end insert '(but see also subsection (4A))'.

No. 26, page 213, line 23, at end insert—

'(4A) A lease is not excluded by virtue of subsection (2) if—

(a) the inception of the lease is before 28th June 2006, and

(b) by virtue only of section 70J(6), the lease is not a funding lease in the case of the lessor.'.

No. 22, page 214, line 32, leave out from 'is' to 'that' in line 33.

No. 23, page 216, line 26, leave out from 'if' to third 'the' in line 27.—*[Mr. Watts.]*

Clause 99

AMENDMENT OF SECTION 29 OF THE ENERGY ACT 2004

4 pm

Rob Marris (Wolverhampton, South-West) (Lab): I beg to move amendment No.1, page 92, line 2, leave out clause 99.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment No. 2, in clause 100, page 93, line 40, leave out clause 100.

Rob Marris: I wanted another run around the block on the UK nuclear industry from a financial point of view. Clauses 99 and 100 go hand in hand in amending the Energy Act 2004. Clause 99 deals with British Nuclear Fuels Ltd and clause 100 covers the Nuclear Decommissioning Authority.

British Nuclear Fuels Ltd is a Government company, which has a turnover of approximately £3.5 billion. It appears to me, prima facie, that clause 99 is part of a device to fatten up BNFL from a tax point of view because of the sell-offs that it proposes to make. It will sell British Nuclear Group, and the rumours are that that is expected to raise between £500 million and £1 billion. It proposes to sell BNG America and is in advanced talks with Toshiba to sell Westinghouse this autumn for a reported £5.4 billion. It also owns a third of Uranco, a uranium reprocessing company, the other two thirds of which are owned in the Netherlands and Germany. British Nuclear Fuels Ltd is therefore a sprawling, large company, which deals with a large industry. Whatever happens in future, it will continue, for many years, to play a significant part in energy delivery and have a significant environmental impact in the United Kingdom.

Hon. Members will not be surprised to hear me referring to the explanatory notes. Paragraph 12 of the explanatory notes for clause 99 states:

"The amendments provided in this clause will preserve the intended effect of section 29"—

of the Energy Act 2004—

"and ensure that a BNFL site licensee company does not incur corporation tax charges or acquire taxable losses as a consequence of the NDA taking responsibility for decommissioning and cleaning-up liabilities."

I wanted to probe the Government a little about the figures.

British Nuclear Group is a site-management and clean-up company, a contractor for the Government's Nuclear Decommissioning Authority and, as I said, a subsidiary of BNFL. It remains state owned, although BNFL may sell it off sometime in the next 12 months. British Nuclear Group has responsibility for Sellafield, formerly Windscale, for the older Members among us, and it operates 14 sites in the UK. There is also BNG America, which is a different operation, albeit owned by BNFL.

The nuclear industry has a history of lying about figures. That is widely accepted, although whether it continues to do so is a matter for debate. However, proponents of nuclear power, and especially the nuclear industry in the 1960s, 1970s and 1980s, made statements that were clearly inaccurate on many counts. In some cases, they were outright lies rather than simply optimistic projections. The nuclear industry around the world is, in every case, heavily subsidised directly or indirectly by Governments, including in the UK.

I am worried that clauses 99 and 100 would further the subsidies to a failing industry.

David Howarth (Cambridge) (LD): Does the hon. Gentleman agree that one of the difficulties with the two clauses is that nothing appeared about them in the press releases that accompanied the Budget resolutions and that the Red Book contains nothing about how much they might cost? The Government might be trusted more on that issue if such figures were available.

Rob Marris: It is part of the process of parliamentary scrutiny, in which we are currently engaged, to try to tease some of that information out of the Government. It might have been preferable, if the figures were available, for them to be in the Red Book. I suspect—although I do not know—that part of the Government's response will be to say that we are considering a recirculation exercise for corporation tax liabilities, allowable tax losses and so on. That is a strong suspicion, based on what my right hon. Friend the Paymaster General said when we had a brief debate on the matter in the Standing Committee, on which I served. I would like, as I said, to tease out some figures, and I am sure that the hon. Gentleman and others would also like to do so. Leaving aside all the environmental issues about nuclear power, which it is not appropriate for us to discuss today—I am sure that you would rule me out of order if I tried to do so, Mr. Deputy Speaker—there are clear financial questions to be asked about the nuclear industry, both in the United Kingdom and around the world.

[Rob Marris]

As I was saying, the industry is subsidised around the world. It is a private industry in the United States, where it is heavily subsidised. No nuclear reactor has been built or commissioned in the USA, that bastion of free enterprise, for at least 25 years because the figures do not stand up. In Finland, which has been widely quoted recently because it is opening up nuclear power—quite controversially, perhaps, for a Scandinavian country—there are direct and very indirect subsidies for the power stations that are being built.

I want to try to find out whether the Government are subsidising the nuclear industry in this country more than is commonly known, because of course there is a debate about whether there should be more nuclear power stations built in the United Kingdom. It is interesting to note, as I have teased out in the House before by parliamentary questions and in the Trade and Industry Committee, on which I serve, that any company could now apply to build a new nuclear power station in the United Kingdom.

Dawn Primarolo: The clauses deal with the history of nuclear power stations and with decommissioning today; they do not go forward in any way. I will cover that in my remarks. We are talking about responsibilities for decommissioning power stations that are already in operation and need to be decommissioned.

Rob Marris: Yes, of course these are in a sense backward-looking clauses, but in the context of a public debate about nuclear energy and what we do with the nuclear power stations and the spent materials that we have—a debate that will develop this summer when the energy review is published—we need to try to be aware of the historic cost of nuclear power, as perhaps evidenced in these two clauses, to inform that public debate about the possible future cost of nuclear power.

Mr. Paul Goodman (Wycombe) (Con): The Paymaster General said a moment ago, no doubt accurately, that these clauses are about looking back. But is it not important at least to explore who will be doing this clear-up work, given that it would appear that a private company may be doing it and enjoying tax advantages that were designed for the public sector?

Rob Marris: I quite agree, and that is what I am trying to find out. Whether we talk about existing nuclear power stations or a new group—what the industry tries to dress up as a fleet—we have to look at the question of dealing with spent materials, radioactive waste and so on. That is particularly true of the radioactive waste that we already know exists, because it is here, and the waste that we know will be generated in the next 13 to 15 years, until 2020, the life of the current nuclear power stations. The Nuclear Decommissioning Authority is a Government body, but as the hon. Gentleman points out, it uses British Nuclear Group as a subcontractor for site management, clean-up and so on, and BNG is likely to be privatised in the next 12 months.

I would like to know whether there are any tax breaks for the existing nuclear industry because that must inform the public debate about the future—or lack of future, whichever it may be—of nuclear power stations in the United Kingdom. One thing that the nuclear industry has historically been very good at is getting hidden subsidies. I am not sure whether clauses 99 and 100 are indicative of that; I want to find that out. It already has a hidden subsidy through the cap on its public liability insurance, because given the liabilities it would be almost impossible, even with reinsurance—the hon. Member for South-West Bedfordshire (Andrew Selous) knows a great deal about that and could correct me if I am wrong—to get insurance cover at a premium that would make a nuclear power station viable. There has to be an indirect state subsidy on those liabilities. Clauses 99 and 100 may or may not speak to that, and I wish to find out more.

Julia Goldsworthy: The Minister talked about how, in effect, the clauses look back. Is it not also true that they deal with transitional issues? As the explanatory notes to clause 100 say:

> "The amendments provided in this clause will preserve the intended effect of section 30 and ensure that the NDA does not incur corporation tax charges or acquire taxable losses as a consequence of the accounting caused by the imposition of the transitional arrangements."

If these companies are still benefiting during the transitional arrangements, does this provision not still qualify as a state aid? Is this not a question that needs to be answered?

Rob Marris: As I understand it, the transitional arrangements came in because the European Commission started examining whether there was or is unauthorised state aid in the UK for the nuclear power industry, part of which has been privatised and more of which will be privatised.

Whatever the proponents of the nuclear industry say, we have what I would regard as a dinosaur industry that is using technology, even with the pebble-bed reactors and so on that it is talking about—technology that has been around in Germany since, I think, 1958, but which is supposed to be the new generation of nuclear power—that is about 50 years old. The technology has never been operated anywhere without state subsidy, directly or indirectly. The proponents of a new generation of nuclear power stations are looking forward rather than backwards, which the clauses do, to a situation where there will not be state subsidies. I am a little cynical about that. I have heard it all before. Throughout my adult life I have heard about how there would not be state subsidies, and that we would have electricity too cheap to meter, for example. That never worked out.

We are talking about old technology. It is about 50 years old, as I have said. That is the basic design, however much we talk about advanced gas water and all that, heavy water and can-do reactors, for example. It is, as I have said, old technology. It works in as much as it produces electricity, but it does not work in that it is not economic. Even with today's high energy prices, there are serious questions to be asked about whether the nuclear power that we have, let alone the nuclear power that we may have in future, is economic, given the direct subsidies for the existing nuclear fleet of power stations and the possible subsidies, whether on insurance or guaranteed purchase of electricity, for future nuclear power stations.

As for the environment, we would be much better spending the money on energy conservation and renewables than on a new generation of nuclear power stations, but that is not a debate for today. The debate is whether clauses 99 and 100 are directly or indirectly a hidden subsidy for the nuclear industry that already exists. I hope that today, or perhaps by writing to me, my right hon. Friend the Paymaster General will indicate what the fiscal effects of the two clauses will be on the Government's net balance sheet. The explanatory notes talk about avoiding incurring corporation taxes and a company acquiring taxable losses.

I wanted to get some idea for the entire industry, in as much as it is state owned in the UK—that is pending the sale of larger chunks of it than have already been sold off—whether corporation tax charges that might be avoided by means of clauses 99 and 100 will be greater than the acquired taxable losses that the clauses facilitate in a sort of wiping-out exercise. My right hon. Friend the Paymaster General, perhaps to use my words rather than hers in Standing Committee, referred to these measures being, in a sense, a recirculation of Government money.

There is the fiscal net effect—that is, weighing the avoided corporation tax and the avoided tax write-offs through acquired losses and determining whether that is even or whether there is an imbalance. If there is an imbalance, what is it? That will enable us to have some idea at this stage of whether there will be yet another subsidy to an industry that is financially, let alone environmentally, a failed industry, or whether this is an accounting exercise that results in even stevens at the end. I hope that my right hon. Friend the Paymaster General will elucidate. If not—I realise that there may be complex figures—I should like to receive a response in writing at a later date.

4.15 pm

Mr. Paul Goodman: I am grateful for the opportunity to speak in this debate. As this might be my last chance to contribute to the Bill, I should like to pause and thank everyone from PricewaterhouseCoopers and elsewhere who has provided me with advice on technical aspects of the Bill over the past few weeks.

It is appropriate to use the word "technical" for clause 99 because, as the hon. Member for Wolverhampton, South-West (Rob Marris) intimated, it is a difficult provision. As he said, we discussed the clause in Committee, and he will recall that I asked questions about it when it was debated on 6 June—as, indeed, did he. Having had time to reflect on the debate in Committee, and having reread the relevant proceedings in *Hansard*, I am not entirely happy.

Dawn Primarolo: While the hon. Gentleman is reflecting, perhaps he and the hon. Member for Falmouth and Camborne (Julia Goldsworthy), if she catches your eye, Mr. Deputy Speaker, will tell the House what their parties said in 2004, when the Energy Bill proceeded through Parliament. The clauses in the Finance Bill correct a mismatch, but the principle was accepted in the House in 2004. I would be interested to know what the two parties said then—they probably supported the provision.

Mr. Goodman: I am surprised that the Minister did not ask me that in Committee. However, the line of inquiry that I am about to pursue is the same as the one that I pursued in Committee. Strictly speaking, it is not predicated on the Energy Act 2004 but on the question of whether a private company would enjoy the tax advantages enjoyed by public companies.

As I said, I am not entirely satisfied with the answers that I received from the Paymaster General in Committee—that might explain why the right hon. Lady was so anxious to intervene on me—and neither, it appears, is the hon. Member for Wolverhampton, South-West.

Dawn Primarolo: I was just seeking information.

Mr. Goodman: Indeed.

Clause 99 aims to preserve the intended effect of section 29 of the Energy Act, to which the Paymaster General referred. According to the explanatory notes on the clause, which the hon. Member for Wolverhampton, South-West will have read, section 29 is intended to ensure

"that accounting entries made by certain publicly owned companies in the British Nuclear Fuels Group, arising from the recognition of the Nuclear Decommissioning Authority taking responsibility for nuclear decommissioning and cleaning-up, should not be brought into account for corporation tax purposes...Section 29...operates on the basis that the assumption of financial responsibility by the NDA would be recognised when certain events of the reorganisation occurred...The reorganisation took place on the 1 April 2005 however, between the Energy Act 2004 and the reorganisation, the European Commission"—

as the hon. Gentleman said—

"began a state aid investigation into the NDA. This caused transitional arrangements to be put in place governing the financial liability assumed by the NDA. As a result of these arrangements the accounting recognition by the site licensee companies of the assumption of financial responsibility by the NDA may be deferred and section 29 would not apply to the later accounting entries."

I assume that that means that the tax advantage would not be enjoyed.

As the hon. Member for Wolverhampton, South-West implied, since the Budget, it has been announced that one company in the BNFL group—British Nuclear Group, which is British Nuclear Fuels Ltd's specialist site management and nuclear clean-up business—is to be transferred from the public to the private sector. As I said in Committee, that sounds reasonable in principle and the Opposition are obviously the last group of people who will look unsympathetically on the case for transferring services from the public to the private sector. However, it is important that any tax arrangements that result from such a transfer are transparent, and that the interests of taxpayers are protected.

I asked the Paymaster General on 6 June in Committee to correct me if I was mistaken in asserting that an exemption from corporation tax that applied to a public body is now to be applied to a private body. The right hon. Lady said at column 451:

"Although I recognise that the BNFL group"—

I stress the next few words—

"includes the private sector, tax and liabilities follow the normal tax provisions."

[Mr. Paul Goodman]

So it seems on the face of it that an exemption from corporation tax that applied to a public body is now to be applied to a private body.

I also asked whether the exemption was intended to make the sale more attractive. The hon. Member for Wolverhampton, South-West used the phrase "fatten up", which is a more vivid way of putting it. My reading of the record of 6 June is that the Paymaster General did not definitively deny that claim. I would be grateful if she took the opportunity to do so now.

I asked for precedents. The right hon. Lady cited the Government taking over British Energy plc's liability for decommissioning and certain other liabilities in 2005. She said at column 451:

"The hon. Member for Wycombe asked me . . . whether there are examples of a similar arrangement being made to prevent the circular movement of Government finances. There are such examples. I do not have them to hand, but I am happy to let him know what they are."—[*Official Report, Standing Committee B*, 6 June 2006; c. 451.]

Two points follow. First, it has been suggested to me that the British Energy example is not particularly apposite. British Energy, it was argued, was effectively insolvent and the Government decided to rescue it, rather than have a major generator go bust. In other words, the British Energy example describes an old fashioned rescue operation, so reducing the tax burden of what the Government intend to be a newly privatised business, BNG, is surely not comparable. Secondly, I have not yet received from the Paymaster General, although I hope to do so in due course, the other examples to which she alluded.

I want to try to get to the heart of what the Paymaster General meant on 6 June by speaking of the purpose of clauses 99 and 100 being to prevent Government money from, as she put it at column 452, "moving in circles." On the evidence of that debate, it seems to me that the effect of the clause, if not the purpose, might no less accurately be described as reducing the tax burden of what will be a newly privatised business. If that is the case, a further question arises.

The Nuclear Decommissioning Authority presumably employs private sector contractors other than BNG for one purpose or another. Do they also have arrangements in place that effectively reduce their tax burden? If not—and I suspect the answer is not—there is a bit of mystery hanging over the clause. I hope the right hon. Lady will take the opportunity to clear it up.

Julia Goldsworthy: As my hon. Friend the Member for Cambridge (David Howarth) pointed out, there was nothing about these matters in the Budget statement, the press notices or the Red Book, and there was no information available at the time that the Budget resolutions were debated and passed in the House. The Paymaster General made a specific reference to the Lib Dem contribution to the relevant section of the Energy Act 2004, which was not debated in Committee, as I found when I looked back at *Hansard* for that time. As has been observed, at that time all the organisations that would have been affected by these clauses would have been in the public sector, so effectively it would have been public money swilling around and the issue would not have been seen to be so important.

The key issue is whether there is state aid and, if so, to what extent. While BNFL group is a publicly owned company, it is free from corporation tax, but when it becomes private it will be liable for corporation tax. It is not clear what happens in the transitional period. Is there a hidden subsidy and will it continue through the transitional arrangements?

Finally, on the closing comments by the hon. Member for Wolverhampton, South-West, what are the net fiscal effects on the Exchequer? As well as writing to the hon. Member for Wolverhampton, South-West, will the Paymaster General undertake to place that information in the Library, because I am sure that many hon. Members will be interested?

DEFERRED DIVISIONS

Mr. Deputy Speaker (Sir Alan Haselhurst): I now have to announce the result of Divisions deferred from previous days.

On the motion on Northern Ireland, the Ayes were 303, the Noes were 163, so the motion was agreed to.

On the motion on the summer Adjournment, the Ayes were 409, the Noes were 53, so the motion was agreed to.

[The Division Lists are published at the end of today's debates.]

Finance (No. 2) Bill

Question again proposed, That the amendment be made.

Dawn Primarolo: Thank you, Mr. Deputy Speaker.

Sections 29 and 30 of the Energy Act 2004 were intended to prevent BNFL site licensee companies from incurring corporation tax charges as a consequence of accounting entries made to reflect the assumption of financial responsibilities for the decommissioning and cleaning up of certain civil nuclear sites by the NDA. As I said in Committee, the House agreed the provision to prevent a large amount of Government money from moving in circles. To be precise, it was intended to make sure that in transfers from public bodies, one public body does not have a tax-deductible loss, while the other public body receiving the assets has a gain that is also not taxable.

In Committee, my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) mentioned discussions on state aid issues subsequent to the 2004 Act. There was a mismatch between what was agreed by this House in the 2004 Act and subsequent clarifications on state aid. What is proposed now—it was included in the state aid notification in respect of the NDA—is not considered as state aid, because the effect of the exemption is tax neutral with respect to the Government, which is why I have mentioned the circular effect between publicly owned bodies. The provision allows accounting entries without the problem of money coming in with one hand and going out with the other.

My hon. Friend the Member for Wolverhampton, South-West has asked about the cost of decommissioning on the historic provisions of nuclear civil sites. That has nothing to do with the future, should there be one, because the matter is completely outside the arrangements. Clauses 99 and 100 were included in the Finance Bill because it was the next available parliamentary vehicle to correct the provisions in the 2004 Act, and I assure my hon. Friend that the clauses were not about preparing for a transfer to the private sector.

David Howarth: Will the Paymaster General give way?

Dawn Primarolo: I want to deal with the point about the private sector. If the hon. Gentleman can stay in his seat for long enough, he might find that I am going to deal with his question.

4.30 pm

Section 29 of the 2004 Act, which is amended by clause 99, applies to accounting entries made for accounting periods during which a company is publicly owned. Where a company is sold during an accounting period, section 29 treats the end of the public ownership as the end of the accounting period. Section 29 does not, therefore, apply to accounting entries made for accounting periods during which the company is in the private sector. At that point, the normal tax rules would apply to that company. Section 29 applies only to public sector companies. I hope that I have clarified that.

David Howarth: To close this down completely, is the Paymaster General confirming that the fiscal neutrality that she mentioned does not depend on when or whether any particular company is privatised?

Dawn Primarolo: I am talking about the creation of the Nuclear Decommissioning Authority and the movement from its predecessor authority, which is all that these provisions cover. The position as regards state aid confirms that it is tax neutral; otherwise, it would not get state aid. These provisions concern the arrangements in the Energy Act for transferring from one public body to another. The accounting period for those public bodies would end as soon as they became private companies and moved beyond the scope of the provisions.

My final point is not directly relevant to the clause but may help the House. Under the 2004 spending review, the Nuclear Decommissioning Authority received a budget of £2.2 billion for 2005-06. That is to be derived half from commercial activities and, over time, commercial income in recognising those costs. As I understand it, the proposals on tax neutrality within Government, having been agreed by this House in 2004, had to be amended following a mismatch with regard to timing. The Bill lines that up again to preserve the position. I can absolutely confirm to the House that there is no question of state aid subsidies, nor can there be given the clearance that we have sought.

On that basis, I hope that my hon. Friend the Member for Wolverhampton, South-West, who follows these issues with great interest and in some detail, will not press his amendment. I feel that his questions are more relevantly directed to the future than to the past, whereas these clauses are directed to the past and to ensuring that we discharge our responsibilities on nuclear decommissioning.

Rob Marris: I thank my right hon. Friend for clearly setting out the position. The situation changed slightly a year after the passage of the Energy Act 2004, which I recall I voted for, because of the intervention of the European Commission—hence these clauses and my questioning of them.

Dawn Primarolo: I have a further piece of information that I should have given to the House: I understand that the Liberals voted for the Act as well.

Rob Marris: I am grateful to my right hon. Friend for pointing that out. Of course, the Liberals do not seem to know that.

I am greatly reassured by my right hon. Friend's assertion that the normal tax rules will apply when these companies are privatised, and that clauses 99 and 100 will deal solely with the tax position of the nuclear industry when it is in public hands. I am also reassured by her saying that the provisions will be tax neutral, should the amendments not pass and should the clauses pass into what will become the Finance Act (No. 2) 2006. However, in the interests of clarity regarding the nuclear industry, will my right hon. Friend write to me setting out the figures for the nuclear industry as covered by the two clauses? Will she specify the amount of corporation tax that will not be paid as a result of the measures, and the corresponding losses that will not be allowed to be offset? I hope that she will be able to do that. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 16

REAL ESTATE INVESTMENT TRUSTS: EXCLUDED BUSINESS AND INCOME

Amendment proposed: Government amendment No. 28, page 349, line 5, leave out paragraph 1 and insert—

'1 Incidental letting of property (whether in the United Kingdom or outside) which is held in connection with a trade in property.'.—*[Ed Balls.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Government amendment No. 29.

Amendment No. 64, in clause 106, page 97, line 14, leave out '6' and insert '5'.

Amendment No. 65, page 97, line 23, leave out subsection (5).

Amendment No. 130, page 97, line 24, at end insert

'or on the Alternative Investment Market of the London Stock Exchange or its equivalent European Union exchanges.'.

Amendment No.66, page 97, line 25, leave out '4' and insert '3'.

Amendment No. 67, page 97, line 34, leave out '5' and insert '4'.

Amendment No. 68, page 97, line 42, leave out '6' and insert '5'.

Government amendment No. 27.

Amendment No. 60, in clause 112, page 101, line 5, at end insert

'; but no charge shall arise under this section in respect of a company whose predominant purpose is investment in residential property.'.

Amendment No. 61, page 101, line 36, at end insert—

'(8) The Treasury may by regulations provide for the application of this section to companies whose predominant purpose is investment in residential property.'.

Government amendment No. 30.

Mr. Francois: I rise to speak to our amendment No. 130, which seeks to allow real estate investment trusts—REITs—to list on the alternative investment market of the London stock exchange or its equivalent European Union markets. In debating this issue, we return to part 4 of the Bill, which deals with the regime to introduce REITs. I have said on several occasions that we welcome in principle the introduction of such a regime in the United Kingdom; indeed, this is an initiative that we have been advocating for quite some time.

That being the case, we have sought to work constructively with the Government to ensure that the regime is in good order when it commences its operation as scheduled in January 2007. I hope that it is fair to say that we maintained that approach in Committee, where we pressed the Government on a variety of issues, including the qualifying conditions for REIT status and the penalties for breaking those conditions, and the definitions to be used in operating the regime. The Minister might also recall that we were of some assistance, at the end of a lengthy afternoon sitting, in deleting clause 143 from the Bill. I see from his reaction that he remembers that.

However, there are still some weaknesses in the proposed REITs regime that I should like to address, both in relation to our amendment No. 130 and to amendments Nos. 60 and 61, which have been tabled by my right hon. Friend the Member for North-West Hampshire (Sir George Young). I shall begin, however, by referring to Government amendments Nos. 27, 28, 29 and 30.

Government amendment No. 27 relates specifically to clause 107 of the Bill, which deals with the conditions necessary for a business to qualify as tax exempt under the REITs regime. Condition 3 of clause 107 is that owner-occupied properties should be excluded from tax-exempt status. In Committee, we discussed the operation of condition 3 in some detail—particularly in relation to car parks, as I recall. A related issue had arisen during the consultation process that preceded our Committee deliberations, which was the definition of "owner-occupied" as generally understood under international accounting standard 40—known as IAS 40 for short. That problem threatened to create unintended consequences for the REITs regime. The problem would be that if, in certain circumstances, an REIT company were to provide significant services to the occupier of one of its properties, the company might itself be deemed to be an owner occupier under the strictures of IAS 40, and therefore fall outside the REITs regime under condition 3 of clause 107.

Government amendment No. 27 seeks to address that by ensuring that in such circumstances, where the tenant has exclusive occupation of the property, the accounting definition of "owner occupied" is effectively overridden, so that the REIT company is not deemed to have breached condition 3 of clause 107. The associated Government amendment No. 30 appears to be essentially a drafting amendment, which ensures that the revised application of clause 107 is extended to group companies via a corresponding change to the associated schedule 17. So far, so good.

The British Property Federation welcomed the amendment with the following comment, which is germane:

"We welcome this amendment, which addresses a concern raised by industry during the consultation. However, we are aware that there may be a number of different situations where the definition of owner occupied property inadvertently causes a property to be excluded from the tax exempt business. Government should be aware of this and have a strategy in place to listen to industry concerns and react quickly to those situations through producing appropriate guidance."

That seems a not unreasonable request, given that this is an especially complex area. I hope that the Minister and his officials can liaise with the industry to try to address, as far as practically possible, any remaining anomalies in the subsequent guidance, in the light of ever-changing commercial circumstances. At some point, the guidance might have to be updated to take account of changing market conditions. Perhaps the Economic Secretary will address that question when he sums up.

Government amendments Nos. 28 and 29 relate to schedule 16 to the Bill. Schedule 16 defines various categories of business and income which are specifically excluded from the REITs regime. Those amendments relate to questions raised about the operation of the schedule in Committee, and when we

debated the related clause 111—the issue of potential double taxation of properties held on so-called trading account, and yet another issue relating to the definition of owner occupation, to reiterate the point about the complexity surrounding that term.

In essence, those measures were originally proposed in the associated draft regulations, on which I spoke for the Opposition. In Committee, the Economic Secretary intimated that he would be likely to introduce amendments on those subjects on Report, and therefore to include such elements in the Bill, which in principlé we welcome. He has kept his word and we commend him for that. We still hesitate about the solution, however, in this instance of what one might call clarification by exclusion. Even though the Government's solution will now appear in the Bill, they still seek to achieve that clarification by extending the inclusion to encompass all so-called trading properties, which underlines how little this part of the Bill does for residential property, as that is a particular challenge for residential property companies. I shall refer to that topic again shortly, although I suspect that my right hon. Friend the Member for North-West Hampshire will also be keen to catch your eye on that, Mr. Deputy Speaker, when he speaks to his amendments.

Our amendment No. 130 is designed to extend the qualifying conditions for a company applying for REIT status under clause 106, specifically by allowing REIT companies to list on the alternative investment market of the London stock exchange—AIM, as it is now more popularly known. When the matter was touched on in Committee of the whole House, Ministers pointed out that, under EU law, that would also entail reciprocal listing on other comparable EU exchanges. Our amendment specifically caters for that, so I hope that it will be more acceptable as a result.

There are several good reasons why REITs should be able to list on AIM. First, property companies registered as REITs are likely to enjoy significant tax advantages over those usually smaller companies denied that status. It therefore seems probable that there could be considerable consolidation in the property market, as AIM-listed companies that cannot qualify for tax-exempt status are gradually taken over by companies on the full listed market that do enjoy those tax advantages. That is potentially unfair, and could cause the United Kingdom property market to be increasingly dominated by a relatively small number of very large REIT companies. That is presumably not what the Government intended when they introduced the regime.

4.45 pm

Secondly, AIM-listed companies themselves might come under pressure to convert to a full stock exchange listing before they are really ready for it, principally in order to be able to qualify for REIT status, thus potentially causing a distortion in the orderly evolution of the market sector. Why not expand the condition at least to cover AIM-listed companies that meet all the other conditions in the Bill? There are a number of them and we have already debated them at length, so I hope I need not repeat them now. That would facilitate greater diversity in the REITs market available to investors.

I think the third point quite important. I am sure that, given his business experience in the United States, my hon. Friend the Member for Braintree (Mr. Newmark) will want to expand on it. US experience suggests that widening the listing base is a good way of helping the concept to take off. The *Financial Times* estimates that more than $300 billion is now invested in US REITs, and notes that spreading the listing base was important to the generation of that significant investment. Our Government would presumably like to emulate that as well, at least on a comparable United Kingdom scale. We know that it worked well in the United States. Why should we not learn from that example? As the Americans have one of the oldest established REITs regimes in the world—I believe that it began in 1960—they have considerable experience in operating REITs, and they found widening the listing base to be a good way of helping the concept to grow. Why do we not learn from our American cousins in this instance?

Mr. Brooks Newmark (Braintree) (Con): I believe that one of the advantages of the American experience, which ties in with something that the Government are trying to achieve, is that quite a large unlisted real estate investment trust market stimulated residential housing. That is one of the Government's objectives. Conservative Members fear that not having an unlisted market, or even allowing REITs to be listed on AIM, will tend to skew investment towards the commercial rather than the residential market.

Mr. Francois: That is an important point. As we said in Committee, we believe that one of the weaknesses of the current regime is that it is already heavily skewed in favour of commercial property. Leaving this impediment in the Bill may make the position worse. I shall say more about that shortly, while—I hope—not entirely stealing the thunder of my right hon. Friend the Member for North-West Hampshire.

The listing issue is a particular impediment for residential property companies that seek REIT status. In Committee, I made the general point that the REITs regime appeared to have been designed primarily with commercial property in mind, residential property having been included almost as an afterthought. I said at the time that I wanted to initiate a debate on that, and on what might be done to deal with it.

The fact that there appears to be a problem with residential REITs is illustrated by the fact that several major commercial property companies, including Land Securities and Hammerson, have already indicated that they have decided to convert to REIT status. As far as I am aware, no residential property company has yet made such a firm commitment.

Ed Balls: On Friday 2 June, the *Financial Times* reported that a consortium of 17 housing associations was planning to launch a REIT. As we discussed this in Committee, the hon. Gentleman knows that we expected the residential REIT decisions to come later than the commercial decisions. I do not know whether he has any further information, but certainly on 2 June there were indications that housing associations were considering taking that step.

Mr. Francois: I thank the Economic Secretary for that intervention, but he highlighted the difference himself. He said that residential property companies are considering

[Mr. Francois]

taking such a step, but commercial property companies have said definitely that they will do it—*[Interruption.]* He asked me a question and he must allow me to answer it. The difference is that several commercial property companies have said that they will definitely do it. A consortium of housing associations has said that it is considering doing it, but as I read the *FT* it has not said that it will definitely do it. So we still do not have a concrete example of any residential property company saying that it will convert to REIT status on these terms. That is an important distinction.

Mr. Newmark: I suspect that part of the consideration for residential property companies is the cost of listing, as well as the additional regulatory burden. I suspect that that is the focus of the debate.

Mr. Francois: Yes. If a company is thinking of listing on AIM it will bear several factors in mind, including the cost of that listing and compliance. If it is thinking of upgrading to the full London stock exchange, the cost of compliance and registering will also form part of its consideration. My point is that as the regime exists, it may encourage some AIM companies to go for a full listing when they otherwise would not be ready. They feel that they have no choice, because if they are going to remain in property, they need the tax exemptions to qualify as a REIT company. If they do not qualify and just sit on AIM, they may be vulnerable to takeover by fully listed companies that have that tax wrapper to enhance their power. My hon. Friend again makes an apposite point.

We have established that there has been no definite announcement by any company to convert to residential REIT status. Moreover, residential property companies tend to be smaller, both by market capitalisation and the actual book value of their portfolio, than commercial property companies. While there are several residential property companies that might have little difficulty in obtaining REIT status on AIM—some 60 are registered on AIM—forcing them into a full listing before they are ready could be a serious impediment to them. The British Property Federation argued that point in a note on the subject:

"The property industry in the UK believes the consequence of limiting REITs to listed companies will be to unnecessarily limit the development of REITs because it heightens the barrier for new entrants to the UK REIT regime and as a consequence makes it that much more difficult for new REIT companies to form. Clearly, this has consequences for those seeking to establish new investment vehicles in traditionally under-invested property markets, such as the residential private rented sector."

Fifthly, AIM is specifically designed to help emerging companies that wish to be open to public investment, but would find it difficult to sustain themselves on a recognised stock exchange at an early stage in their development. The London stock exchange describes AIM on its website as

"the most successful growth market in the world".

It continues:

"Since AIM opened in 1995"—

under a Conservative Government, I remind the House—

"more than 2,200 companies have been admitted and more than £24 billion has been raised collectively."

As of May 2006, there were 1,528 companies, of which 1,266 were in the UK and 262 were international, listed on AIM. Those companies had a total market value of £74.2 billion and a turnover value of £28.6 billion, to May 2006. So AIM is a very successful market in its own right.

Amendment No. 130 seeks therefore to open up the current clause 106 legislation to allow companies listed via AIM to convert to REIT status. That will enable the development of new or smaller companies in the REIT market, thus helping to ensure that REITs are a sustained, successful investment vehicle across the property market.

Sixthly, and importantly, during the Committee of the whole House, the then Economic Secretary argued that an impediment to allowing REITs to list on AIM was that under EU law they would need similar listing opportunities on comparable EU exchanges. However, unlike our amendment at that stage, our amendment No. 130 specifically allows for that point. Moreover, the first condition of clause 106 is that to qualify for REIT status a company must be resident in the UK in any case, so even though a company could theoretically list on an alternative EU exchange rather than on AIM, given that it must be UK-resident to comply with the REITs regime generally, in most cases the most likely scenario would be for a UK listing, at least in the first instance. Common sense suggests that in the majority of cases a UK-resident company would probably register on AIM first, rather than going to one of the alternative EU markets. Even were that not the case, and the company registered on one of the alternative EU markets, why in principle need that be a showstopper? Will the Economic Secretary answer that question before we conclude the debate?

Mr. Gauke: My hon. Friend raises a good point when he questions why a UK-resident company would list overseas. If it did so, it would have difficulty with potential investors, so there would, if anything, be commercial pressure to remain in the UK and to list on AIM or the London stock exchange. It would make little commercial sense to go elsewhere, because confidence in the company might be called into question, and if that were not the case, there would be no concern.

Mr. Francois: I thank my hon. Friend for making that important point. He had considerable experience as a commercial lawyer before coming to this place. Indeed, I understand that his wife has ongoing experience as a commercial lawyer, so no doubt they discussed the matter before our debate. Mrs. Gauke cropped up regularly in the Standing Committee and I am pleased to be making sure that she does so again today before we conclude our debates on the Bill.

Wherever the advice came from, my hon. Friend makes a good point. Given that a key condition—the first condition—of clause 106 is that a REIT company must be UK resident, it is likely in practice that in most cases it would register in the UK if it wanted to register on an alternative market rather than on a full listing. But even if it did not—even if it wanted to register on one of the other EU exchanges—will the Economic

Secretary tell us why that should be an absolute showstopper? Why should such a company not have REIT status?

We know from the Standing Committee proceedings that the Economic Secretary sees himself as something of a philosopher, so we would like a clear philosophical response on that point—[*Interruption.*] My hon. Friend the Member for Fareham (Mr. Hoban) says that a clear response of any kind would be good. We shall see.

I respectfully remind the Economic Secretary of the British Property Federation's comments about clause 106, which highlight the listing requirements as the major problem in its provisions. The BPF briefing note argued:

"In summary therefore, our main concern with Clause 106 as it is written is that while it is likely that a number of existing listed property companies will convert to the new REIT regime, the provisions do not cater for the growth and enhancement of this market which will in turn bring forward investment benefits and opportunities to improve the quantity and quality of property investment in under-invested markets. In short, by so restricting the REIT regime to only 'recognised stock exchange' listed vehicles the government may inadvertently smother the ability of the market to develop."

Ed Balls: Will the hon. Gentleman give way?

Mr. Francois: Certainly. I have a question to ask the Economic Secretary in return.

Ed Balls: I am grateful to the hon. Gentleman. I was studying websites and I found that the shadow Secretary of State for Environment, Food and Rural Affairs, the hon. Member for East Surrey (Mr. Ainsworth), has publicly announced that the current level of new house building is excessive. Does the hon. Member for Rayleigh (Mr. Francois) think that his hon. Friend will support his desire for a wider role for the residential property industry in REITs, or might the hon. Member for East Surrey be inclined to oppose the comments that the hon. Member for Rayleigh is making today?

Mr. Francois: I thank the Economic Secretary for that intervention, and I have two points to make in reply. First, under the principles of collective responsibility, I am sure that my hon. Friend will support the approach I am taking. Secondly, I do not want the Economic Secretary to think that he is the only person who can do a bit of research. I was researching in *The Independent* this morning, and I saw a wonderful heading:

"Revealed: Secret Tory past of Brown babe Balls".

The story reveals that while he was at Oxford university, the Economic Secretary was a member of the Oxford University Conservative Association.

5 pm

Madam Deputy Speaker (Sylvia Heal): Order. I fail to see how this relates to the amendment under discussion.

Mr. Francois: It does not, of course. But my point is simply to demonstrate to the Economic Secretary that I, too, can do a bit of research. Also, when he sums up, can he answer this one question: when did the Chancellor know?

The alternative investment market is generally regarded as something of a success story. We would like to make REITs a success story, too. Therefore we would like to know why the Government are reluctant to consider expanding the REITs concept to AIM. We hope that they will concede that point this afternoon, but if they do not, will they at least reassert the position—as given by the former Economic Secretary, the hon. Member for Bury, South (Mr. Lewis), and repeated in Committee—that, at the very least, they intend to keep this matter under review once the regime is rolled out from January 2007?

I suspect that REITs will at some point be expanded by being listed on AIM. We shall see when that happens. We have put down our marker very firmly in this debate. If the Government do not take this step, I suspect that we will when we become the Government.

Julia Goldsworthy: I do not intend to rehearse all the arguments that we had on this issue on Second Reading and in Committee. However, let me state that the whole point of real estate investment trusts is that they offer a regulated, low-risk way for individuals to invest in the property market. The hon. Member for Rayleigh (Mr. Francois) is right that early indications suggest that there might be a question about where the balance lies in terms of the development of REITs and what proportion of them will be commercial REITs as against residential REITs. At present the balance is heavily in favour of the commercial sector, but as the Economic Secretary pointed out, it seems that some residential companies are hesitantly setting out their stall and looking to develop in that way.

Given the way in which the self-invested personal pension scheme was put forward and then withdrawn, it is important that we allow these regulations to go ahead as was suggested in the consultation with the industry, which was very constructive, and let them bed down. At that point, we can look at where the imbalances are, and at ways to overcome them. That is when we should reflect on whether the proposals in amendment No. 130 are required or appropriate. The Liberal Democrats are relaxed about this issue. We would rather see how the REITs regulations bed down over the first couple of years, and how the companies in question bed down in the London stock exchange, and then, if there is a problem, look to AIM.

Stewart Hosie (Dundee, East) (SNP): I wish to address my remarks to amendments Nos. 64 to 68. The substantive amendment is amendment No. 65; the others are consequential, renumbering subsections in clause 106.

The Minister and others will know that I and my party are very supportive of the concept of real estate investment trusts. Like many, we believe that they offer a route into property investment for the vast majority of people, who do not have the means to purchase a second property outright, or for those who do have the means but who simply wish to avoid managing such properties themselves. We also believe that if REITs are local and highly focused residential trusts, they have the opportunity either to complement the existing local authority sector or housing association and private

[Stewart Hosie]

residential rented sector, or to provide additional rented properties in areas where there is little provision, or none at all.

However, the Bill as it stands will force all REITs to be listed on the stock exchange. We believe that that requirement alone might prevent the creation of the smaller, local, highly focused residential trusts that we would like to be created, along with the inevitable larger commercial ones.

As we know, the minimum entry level for a stock exchange listing is £750,000, plus another £750,000 for fundraising, plus 2 to 5 per cent. in commission, and advisory costs of some £250,000. Fundraising on the stock exchange can be for any amount. We also know that the typical value of a stock exchange-listed company is £100 million upwards. If one combines those costs with the other rules—that 75 per cent. of a REIT's commercial activity must come from rentals, and that 90 per cent. of the rental income must be returned in dividends to investors—there is a very real danger, to which the hon. Member for Rayleigh (Mr. Francois) alluded, that REITs will focus solely on high-end commercial and retail properties that already offer a guaranteed high rental income. It is also likely that, to cover the listing costs and to meet all the other rules and obligations, such trusts will purchase property rather than seek to develop it.

Our view is that to encourage smaller, more focused residential trusts to deliver rented housing, the entry bar should be far lower than the stock exchange listing requirement in current legislation. For example, the minimum entry cost for introduction to the alternative investment market is about £300,000. Fundraising accounts for another £300,000, and there are similar commission levels of 2 to 5 per cent.; however, the ongoing advisory costs—some £50,000—are far less than the £250,000 figure.

In AIM, companies tend to be in the £10 million to £150 million range, with fundraising costs in the of £2 million to £20 million range—the kind of figure that a small, locally focused residential trust might seek to raise. Further down the range is the off-exchange market, with a minimum entry figure of £30,000, fundraising costs of about £100,000 and similar commission levels, but with ongoing advisory costs of some £10,000. Ofex caters for businesses up to the £20 million mark—not a tiny sum—whose fundraising costs are in the £300,000 to £4 million range. Of course, there is also the opportunity for any business or trust to be financed privately.

So, given the other conditions applying to REITs—not least the residency qualification—there seems little logic in forcing a REIT to be quoted on the official list; indeed, in the light of the associated costs and the typical size of businesses on the list, there is almost a disincentive for local residential trusts to be created. Our amendments would eliminate that requirement from the Bill by deleting subsection (5) from clause 106, thereby removing the condition that a trust company's ordinary shares be listed on the stock exchange. The only argument previously posited in favour of full listing is that it would perhaps give confidence to investors and to those seeking to rent a property from such a trust. However, a given individual or business will take the decision to invest or rent after applying the correct degree of scrutiny and due diligence.

Although a full listing indicates a large company with deep pockets, a small, privately funded trust—or one whose shares are traded on AIM or Ofex—could prove to have better local knowledge, equally experienced management and excellent internal management systems. In short, there should be no assumption that a stock exchange listed company is always a better option than one that is not listed.

The key point is that although I welcome the creation of the REIT regime, the Government should not limit the creation of highly focused local residential trusts through the mechanism of a stock exchange entry and its associated fundraising costs. We have great hopes that REITs will complement the existing social and for-profit rented sector, but that opportunity would be enhanced by a more liberal approach to the regime's operation from the outset. I suspect that the Government have some sympathy with that argument.

We want a commitment from the Government that they will move as quickly as possible to liberalise the REITs regime, in order to ensure that the hoped-for benefits in the residential sector are brought to fruition, and that REITs do not simply become players in the high-end commercial property market. I hope that, when the Minister sums up, he can guarantee, or at least hint at, the fairly speedy liberalisation of the market. Should that not be forthcoming, we will—should you allow us, Madam Deputy Speaker—press one of our amendments to a vote.

Sir George Young (North-West Hampshire) (Con): I commend my hon. Friend the Member for Rayleigh (Mr. Francois) on for his eloquent advocacy of amendment No. 130. I was delighted to hear that his arguments have struck a chord in other parts of the House. I agree with what the hon. Member for Dundee, East (Stewart Hosie) said towards the end of his remarks about getting a healthy residential market on its feet.

I want to speak briefly to amendments Nos. 60 and 61, and I refer again to my entry in the Register of Members' Interests. Although it is not a registrable interest, I was also a member of the Oxford University Conservative Association, although the impact that I made may have faded by the time the Economic Secretary signed up a few years later. This is the fourth and penultimate time that I will speak in the Finance Bill proceedings on real estate investment trusts. Let me summarise where we are. There is a background of an all-party consensus on the need for a new investment vehicle to promote investment in residential property, attracting long-term institutional funds, broadening the market, giving a wider choice for those who want to rent and enabling private and institutional investors to get exposure to the residential property market that they do not have at the moment.

When the Government took office, there was an all-party consensus that we needed an initiative. The Government took the debate forward and I give them credit for that. We had the Kate Barker report and then, in March 2004, the Treasury consultation paper. In paragraph 1.14, it said that a REIT

"structure in the UK would therefore set a challenge for the industry to encourage development of new housing, which could...be managed within"

a REIT structure. The paper went on to say:

"Improvements and expansion to this sector"—

the private rented sector—

"could enhance efficiency and flexibility in the housing market."

It continued:

"The Government is keen to encourage greater renewal in the property sector, and the development of new...residential buildings".

Finally, it stated that the Government were keen for a REIT

"to stimulate greater development activity in the residential market providing a vehicle into which new properties can be converted and managed more efficiently."

There is no disagreement on either side of the House about those objectives. The debate in Committee was about whether those objectives would be achieved with the regime that is before us. We had a constructive and, by and large, consensual debate. We established that there was domestic harmony between the Economic Secretary and the Minister for Housing and Planning on the approach to REITs and that the framework for our debate was what the Chancellor said in his Budget speech:

"To attract more capital into house building, we are now legislating to introduce for Britain the real estate investment trusts that are so successful in the USA."—[*Official Report*, 22 March 2006; Vol. 444, c. 293.]

I want to bring one or two points from the debate to the attention of the House. The Economic Secretary was asked what went wrong with the previous initiatives and he replied:

"He"—

I suspect that he meant me—

"will probably agree that the regime did not work; in our view, it was too prescriptive and insufficiently flexible and thus did not attract capital."

There is some concern that the new regime may have the disadvantages of the regime that he criticised in that debate. He went on to say:

"We are trying to deliver a regime that will be more flexible and more appropriate for residential property investors."

I will come to that in a moment.

The debate spanned a morning sitting and, as my hon. Friend the Member for Rayleigh said, a rather warm afternoon sitting. Again, I want to pick up on some of the key points of that debate. The Economic Secretary said that he fully supported the

"objective of encouraging further investment in residential property."

We probably pushed him right to the limits of his negotiating powers by extracting from him a general undertaking that if things did not go as he hoped, he would have another look at the matter. He did not go quite as far as we all wanted, but at the end I withdrew the relevant amendment, saying:

"The Minister is a reasonable man, and he went as far as I suspect his brief allows him to go in giving the undertaking. Without prejudice to the possibility of bringing back on Report a related amendment...I beg to ask leave to withdraw the amendment."—[*Official Report, Standing Committee A*, 8 June 2006; c. 479, 503, 509.]

I remind the House that there is enormous potential here. I understand that there is a proposition to build the Olympic village through a REIT. There is also the possibility of using REITs to provide student accommodation and other opportunities. However, the key question is whether we will have the correct regime. My amendments Nos. 60 and 61 approach the problem from a slightly different angle from the one that I moved in Committee. They would amend clause 112, which introduces the entry charge, or conversion charge, which is the entry tax that must be paid to become a residential REIT.

5.15 pm

It is worth bringing to the House's attention the fact that the entry charge, or conversion charge, was not a feature of the regime initially proposed by Kate Barker, who focused on residential REITs. The conversion charge came on to the radar when the concept was extended from residential REITs to commercial REITs. By converting to a REIT, a quoted company will avoid capital gains tax liabilities, so to defray any possible loss of revenue, the Government decided to introduce a conversion charge to compensate the Treasury for the prospective loss of finance. I have no difficulty with that as a concept. In my view, the charge was set at a generous level, and the Minister explained how it was calculated. When the announcement was made, the market was pleasantly surprised.

Although a conversion charge might be appropriate for a commercial REIT, I argue that it is wholly inappropriate for a residential REIT. We have established that no quoted residential property company is likely to convert, so a residential REIT will have to start from scratch. In an earlier intervention, the Economic Secretary referred to 17 housing associations that are forming a consortium with a possible view to converting to a REIT. If one examines the model that that consortium will have to follow, one realises that there are severe disincentives to adopting the REIT structure.

The first thing that will happen when a housing association wants to put its residential properties into a residential REIT is that it will have to pay capital gains tax on any profit from the disposal of those properties. That will crystallise a capital gains tax liability that would not have been there otherwise. Capital gains tax will have to be paid on any properties transferred from the existing portfolio to a residential REIT. Secondly, stamp duty at 4 per cent. will be payable by the REIT vehicle on purchase, and, thirdly, the REIT will have to pay a 2 per cent. charge on conversion. Those are serious disincentives before any new supply is created. If the objective is to establish a more benign fiscal regime, it is absurd to start by expecting a residential REIT to pay three taxes that it would not have to pay at the moment.

I shall outline what has gone wrong. The original regime was aimed at residential REITs, but that has been transferred to cope with commercial REITs, so that regime is simply inappropriate. The Economic Secretary is frowning, but those three taxes—capital gains tax, stamp duty and the conversion charge—will be payable before a residential REIT gets into the business of providing new homes, which is the object of the exercise. In a sense, the commercial property companies have become the cuckoo in the nest. The

nest was originally designed for residential REITs, but the cuckoo has come along and displaced the original occupant—the residential REIT. Unless the Minister makes a concession today or at a later stage, I am worried that the hurdles that will confront— */Interruption./* I will happily give way if the Minister is about to indicate that he will accept my amendments, or indeed waive some of the taxes to which I referred.

Ed Balls: Is the right hon. Gentleman really saying that the British commercial property sector, which is renowned nationally and internationally for its efficiency and strength, is a cuckoo?

Sir George Young: I am slightly sorry that the Minister has taken so seriously the analogy that I was trying to convey to the House. In Committee he displayed traces of humour, which we enjoyed. I am sorry that that is the best response that he can produce to the rather serious case that I am making, which is that the regime—or the nest, if he does not find that reference offensive—most appropriate for the commercial sector is not appropriate for the residential sector. There is an offshore alternative to UK REITs, which the Treasury should not ignore.

I hope that the Economic Secretary will reflect on the fact that there are some serious hurdles to overcome before the residential REIT gets going. I also hope that, when he winds up the debate he will exhibit some flexibility—and possibly some humour—in his response to my case, which I have made against the background of the model that will be used by the very housing associations that he mentioned earlier.

Mr. Newmark: I, too, would like draw attention to my entry in the Register of Members' Interests. In common with my right hon. Friend the Member for North-West Hampshire (Sir George Young) and the Economic Secretary, I was a member of the Oxford University Conservative Association. I hope that hon. Members will forgive me for not registering that interest before.

The objectives are quite simple—they are first, to stimulate an onshore REIT market and, secondly, to achieve the Government's and the Chancellor's aim of having a REIT market that stimulates residential housing. Those are the two aims that we want to achieve.

When I read that Paul Herrington, head of UK property investment at Foreign and Colonial, believes that the Chancellor's proposals for REITs are welcome, it has to be a good thing. He thinks that the proposals

"confirm property's position as the main alternative asset class to equities and bonds"

and that changes need to be made to the Finance Bill. He recognised REITs' importance as an alternative asset class and went on to argue:

"There are other types of property investment vehicles that are currently outside the Reit regime. These include offshore investment trusts, limited partnerships and some very successful companies listed on Aim, which are likely to stay outside of it under currently proposed rules".

He continued:

"By excluding Aim, we might end up with a two-tier market like a Premier League and a Division One."

Rob Marris: He said that?

Mr. Newmark: Yes, he did.

As the Royal Institution of Chartered Surveyors has said:

"A successful REIT market should have both listed and unlisted vehicles in order both to allow maximum choice to investors of differing experience and size and also to provide a pooling facility for smaller REITs to develop outside a listed market until such time as they are ready and able to go public—this should be particularly helpful to smaller players in the market."

Mr. Colin Breed (South-East Cornwall) (LD): Does the hon. Gentleman think that having smaller REITs might enable more local and regionalised funds to be brought into play? Many people feel that they would like to help particular geographical areas, rather than necessarily contributing to the national pot. The smaller ones, operating on a regional and local basis, can be very attractive.

Mr. Newmark: The hon. Gentleman makes an excellent point. We discussed in earlier debates how to stimulate housing, but not just in the south-east where there are enormous stresses and strains. My hon. Friend the Member for East Surrey (Mr. Ainsworth) alludes on his website to the fact that there is already far too much house building in the south-east. If we want to stimulate such building out in the regions—I see that I have finally got the attention of the Economic Secretary—I suggest that we follow Schumpeter's principle that small is beautiful. If we want to encourage regional housing developments that tend to be smaller, the particular residential housing required is more likely to be of the right size to be on AIM, but not to have the wherewithal, facility or finances to list on a fully listed stock exchange.

The then Economic Secretary repeated a commitment in Committee of the whole House:

"We are willing to consider any consequence of market developments...We must always be willing to consider whether we want to change the regime in the interests of the market and clearly not to the disadvantage of the Exchequer."—[*Official Report*, 3 May 2006; Vol. 445, c. 1041.]

I would be interested to know whether the current Economic Secretary is still willing to be open minded about the matter. Perhaps he would like to intervene? I guess not. As AIM listing will have no adverse impact on the Exchequer—I recognise that the Economic Secretary and the Chancellor are concerned about that—will the Economic Secretary give a commitment at least to review the listing requirement in response to the lack of expected take-up from the residential property sector? That is all we ask. We want the Economic Secretary to be open minded and watch how the market develops. If the Government are not achieving their aims of stimulating the residential, not simply the commercial side, for REITs, we ask them at least to take an open-minded approach.

It is worth considering the comments of my hon. Friend the Member for Rayleigh (Mr. Francois) in Committee, when he gave a good analysis of the benefits of AIM. I must quote his thorough analysis in full. He stated:

"AIM-listed companies already provide a legitimate form of collective investment, so why have the Government decided to exclude them from the REIT regime from the start?"

The Economic Secretary never answered that. My hon. Friend continued:

"On a practical level, property companies that are registered as REITs are likely to enjoy significant tax advantages over those—usually smaller—companies that are denied the advantages that REIT status confers. There could therefore be considerable consolidation in the market as REITs take over other property companies such as those on AIM"—

my hon. Friend made that point again earlier today—

"which cannot qualify for REIT status. That is potentially unfair".

I know that the Economic Secretary views fairness as an important criterion when considering such matters.

My hon. Friend continued by saying that, over time, that inability to qualify

"could mean that the UK property market was increasingly dominated by a relatively small number of large REIT companies. I presume that the Government did not intend that. We would move in the direction of an oligopolistic market and I am not sure that Ministers want that.

Moreover, AIM-listed companies might come under pressure to convert to a full stock exchange listing before they were ready for it, principally to qualify for REIT status, thus potentially causing a distortion in the orderly evolution of the market sector. Why not, therefore, expand the condition to cover at least AIM-listed companies"?

My hon. Friend makes that point time and again. He was dogged—indeed, almost terrier-like—about it. He continued by saying that expanding the condition would

"thus facilitate greater diversity in the REITs market available to investors... There is a strong common-sense argument for doing that."—[*Official Report*, 3 May 2006; Vol. 445, c.1026.]

I agree with that.

Madam Deputy Speaker: Order. The hon. Member should finish with the quotation.

Mr. Newmark: Your timing was perfect, Madam Deputy Speaker, because I had just finished the quote.

The Government appear to be worried about the regulatory position, but AIM is not unregulated and it does not lack the transparency that the Government seek, for once, to encourage.

Madam Deputy Speaker: Order. I believe that I said that that was sufficient of the quotation, or has the hon. Gentleman completed it?

Mr. Newmark: To clarify, Madam Deputy Speaker, I was previously talking about my hon. Friend's analysis of AIM and I am now moving on to the regulatory regime.

AIM does not stipulate minimum criteria for company size, track record or the number of shares required to be in public hands. The Government gave a parliamentary answer in response to queries about AIM's regulatory position. In November 2003, the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) tabled a written question:

"To ask the Chancellor of the Exchequer...what discussions he has had with the (a) London Stock Exchange and (b) Financial Services Authority on the alternative investment market becoming an unregulated market...what research he has carried out on the way in which an unregulated alternative investment market would affect companies and investors"—

an important question—

"and what discussions he has had with the European Commission about the alternative investment market becoming an unregulated market."

The right hon. Member for Bolton, West (Ruth Kelly), responded:

"The London Stock Exchange...is a Recognised Investment Exchange...under the Financial Services and Markets Act...and"—

this is the important part—

"has to operate all its markets, including the Alternative Investment Market (AIM), in compliance with the recognition requirements for REITs. The Financial Services Authority...supervises its compliance with these obligations...Because AIM is not going to become an unregulated market, the Treasury has not done any research about the impact of such a scenario on investors and issuers, nor have we discussed it with the European Commission."—[*Official Report*, 4 November 2003; Vol. 412, c. 624-25W.]

5.30 pm

Let us come to the important issue, which is the housing requirements that the Chancellor, the Economic Secretary and, I assume, the Paymaster General are seeking. The Chancellor, as we have heard, said in this year's Budget speech:

"To attract more capital into house building, we are now legislating to introduce for Britain the real estate investment trusts that are so successful in the USA."—[*Official Report*, 22 March 2006; Vol. 444, c. 293.]

So, we hear two things now. We hear that the Chancellor is looking to the US as an excellent example of successful REITs, and he is looking at REITs as a way of stimulating the housing market. However, we have heard today that the main emphasis with REITs seems to be on stimulating the commercial side of the market rather than the residential side. The success of REITs in the USA is arguably because there is no listing requirement at all, which the Chancellor does not seem to have acknowledged. The important point is that without such a requirement smaller, more flexible residential property companies would be allowed to participate.

What do the Government really intend REITs to achieve? All the evidence points to the death of the original concept of stimulating investment in the residential property market. The hon. Member for Bury, South (Mr. Lewis), when he was Economic Secretary, said that

"one of the aims of introducing UK-REITs is to improve efficiency, affordability and professionalism in the private rented sector to the benefit of residential tenants."—[*Official Report*, 13 February 2006; Vol. 442, c. 1556W.]

However, my right hon. Friend the Member for North-West Hampshire has said:

"When the concept was originally considered, there was concern that it should not simply be a new vehicle for existing property companies. Consideration was given to a requirement that, in order to qualify for a REIT, one would have to add to supply."

He also said:

"Housing hardly gets a mention in the post-Budget comment on REITs."—[*Official Report*, 24 April 2006; Vol. 445, c. 422-23.]

Dave Ramsden, of Her Majesty's Treasury, said:

"We would expect that REITs in the version we have ended up with—REIT UK, if copyright allows us to call them that but that is another story—are more likely to encourage flexible investment in commercial property. That is clear from the consultation. It does not mean that we will not get some residential property, I think we will get some but it is not going to be the main focus of the REIT."

[Mr. Newmark]

That is the point that we continue to make: REITs are stimulating not the residential housing market, but the commercial property market.

The debate over listing, however, consists of two main points. The argument for public listing—this is an important point that the Government make—is that it would subject companies to the appropriate listing authority rules regarding investor base, disclosure and market scrutiny, and would therefore help to ensure suitability for a wider retail investor base.

Dawn Primarolo: We have heard the hon. Gentleman recite what his hon. Friends think is important. We have heard him recite what the Government think is important. We have heard him recite also what Mr. Dave Ramsden thinks is important. When will the hon. Gentleman get around to telling us what he thinks is important and what the point of his speech is?

Mr. Newmark: The right hon. Lady must be patient. I am reaching my peroration, but not quite yet.

The arguments against listing involve allowing a company to develop initially as an unlisted UK REIT potentially to increase the size and scope of the market, of which we have heard much already.

Ed Balls: My right hon. Friend was most unfair to the hon. Gentleman. He made an important point a few moments ago. He said that in his view there is far too much house building in the south-east. That is the point of his speech, and we have all taken it on board.

Mr. Newmark: That is an interesting interpretation of what I did not say.

Ed Balls: I wrote it down.

Mr. Newmark: I think that I will ignore the hon. Gentleman's interjection. The hon. Gentleman says that he wrote it down, but he obviously was not paying attention.

Lee Nuttall, who is a real estate tax partner at Wragge & Co., said:

"It should be immaterial whether the investment comes from a private REIT or from a REIT recognised by the Stock Exchange. The expense of obtaining and maintaining a Stock Exchange listing will have an adverse impact on investor returns...It would be easy for the Government to squander this opportunity through over-regulation and a failure to listen."

We criticise the Government for a lack of listening. Even the Financial Services Authority's implementation of the transparency directive on investment entity listing review in March 2006 said:

"A successful REITS market should have both listed and unlisted vehicles in order both to allow maximum choice to investors of differing experience and size and also to provide a pooling facility for smaller REITS to develop outside a listed market until such time as they are ready and able to go public. This should be particularly helpful for smaller players in the market."

The National Association of Real Estate Investment Trusts said:

"While we anticipate that a good number"—

not necessarily all—

"of currently listed property investment companies will convert to UK-REIT status, we expect further companies to list for the first time in order to qualify under these tax rules. As a result, these proposals will have a significant impact in this area."

We have heard—it was an important point that my hon. Friend the Member for Rayleigh raised—that about 190 are publicly traded REITs in the USA, with assets totalling more than $475 billion. The shares of those companies are traded on major stock exchanges, which sets them apart from traditional real estate. Other REITs may be publicly registered, but non-exchange traded or even private companies. About 800 REITs are not registered with the Securities and Exchange Commission and do not trade on any stock exchange. Yet, as we have heard, the US is an extremely successful market. Even the Chancellor of the Exchequer, as we have heard, looks to the US as an example of where a successful REIT market has been developed, and one that we should emulate.

I am reaching my peroration. I say from the depth of my heart that I respect the Government's cautious approach on deciding whether to have a fully listed requirement versus AIM. I would not go as far as to suggest that we follow the US example of having an entirely unregulated REIT market with no listing requirements at all, notwithstanding the success of the experience in the US. I ask the Government to reflect once again on the advantages of AIM, which has a simple listing requirement, a flexible regulatory approach and lower compliance costs. It is transparent, it is established and—this is an extremely important point—it is the world's leading market for smaller companies. I am concerned that without further consideration of the proposal introduced by my hon. Friend the Member for Rayleigh, the Government will create an oligopoly of institutional investors. Instead of creating an inclusive, flexible and entrepreneurial REITs market, we will end up with a REITs market that is exclusive, inflexible and commercial.

Mr. Gauke: Like the Economic Secretary I, too, am a former member of the Oxford University Conservative Association but not, I confess, a very active one. At the few meetings I attended there were too many ambitious lefties hedging their bets.

Ed Balls *rose—*

Madam Deputy Speaker: Order. I will allow the Minister to reply, but I do not want the debate to develop into an Oxford Union debate.

Ed Balls: I apologise in advance, Madam Deputy Speaker, but does the hon. Gentleman agree that one was disinclined to go to too many meetings because one feared that one would have to listen to more speeches by the hon. Member for Braintree (Mr. Newmark)?

Mr. Gauke: I certainty do not agree, as my hon. Friend's speech had comprehensive qualities and was delivered with impressive passion.

Sir George Young: It was very well informed.

Mr. Gauke: Indeed.

I wish to consider whether condition 3, which requires REITs to be listed on a recognised stock exchange, is appropriate, as it excludes shares traded on the alternative investment market. My hon. Friend the Member for Rayleigh (Mr. Francois) made an eloquent case for the inclusion of such shares. In the Committee of the whole House, however, the then Economic Secretary, the hon. Member for Bury, South (Mr. Lewis), argued against doing so, and the present Economic Secretary referred to those arguments in Standing Committee. Three arguments have been deployed including, first, the assertion that REITs require full regulatory protection, presumably to avoid a scandal. REITs are new products, so one would not want something to go wrong in the early years by listing them on AIM, which is regarded as a higher-risk market.

We must, however, consider AIM's role. My hon. Friend did so, and spoke about the market's success. I, too, have visited the London stock exchange website, and the very first words on the AIM homepage state that the market is

"specifically tailored to growing businesses".

Many REITs are growing businesses—as a new product, they will probably grow larger—so it is appropriate to list them on AIM. The hon. Member for South-East Cornwall (Mr. Breed) said that the market provides an opportunity for regional REITs, as did the hon. Member for Dundee, East (Stewart Hosie). That is an important element which I, as a localist, would support.

The argument is about investors trusting the investment manager. If they want the security of a more highly regulated market, they should invest in REITs that are listed on the London stock exchange or their European equivalents. If that is what the market demands, there are unlikely to be many REITs listed on AIM. There could easily be REITs that are aimed more at institutional investors, which it would be more appropriate to list on AIM because it is less regulated and less expensive. I therefore do not find that argument entirely convincing. However, it is worth stressing that at almost every stage of the Bill, the Government said, and I hope the Economic Secretary will reiterate, that the matter will be kept under review.

5.45 pm

When we discussed AIM in Standing Committee, the flavour of the remarks made by the Economic Secretary was that AIM was part of a transitional process: a company lists on AIM for a while, then it grows and gets a full listing. Clearly, some companies do. The figures on the London stock exchange and AIM website that were quoted by my hon. Friend show that in total 1,528 companies are listed. The total number of admissions is 2,401. Many of the 900 or so companies that are no longer listed on AIM will no doubt have a full listing. Some may not. Some may have been merged, and others may be de-listed altogether. That still leaves a substantial number, 1,528, which remain on AIM, so we should be a little careful about characterising AIM as a stage that a company passes through. It does not always work like that. For many companies it is their final destination.

I turn to the second argument used by the former Economic Secretary, that the expression

"'recognised stock exchange' is a fundamental concept used in our tax legislation."

That is true, but it should not be leading policy. Just because the expression "recognised stock exchange" is appropriate for qualifying for an ISA, that does not seem to be a persuasive argument for it to apply to REITs and for condition 3 to be drafted as it is.

The third argument, which my hon. Friend dealt with thoroughly, was set out by the former Economic Secretary when he said:

"Thirdly, and crucially . . . it would not be possible to allow companies with shares listed on AIM to be eligible for the regime without also extending the same position to companies listed on similar markets in the European Union."—[*Official Report*, 3 May 2006; Vol. 445, c. 1044.]

He made two arguments to support that. One was the cost to the Exchequer of allowing that to happen, which the former Economic Secretary said would be difficult to quantify at this point. The second was the risk for small investors.

The same points about caveat emptor, trusting the people and the reality of the risk can be made again, but I come back to what my hon. Friend said about condition 1, which states that a company must be UK resident in any event. If that is the case, it is unlikely to want to list in another EU jurisdiction. If it does, that is unlikely to be a commercial advantage in marketing it to the UK, particularly if it was listed on an EU version of the alternative investment market. That would be commercially unattractive, so companies are unlikely to do it. If it is attractive commercially, that is probably because those companies are able to overcome any reputational concerns about the particular market. If the company is able to overcome such reputational concerns, the second argument—the risk to small investors—is likely to fall away. The matter comes down to the issue of the cost to the Exchequer. I am sceptical that it would be extremely expensive, because, for the reasons that I have outlined, few companies will list on foreign exchanges. The leading exchange in Europe is the London stock exchange, and the leading alternative investment market in Europe is AIM.

I ask the Government to continue to review the matter. As one former member of Oxford University Conservative Association to another, I ask the Economic Secretary to look again at the policy. If the Government are not prepared to accept the amendment today, I hope that they will review the matter soon.

Mr. Philip Dunne (Ludlow) (Con): I do not want to disappoint hon. Members who were members of the Standing Committee, so I shall declare an interest: I am currently chairman of two fully listed companies, one of which is an investment vehicle and the other of which is a real business, although I will be in that position for a matter of days because the company has just been taken over.

Craving your indulgence for a moment, Madam Deputy Speaker, I was also at Oxford university, although I was not a member of OUCA. However, I was educated at the same college as the Economic Secretary, where we shared some of the same tutors, although I cannot recall reading any of Professor Davison's texts.

I apologise to my hon. Friend the Member for Rayleigh (Mr. Francois) for missing his opening

[Mr. Philip Dunne]

remarks on amendment No. 130, because I was engaged in Select Committee. The Government are caught in an academic dilemma—the distinction between the full market and AIM—which may stem from the academic approach that the Economic Secretary has taken to many of the clauses in the Finance Bill, but I want to draw to his attention what is happening out there in the real world.

My hon. Friends have already referred to some of these statistics. If one casts one's mind back to the beginning of this Government, one recalls that 2,704 companies were listed on the main market, and 252 companies were quoted on AIM at the beginning of 1997. As we have heard, the number of quoted companies on AIM had risen to 1,528 by the end of May, which is an increase of 1,276. Over the same period, companies were leaving the full market in droves, many as a result of takeovers and some as a result of migrating down from the main market to AIM. The numbers are revealing: there are currently 1,326 UK companies left on the main market, 29 per cent. of which are investment vehicles, which means that there are now only 939 UK trading companies on the main market. That significant reduction has been more than matched by the increase in the number of companies quoted on AIM.

It is also revealing to discover that there are 43 real estate, holdings and development companies on the main market, yet 70 real estate, holdings and development companies are currently quoted on AIM. I contend that companies that have the choice of whether to take advantage of full market listing or to list on AIM tend to list on AIM, because of the lower costs, lighter regulation and the fact that the market has matured. AIM is now regarded as an appropriate place to gain access to capital, whereas in the early days people had their doubts. When the company that I took to market was listed in 1998, we regarded it as appropriate to go direct to the main market, although it was a small company, because there were concerns about access to capital on AIM. Those concerns have been substantially overcome.

We therefore have to ask ourselves why the Government are not prepared, at the introduction of this new regime, to sanction quotation on AIM as perfectly legitimate and appropriate for new REITs. The arguments that they advanced have been thoroughly demolished by my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) and, I am sure, by my hon. Friend the Member for Rayleigh, whose comments I look forward to reading tomorrow in *Hansard*. The argument advanced by the Economic Secretary in Committee—that there would be a greater potential risk to investors should these shares be available on AIM—is palpable nonsense. I hope that he will reflect on this debate and on what was said in Committee and will be prepared to accept amendment No. 130 if it comes to a vote.

Ed Balls: I have a wide range of speeches and points to respond to. The right hon. Member for North-West Hampshire (Sir George Young) accused me of taking him seriously, and criticised me for it. We had an interesting debate about the distinction between Schumpeter's and Schumacher's views on the concept of "small is beautiful". The hon. Member for Ludlow (Mr. Dunne) chided me for not understanding the real world, having just admitted in his declaration of interest that he runs an unreal company. It would be interesting to find out what that means in practice.

There have been several other references to the past, and I am happy to explain the position. Conservative Members might have heard of a writer called Geoffrey Trease, who wrote a series of books about Bannermere, a fictional lake in the Lake District. The hero of the books goes to Oxford university, the first of anybody in his family to do so. When he gets there he joins all the political societies so that he can go to hear all the speeches at all the political clubs. I did the same. I joined the Labour, Liberal and Conservative clubs and went to hear very many speeches. I heard the then Chancellor of the Exchequer discuss the economy and the then Trade and Industry Minister discuss industry and housing. That was very interesting, as both of them left the Government within months.

Mr. Francois: The hon. Gentleman says that at Oxford he even joined the Liberals, as they would then have been. If he was so liberal in deciding to join all those different markets at the same time, why cannot REITs list on AIM?

Madam Deputy Speaker: That is quite sufficient about student politics. May we return to the debate?

Ed Balls: Thank you, Madam Deputy Speaker.

We have also discussed, in passing, real estate investment trusts, which we debated at length in Standing Committee and in the Committee of the whole House. I am pleased that there is cross-party support for our aims for the REITs regime. We believe that it will be successful when it is introduced next January, that it will remove inefficiencies that currently persist in the commercial and residential property investment markets, and that it will support our wider housing policy and the implementation of the Barker review.

I will not go over all the points that were debated in Committee, but try to respond in detail to some of those raised today. I shall start by responding to the hon. Member for Rayleigh (Mr. Francois) on Government amendments Nos. 27 to 30. On 2 June, I made available to Committee members the draft excluded business regulations, which amended schedule 16. That followed a commitment made by my predecessor, my hon. Friend the Member for Bury, South (Mr. Lewis), which I was keen to honour not only in the spirit but the letter to give sufficient time for proper consideration. As the hon. Member for Rayleigh reminded us, we had a detailed discussion about car parks, phone masts and other matters. I hope that we provided clarity that will give the industry a basis on which to plan ahead. During that debate, I explained to hon. Members that a better way to effect these changes than the draft regulations would be by way of a Government amendment to the Bill as it passed through its parliamentary stages. As I explained to the Committee, the points that prompted the changes had been raised at a very late stage and it had not been possible fully to analyse the issues in time to table an amendment in Committee. Instead, we decided to expose the issues in draft regulations and to consult on the details, with the aim of making the necessary changes through amendments to be tabled on Report.

6 pm

Government amendments Nos. 27 to 30 are the outcome of that consultation. They deal with two sets of circumstances: owner-occupied property, and property held as trading stock. Amendment No. 28, which deals with trading stock, aligns the treatment of rental income from this kind of property with that already set out for rent incidental to a trade of property development. The amendment will keep trading stock property out of the ring fence, which will mean that the incidental rent will be taxable but the measure will remove the threat of double taxation that could otherwise follow from taxation of any increase in the value of the property at conversion and the levy of an entry charge on the same value. The industry was keen for us to clarify that position.

Amendments Nos. 27, 29 and 30, which deal with owner-occupied property, address two issues. The first is to ensure that rental income from owner-occupied property is excluded from the tax-exempt business of a UK REIT, as was our original policy intention. The second is to allow into the ring fence some properties that, despite be let to unconnected third-party tenants, fall to being accounted for as owner occupied. Their exclusion was an unforeseen consequence of the international accounting standards definition of "owner-occupied"—as the hon. Member for Rayleigh pointed out—and not in line with our original policy.

These changes are the result of points being brought to our notice by the industry, and I am sure that it will welcome them. They are fully consistent with the statements that I made in Standing Committee. On the definition of owner-occupied property, I can assure the hon. Member for Rayleigh and the House that we will continue to work with the industry and to listen to any issues arising on the matter. I hope that that will give him the reassurance that he seeks.

A number of issues have been raised today that pertain to the more general question of the balance between residential and commercial property. I will deal with the specific points first, and refer to the general issue at the end. I shall deal first with amendments Nos. 64 to 68, and then with amendment No. 130, which deals with the listing requirement.

Amendments Nos. 64 to 68 have been tabled by the hon. Member for Banff and Buchan (Mr. Salmond) and his colleagues, and were spoken to today by the hon. Member for Dundee, East (Stewart Hosie). Taken together, they would remove altogether the requirement that a company should have its shares listed on a recognised stock exchange before it can become a UK REIT. That would allow any company to enter the regime. We have estimated that the cost of the amendments, if passed, would run not into tens or hundreds of millions of pounds but into billions of pounds. It would therefore be quite wrong to accept them. I hope, however, that in explaining why we believe that a requirement for listing is important I shall be able to give some reassurance to the hon. Member for Dundee, East.

Amendment No. 130 also relates to the listing requirement. However, rather than removing it altogether, it seeks to extend the definition to include the alternative investment market—AIM—of the London stock exchange and its equivalent in the European Union. This issue was debated at length during the Committee of the whole House, as well as in the Standing Committee. Following those Standing Committee debates, I looked again in detail at our requirement for a full stock exchange listing. As I explained to hon. Members at the time, I had come late to those debates—my hon. Friend the Member for Bury, South was the Minister during the Committee of the whole House—and I wanted to understand the difference between a full listing on the London stock exchange and a listing on AIM.

In passing, I want to say that I completely associate myself with what the hon. Member for Rayleigh said about the success of AIM, and its importance not only as a liquid market but a tax advantage market, compared with a full listing. Capital gains tax, inheritance tax and loss relief are all reasons why we tax advantage an AIM listing in order to bring new companies into listing. The success of London as a market that attracts listings from around the world has increased substantially over the past few years, and I am sure that the success of AIM is part of the broader success of London as a centre for listing. Therefore, I fully support the continuance and strength of AIM.

We always aimed to ensure that the UK REIT regime would make property investment accessible to small investors in a way that was revenue neutral in tax terms while providing proper protection. The requirement for a listing on a recognised stock exchange assures investors, especially small investors, that their investments are covered by the full protection of direct regulation by the Financial Services Authority. That has a direct bearing on companies, through rules on dispersion of the share base and share approval for major transactions. An AIM listing has several tax advantages, while a full listing on the stock exchange has several more onerous requirements, ensuring proper protection for the smaller investor through direct FSA regulation, but also ensuring that the tax advantages that I set out are used for the intended purpose. We argued consistently that the right approach was to restrict the REIT regime to a full listing, partly to protect the revenue base and to ensure that it is revenue neutral, and partly to protect the small investor. We made that point consistently in consultation and in discussions with several interested parties, including the Investment Property Forum, the British Property Federation and the Royal Institution of Chartered Surveyors, and our objective has always been understood.

Aside from the regulatory aspects, it is important to take account of suggested changes to the rules in the context of the regime as a whole. We are considering a package of legislation and conditions that combine substantial tax advantages with substantial restrictions and protections to ensure that we achieve our objective, but in a way that does not run to substantial cost. While the costs of the Scottish National party amendments would run into billions of pounds, there is no doubt that these amendments would cost hundreds of millions of pounds, not least because allowing such listings to qualify for other European markets would run not only a regulatory risk but a financial one. As I said to the hon. Member for Rayleigh, I have considered the matter again, as I wanted to understand exactly what was happening, and we still believe that

we have the right balance of regulation and protection to achieve a revenue neutral package and encourage the establishment of a REIT regime.

Mr. Francois: If more companies were allowed to list as REITs on AIM, they would put their property portfolios into the REIT regime, on which a 2 per cent. entry charge would be levied, which would be revenue raising. The Economic Secretary said that part of the Government's rationale in not allowing REITs to list on AIM was to protect small investors. What is the difference in principle between small investors investing in lots of other companies listed on AIM but not in property companies listed on it?

Ed Balls: We are trying to combine those protections with the revenue neutrality that I talked about. On the basis of our calculations and estimates, a substantial increase in the entry charge, above 2 per cent., would be necessary to make the proposal revenue neutral. As a whole, the package has been put together to allow substantial tax advantages while at the same time ensuring that such investments will be genuine and not for tax purposes. Removing any one of those conditions—especially one as important as listing on a recognised stock exchange, which brings with it a wide range of regulatory and market-driven protections—would, I fear, result in the imposition of detailed rules and potential increases in costs elsewhere, and would undermine the regime that we have put together.

We consulted for a long time on that regime, and responded in detail to a number of points. We have discussed today whether the Government have been willing to respond to points made in consultation during the Bill's passage so far. I do not think any Opposition Front Bencher could disagree with the proposition that we have not only consulted extensively on the REITs regime but, in very material ways, responded to what has been said. In the same spirit I took advice on not just cost, but the protection that we could give investors to ensure that their investments would genuinely fulfil their intention of investing in residential property, as opposed to merely benefiting from a tax advantage. Our judgment was that we had got things right.

Stewart Hosie: The Economic Secretary has said a number of times that the Government believe they have got the balance about right, ensuring both that the revenue base is protected and that there is enough regulation to protect investors. That would still leave us with very large REITs, probably worth more than £100 million. What will the Government do to encourage smaller trusts with a local residential focus, if the Economic Secretary is not prepared to liberalise in the way that has been suggested today?

Ed Balls: I am grateful for that intervention, which allows me to deal with the broader comments made by the hon. Gentleman, the hon. Member for Rayleigh and, in particular, the right hon. Member for North-West Hampshire (Sir George Young). I apologise to the right hon. Gentleman if I took him literally when he started talking about cuckoos. A few weeks ago, we discussed the proliferation of Jaguars. As I said then, I know that the right hon. Gentleman has a great deal of experience and understanding of these matters. I am very pleased that as a result of contacts since the Committee stage, we will meet on 18 July so that I can hear from him directly about his concerns and also his ambitions for residential property investment in our country. I was also encouraged to receive a letter from him a few weeks ago, after the Committee stage, in which he told me that he had engaged in a dialogue with a housing association that is thinking of establishing a REIT. I commend him for the work he is doing to ensure that the take-up of REITs is as successful as we all want it to be.

We are not attempting to establish a regime that will try to bias investment in one direction or another. We want a regime that is not particular, distorting or potentially inflexible in the way in which it encourages in the property sector. The right hon. Gentleman asked why the 1996 regime had been too restrictive, which is how I described it in Committee. The main problem was the fixed upper limit on the cost of each unit that could be part of the regime, which was lower than the cost of most houses. It was not successful, because most houses could not be invested in. There are no such restrictions or upper limits in our UK regime.

Sir George Young: I welcome the Economic Secretary's approach. Does he accept, however, that while a conversion charge may be appropriate for a quoted commercial property company, it is a real disincentive to a residential REIT starting from scratch?

Ed Balls: I think I have explained our diagnosis of the 1996 regime. I shall be happy to discuss the history at our meeting on 18 July, but I think our most important task is to ensure that the regime works. I have assured the right hon. Gentleman that we intend the regime to support investment in both commercial and residential property. I have also assured the hon. Member for Rayleigh and others that we will continue to keep the listing issue under review, and I repeat that assurance today. We do not have a closed mind. We want small investors to invest in both kinds of property under the regime. However, as I have said, on the basis of extensive consultation we believe that we are establishing the right regime, and we ask the House to support it so that we can achieve our objectives.

6.15 pm

The problem with the amendments is that they would introduce inflexibility and distortions. They would cost substantial amounts of money or would increase the entry charge for other aspects of the regime. The danger is that the amendments would also encourage people to manipulate their affairs to qualify for more generous tax reliefs if they presented their REIT in one way rather than another. That would be a retrograde step. I ask the right hon. Member for North-West Hampshire to retain his interest in these matters but to support the regime that the Government propose.

As I explained to the hon. Member for Rayleigh, we always imagined that the commercial property sector would make its intentions clear earlier, because of the scale and sophistication of its operations, but that it would take more time for housing associations and some other smaller investors on the residential side to consider the way forward. We are encouraged by the fact that discussions are continuing.

We have been criticised by Opposition Members for not doing enough to support investment in residential housing, and perhaps the regime will not fulfil the thinking behind the Barker review. I understand the thrust of that thinking, because only a few months ago the shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), told a conference:

"I want us to be on the side of the first time buyer, helping young families realise their dream of home-ownership."

His sources explained that he was trying to shed the Tory image of nimbyism. The problem is that that message has not fully got through. I referred earlier to the views of the hon. Member for Braintree and the belief of the hon. Member for East Surrey (Mr. Ainsworth) that house building is excessive. I draw the House's attention to early-day motion 158, opposing house building in Essex, which has been signed by the hon. Member for Rayleigh, and to early-day motion 23, which opposed house building in Hertfordshire and was signed by the hon. Member for South-West Hertfordshire (Mr. Gauke). The right hon. Member for Horsham (Mr. Maude), the chairman of the Conservative party, said of housing in Sussex:

"I oppose the huge increases in house building currently being contemplated."

—[*Official Report*, 19 October 2005; Vol. 437, c. 847.]

The hon. Member for Chipping Barnet, (Mrs. Villiers) said:

"Suburbs like Barnet are under attack from John Prescott's excessive targets for new house building"—

Madam Deputy Speaker: Order. The Minister is now going rather wide of the group of amendments that he is addressing.

Ed Balls: I shall finish with this conclusion. If one wants to be credible in one's support for first-time buyers, one has to support not just REITs, but the Barker review in its entirety. That means supporting new house building, not opposing it case by case and constituency by constituency.

Amendment agreed to.

Amendments made: No. 29, page 349, line 15 , at end insert—

'2A (1) Letting of property if the following two conditions are satisfied.

(2) Condition 1 is that the property is let—

(a) by one member of a group to another, or

(b) by a member of a group to a company the shares in which are stapled to the shares of a member of the group.

(3) Condition 2 is that the property would fall in accordance with generally accepted accounting practice to be described as owner-occupied.

(4) For the purpose of sub-paragraph (2)(b), shares of one company are stapled to shares of another if in consequence of the nature of the rights attaching to the shares of the one company (including any terms or conditions attaching to the right to transfer the shares) it is necessary or advantageous for a person who has, disposes of or acquires shares of that company also to have, to dispose of or to acquire a holding of shares of the other company.'.

No. 101, page 349, line 19, leave out from 'into' to end of line 20 and insert 'structured finance arrangements to which section 774B or 774D of ICTA applies (factoring of rent and other income receipts).'.—*[Dawn Primarolo.]*

Madam Deputy Speaker: Does the hon. Member for Dundee, East (Stewart Hosie) wish to press amendment No. 65?

Stewart Hosie: On the basis of the commitment by the Economic Secretary to an ongoing review and the possibility of a many billion pound reduction in tax yield if the system is liberalised very quickly, I do not seek to press the amendment. However, we still believe that the system is too restrictive.

Clause 106

CONDITIONS FOR COMPANY

Amendment proposed: No. 130, page 97, line 24, at end insert

'or on the Alternative Investment Market of the London Stock Exchange or its equivalent European Union exchanges.'.—*[Mr. Francois.]*

The House divided: Ayes 166, Noes 348.

Division No. 280] **[6.19 pm**

AYES

Afriyie, Adam	Gale, Mr. Roger
Ainsworth, Mr. Peter	Gauke, Mr. David
Amess, Mr. David	Gibb, Mr. Nick
Atkinson, Mr. Peter	Gillan, Mrs. Cheryl
Bacon, Mr. Richard	Goodman, Mr. Paul
Bellingham, Mr. Henry	Goodwill, Mr. Robert
Benyon, Mr. Richard	Gove, Michael
Beresford, Sir Paul	Gray, Mr. James
Binley, Mr. Brian	Green, Damian
Bone, Mr. Peter	Greening, Justine
Boswell, Mr. Tim	Greenway, Mr. John
Bottomley, Peter	Grieve, Mr. Dominic
Brady, Mr. Graham	Gummer, rh Mr. John
Brazier, Mr. Julian	Hammond, Mr. Philip
Brokenshire, James	Hammond, Stephen
Burns, Mr. Simon	Hands, Mr. Greg
Burrowes, Mr. David	Harper, Mr. Mark
Burt, Alistair	Hayes, Mr. John
Carswell, Mr. Douglas	Heald, Mr. Oliver
Cash, Mr. William	Heathcoat-Amory, rh Mr. David
Chope, Mr. Christopher	Herbert, Nick
Clappison, Mr. James	Hoban, Mr. Mark
Clark, Greg	Hogg, rh Mr. Douglas
Clarke, rh Mr. Kenneth	Hollobone, Mr. Philip
Conway, Derek	Horam, Mr. John
Cox, Mr. Geoffrey	Hosie, Stewart
Crabb, Mr. Stephen	Howard, rh Mr. Michael
Curry, rh Mr. David	Hunt, Mr. Jeremy
Davies, Philip	Hurd, Mr. Nick
Davies, Mr. Quentin	Jackson, Mr. Stewart
Davis, rh David *(Haltemprice and Howden)*	Johnson, Mr. Boris
Djanogly, Mr. Jonathan	Jones, Mr. David
Donaldson, Mr. Jeffrey M.	Kawczynski, Daniel
Dorrell, rh Mr. Stephen	Key, Robert
Dorries, Mrs. Nadine	Kirkbride, Miss Julie
Duddridge, James	Knight, rh Mr. Greg
Duncan Smith, rh Mr. Iain	Laing, Mrs. Eleanor
Dunne, Mr. Philip	Lait, Mrs. Jacqui
Ellwood, Mr. Tobias	Lansley, Mr. Andrew
Evennett, Mr. David	Leigh, Mr. Edward
Fabricant, Michael	Letwin, rh Mr. Oliver
Fallon, Mr. Michael	Lewis, Dr. Julian
Francois, Mr. Mark	Liddell-Grainger, Mr. Ian
Fraser, Mr. Christopher	Lidington, Mr. David

Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Andrew Rosindell and
Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Beith, rh Mr. Alan
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davey, Mr. Edward
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Healey, John
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy

Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salmond, Mr. Alex
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thornberry, Emily
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Kevin Brennan and Tony Cunningham

Question accordingly negatived.

Clause 107

CONDITIONS FOR TAX-EXEMPT BUSINESS

6.30 pm

Amendment made: No. 27, page 98, line 43, at end insert—

'(a) no account shall be taken of the fact that a property may fall to be described as owner-occupied by reason only of the provision by the company of services to an occupant who is in exclusive occupation of the property and is not connected with the company (within the meaning given by section 839 of ICTA),'.—*[Ed Balls.]*

Schedule 17

GROUP REAL ESTATE INVESTMENT TRUSTS: MODIFICATIONS

Amendment made: No. 30, page 351, line 9, at end insert—

'(1A) In section 107(7)(a) a reference to the company shall be treated as a reference to a member of the group.'.—*[Ed Balls.]*

Clause 159

RECYCLING OF LUMP SUMS

Amendment proposed: No. 14, page 135, line 34, at end insert—

'(7) The Treasury may make regulations about the application of subparagraph (2) of this section which will be deemed to take effect from 6th April 2006.'.—*[Mr. Hoban.]*

Question put, That the amendment be made:—

The House divided: Ayes 222, Noes 295.

Division No. 281] **[6.34 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Atkinson, Mr. Peter
Becon, Mr. Richard
Baker, Norman
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick

Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Ruffley, Mr. David
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and Andrew Rosindell

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*

Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Read, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Tony Cunningham and Kevin Brennan

Question accordingly negatived.

Schedule 23

PENSION SCHEMES ETC: MISCELLANEOUS

6.45 pm

Amendments made: No. 31, in page 462, line 29, at end insert—

'Short service refund lump sum: protected rights etc

26A In paragraph 5(1)(d) of Schedule 29 (requirement that lump sum under a pension scheme must extinguish member's entitlement to benefits under the pension scheme in order to be short service refund lump sum), after "scheme" insert "(except to the extent that it is prohibited from being extinguished by the payment of a lump sum by reason of the operation of provision made by or under any enactment).".'.

No. 97, in page 470, line 6, at end insert—

'40A In section 256(1) (enhanced lifetime allowance regulations)—

(a) in paragraph (d), after "7(1)(b)" insert "or 11A(1)(c)", and

(b) in paragraph (e), after "12(1)" insert "or 15A(1)(b)".'.—*[Dawn Primarolo.]*

Schedule 26

REPEALS

Amendments made: No. 102, in page 484, line 34, column 2, at beginning insert—

| 'Sections 43A to 43G.'.

No. 103, in page 485, line 5, at end insert—

'Finance Act 2000 (c. 17)	Section 110.
Capital Allowances Act 2001 (c. 2)	In Schedule 2, paragraphs 11 and 12.'.

No. 104, in page 485, line 6, column 2, at beginning insert—

	'In section 103(4)(a), the words "43A(1),".'.

No. 105, in page 485, line 10, at end insert—

'Income Tax (Trading and Other Income) Act 2005 (c. 5)	In Schedule 1, paragraphs 26 to 30.'.

No. 106, in page 485, line 11, column 2, after 'paragraphs' insert '1,'.—*[Dawn Primarolo.]*

Order for Third Reading read.

6.46 pm

Dawn Primarolo: I beg to move, That the Bill be now read the Third time.

I should like to take the opportunity to thank all hon. Members who participated in Committee of the whole House and Standing Committee. Our debates have again been detailed, ensuring effective scrutiny.

The Budget that my right hon. Friend the Chancellor presented to the House in March set out a vision for a strong economy and a fair society, with opportunity and security for all. The Bill delivers measures to enhance productivity, help create a fairer society, protect the environment and safeguard the revenues that are needed to deliver high-quality public services.

The Bill introduces two new tax regimes—the real estate investment trusts—REITs—and the film tax, which have been warmly welcomed by stakeholders. The real estate investment trusts, which clauses 103 to 145 introduce, will improve the efficiency of our property markets and allow smaller investors greater access to property returns. Clauses 31 to 53 introduce a new and generous film tax relief, which will provide better targeted and more direct support straight to film production companies.

The Government believe that, in a modern and fair tax system, we need to keep pace with a changing world. We need a tax system in which everyone pays their fair share of tax. To build a fairer tax system, we must take action against those who seek to avoid paying their fair share or set out to defraud the Exchequer. The Bill therefore takes action against tax avoidance, which distorts markets and adds no value to the UK economy. The vast majority of taxpayers do not engage in avoidance, and it would be inappropriate and unfair if the Government failed to act against it.

Disclosures have enabled Her Majesty's Revenue and Customs to become aware that a minority of employers are using highly contrived schemes to avoid paying income tax and national insurance contributions on their earnings. In 2004, the Government announced that they would take action against any such complex and contrived avoidance schemes, if necessary with effect from the date of that announcement. That is exactly what the Finance Bill does, and it is right to do so.

It should also be clear to anyone in this House and outside that paying tax should not be voluntary. Before the Budget it became clear that some wealthy individuals were using trusts as a way to shelter wealth from inheritance tax, and schedule 20 addresses that unfairness, bringing the tax regime for accumulation and maintenance trusts and interest in possession trusts in line with mainstream rules for the taxation of trusts and discretionary trusts.

Mrs. Villiers: Will the Paymaster General give way?

Dawn Primarolo: No.

It is also important that our tax regime remains relevant in a changing world. The Bill changes the tax regime for the North sea oil companies to reflect the world as it is today, while continuing to promote investment in the North sea and to ensure fairness for taxpayers. The North sea is a national resource and it is important that the United Kingdom receives an appropriate share of the economic rent from its exploitation, and of course it is also important in this area and others that the tax system does not provide artificial incentives to indulge in non-commercial tax-driven behaviour.

Yesterday there was a very full debate on the importance of protecting the environment, a goal that the Government share, and measures in the Bill help to achieve that by introducing further reforms to vehicle excise duty and increasing the climate change levy in line with inflation from 1 April 2007, to encourage energy efficiency in the business sector.

The Bill introduces important measures that ensure that the United Kingdom has a modern and fair tax system which keeps pace with a changing world, with incentives for individuals to work, save and invest, supporting business and individuals, while ensuring that public money is used appropriately. I commend the Bill to the House.

6.51 pm

Mrs. Villiers: I shall try to match the Paymaster General for brevity, but I cannot guarantee that I will be quite as quick as she was.

Although there are a number of aspects of the Finance Bill that we support, we have grave concerns about a number of its provisions, and the Opposition will therefore vote against the Bill this evening. Before turning to the provisions—I assure the House that I am not going to take each one in turn—I echo the right hon. Lady's thanks to all the Members who have participated in what has often been a very constructive series of debates. I want also to put on record the debt of gratitude that my Front-Bench colleagues and I owe to many professionals and professional organisations that have given us impartial and very useful advice to aid us in scrutinising the Bill.

Turning to the matters on which there is a degree of consensus across the House, we welcome the broad thrust of the Government's attempt to prevent the abuse of charitable reliefs. However, we share a number of the concerns of the charities tax reform group, particularly in relation to the paperwork and record-keeping requirements imposed on charities.

We welcome also the attempt by the Government in clauses 95 to 98 to provide a legal and tax framework to accommodate sharia-compliant finance arrangements of wakala and diminishing musharaka. I acknowledge the valuable work done by the Government on this issue, which is important not only for our international competitiveness in an increasingly important global market in Islamic finance but for tackling financial exclusion in Britain's Muslim community. I take the opportunity to pay tribute to one of the imams in Barnet, Mufti Barkatullah, for his work on this important matter.

We also welcome, as we have said this afternoon, the Government's framework for real estate investment trusts. We feel that the reform is long overdue, since such structures have been in place in other developed economies with great success for many years. We also feel that more could be done to encourage residential property in REITs, and we continue to believe that REITs quoted on the alternative investment market would be feasible and a sensible extension of the framework provided for in the Bill.

Although we welcome clause 19, on cracking down on missing trader fraud, we want to know when the Treasury will get the EU derogation that it needs to put the clause into operation. We are grateful for the assurances given on that point by the Paymaster General. I emphasise again the urgency of tackling this problem, which as we have heard again today is estimated to have lost the Exchequer about £1.9 billion in 2004-05. The problem is now so serious that it is undermining the accuracy of our trade figures, and it is high time the Government took effective action to tackle this organised criminal fraud, which is depriving the Exchequer of so much money.

I move on to more contentious matters. One of the main reasons for opposing the Bill is that we do not believe that it is a green Bill. We do not believe that it implemented a green Budget. The Red Book shows that the proportion of green taxes is falling as a proportion of tax revenue. It is lower than it was in 1997-98. The Chancellor's headline-grabbing scheme on car tax will have a minimal impact. Anyone who delves into the small print will find that schedule 8 abolishes tax incentives for leasing environmentally friendly equipment. We regret that the Government voted down the entirely reasonable demand that the Chancellor report to Parliament on the uptake of crucial microgeneration technology.

As for the climate change levy, sticking in the words "climate change" does not mean that the levy works to tackle climate change. It is a tax that does not do what it says on the tin. Yes, some of the climate change agreements that the levy has produced have been useful but the fundamental problem remains that it is a tax on energy and not on carbon. It needs to be converted into a genuine carbon tax that does much more to encourage and promote the uptake of clean renewable energy than it does at present.

The second key reason for opposing the Bill is that we believe that it will further undermine our competitiveness in an international world economy. The Chartered Institute of Taxation put the problem in measured terms as follows:

> "We appreciate that the UK's competitive position depends on a number of factors and that potential investors in the UK will consider the whole business environment and not just the tax system in isolation. Our experience is that the UK is becoming regarded as a more difficult place to do business with the complexity of the tax system being perceived as a disincentive to invest."

The institute describes the UK tax system as "spinning out of control".

It appeals for an end to

> "excessive tinkering with tax rules."

The abolition of the zero per cent. rate of corporation tax and other changes to business tax relief are prime examples of chronic instability in our tax regime. Year in and year out, the Chancellor announces initiatives that make a good soundbite in the Budget. He is not in his place today but he turns up for the Budget. Businesses carry out the difficult, time-consuming and expensive task of adapting to yet more changes in the tax system. Just as they have become used to those changes, the Chancellor scraps them and his cycle of continuing revolution continues.

This pattern of volatility recurs in clauses 31 to 47, in introducing a new regime for the film industry. The Chancellor introduced major changes to film tax in the Finance Acts of 2000, 2002 and 2004-05. Yet still the reliefs haemorrhaged a staggering £560 million from the Exchequer in the past financial year. An entire industry has developed around the misuse of these reliefs. The Opposition certainly hope that the Government's latest attempt to focus tax breaks more accurately on people making films will provide better value for money than reliefs have proved to date.

We are not sorry to see the back of the sections 42 and 48 reliefs. We hope that the Government have at last got it right; otherwise, expect "Groundhog Day" this time next year with yet more changes to the film tax regime in the Finance Bill 2007.

The continual cycle of change has produced a huge amount of uncertainty in the film industry and has jeopardised some important projects. For example, the filming of the latest James Bond film has moved to the Czech Republic. Even the Government's most famous civil servant has moved offshore, partly as a result of the instability caused by changes in the film tax regime.

I move on to a rather less glamorous aspect of the Bill. Schedules 8 to 10 introduce what the Finance and Leasing Association describes as the biggest change to leasing taxation for a generation. A thriving leasing industry is crucial for business investment and productivity, both of which have performed poorly under Labour. We are not convinced that the Government have fully thought through the impact of these eye-wateringly complex new provisions, given their impact on business investment, on indirect investment and on the public sector. These areas face higher leasing costs as a result of the changes.

We are dismayed at the phenomenal complexity of pension provisions, supposedly adopted with a view to simplification. We believe that the Government's attempts to prevent recycling of lump sums could discourage people from saving for their old age. The provisions are incredibly widely drafted. The Economic Secretary tells us, "Don't worry, innocent transactions will be excluded by detailed guidelines." It is not acceptable to draft a hugely expansive statutory

[Mrs. Villiers]

provision that catches many entirely innocent taxpayers and then to say, "It is OK because we will not tax everyone who falls within the statute. We will only tax the bad guys." This is suspiciously close to taxation by decree. That is why Opposition Members oppose the provisions. We regret that the Government have failed to address the injustices caused by the annuity rule.

We strongly oppose the Government's hare-brained proposal to bring forward the filing dates for tax returns to September. The Carter report would involve a huge amount of unnecessary hassle for taxpayers and would impose great pressure on their professional advisors, so we urge the Government to reject it.

The abolition of the home computing initiative is a major blow to the competitiveness of the economy. Thousands of low-income families, many of whom would find it difficult to obtain credit to buy a personal computer on the open market, have benefited from the scheme. The Government's decision to abolish a scheme that it recently relaunched does not help us to embrace the digital age or develop the highly skilled work force that we desperately need to compete with the new global economic giants of China and India. It does not help the Government Departments that were rolling out the scheme when the Chancellor's axe fell; nor will it help working people in Britain to develop a good work-life balance; nor does it help people striving to improve their skills and their lives.

In conclusion, the Opposition oppose the Bill, because it fails to equip us to compete effectively in the globalised world economy. It heaps further confusion, complication and instability on a tax system that the Chancellor has made one of the most complex in the developed world. It contains no effective measures to tackle climate change, and despite the Chancellor's ignominious retreat on a range of key issues, schedule 20 still imposes punitive new inheritance tax charges on a wide range of ordinary hard-working people whose only wrongdoing is to use a trust to provide responsibly and prudently for their family's future. Those iniquitous new IHT charges were introduced without consultation. They are deeply flawed, which is why the Government have tabled no fewer than 50 amendments to the schedule that brings them into effect. They are retrospective, and they penalise thrift and prudence. They hit the sick, the dying, the mentally ill and the vulnerable, as well as those struggling with the misery of divorce. They have caused needless anxiety to thousands of people across the country, and I urge the House to oppose them and the Bill this evening.

7.1 pm

Julia Goldsworthy: We support certain parts of the Bill, but some of the serious concerns that we expressed on Second Reading remain on Third Reading. However, we broadly welcome the proposals on real estate investment trusts, which are a classic example of the way in which consultation can produce workable legislation. The proposals have been welcomed by industry, because the Government took time to consult, so we largely support them. By contrast, the Government did not consult professionals on their inheritance tax treatment of trusts, and the result was poorly drafted proposals that would have affected large numbers of individuals and called into question fundamental assumptions in IHT such as the spouse exemption. Dozens of amendments were tabled to improve the proposals. The spouse exemption has been safeguarded, but it is still not clear how many individuals will be affected by the changes.

Ministers continue to insist that a minority of a minority will be affected, but they have failed to produce evidence to back that up. The Select Committee on Treasury asked for background information before the Standing Committee considered the issue, but it was not produced. I asked for that information in written parliamentary questions, only to be told that it was not normal procedure to release it. There is a significant public interest in making that information available, as it would allay the fears of many people who are still concerned that they will be affected by the changes, so I hope that Ministers will reconsider their decision and publish the information. Despite the many amendments made in Committee and on Report, uncertainty remains, so I am sure that we will revisit the relevant clauses and schedules in future Finance Bills.

Other changes that were made without any warning include the withdrawal of the home computer initiative, which is another example of the Government throwing the baby out with the bathwater. Indeed, they abolished the initiative without prior warning or consultation. Instead of tightening the definition of relevant equipment, they have removed the scheme altogether, even though it helped to achieve computer access for many households, including low-income households. Besides affecting those families, the scheme's sudden withdrawal has resulted in businesses losing their core work, and has disrupted Government Departments that were planning further roll-outs when the withdrawal was announced.

Confidence in any similar schemes that may be announced by the Government has been affected because, ultimately, businesses need to be certain of the stability of the systems that they use. Once again, however, that confidence has been undermined or eroded. One has only to look at the changes to corporation tax to see how further instability and complication have been introduced. Gordon Brown has introduced changes virtually every year, and although we welcome the situation that we are now in, why has it taken the Chancellor such a long and circuitous route to arrive back exactly where he started?

There have been many measures to tackle fraud and evasion, including missing trader fraud, which we discussed again this afternoon. Although the closure of loopholes in the tax system is welcome, considerable complexity has been added to the tax system by the Bill, and the concern is that it will result in a cat and mouse process, with further complication required every year to overcome further loopholes that have been created by further more complex legislation.

Fundamentally, we see the significance of the Bill in what it does not do, mainly in terms of green action. Limited changes are present in the Bill. We welcome the revalorisation of fuel duty and the climate change levy, but at best these measures will only halt the decline that we have seen in green taxes as a proportion of the total tax take. They will not increase the proportion that it represents. We are disappointed that the Government

did not adopt the new clause tabled by the hon. Member for Nottingham, South (Alan Simpson), as it would have helped make strategy, which is clearly lacking from the Government and the Treasury, very clear. I find it astounding that the Paymaster General can refer to the constructive debate that took place on the new clause yesterday, but refuse to support it.

What we see in the Bill is tokenism of the worst kind, which has been announced with fanfare but will do next to nothing to change behaviour. The clearest example is the introduction of a new band of vehicle excise duty for the most polluting cars, which introduces a differential in value to the next band down equivalent to less than a tank of petrol for the most polluting cars. I was glad to hear the comments of the hon. Member for Chipping Barnet (Mrs. Villiers) about those proposals in her remarks on Third Reading, but we saw no proposals from the Conservatives for green measures. We have seen tokenism from those on the Conservative Benches, too.

To conclude, what we would like to have seen but in large part did not see is action to follow the rhetoric that is so often expressed by the Government on green issues and on many other important matters. We have not seen any significant simplification of our tax regime. We have not seen any changes to make the tax regime fairer. Inequalities are still growing, and the richest 20 per cent. are still paying less in tax as a proportion of their income than the poorest. We have also not seen any greater devolution of spending power in the Bill. The United Kingdom remains one of the most centralised states in Europe.

I would like to associate myself and my colleagues with the thanks expressed by the Paymaster General to all Members of the House. The Clerks have been very helpful in their assistance with amendments, as have many organisations, such as the Law Society, the Chartered Institute of Taxation, the Institute of Chartered Accountants in England and Wales, PricewaterhouseCoopers and KPMG, among many others.

There have been some welcome aspects to the Bill, but we are disappointed by the lack of action on green issues and we therefore cannot support the Bill on Third Reading. There are still significant problems relating to trusts, inheritance tax and other matters about which I have expressed my concerns. I thank you, Mr. Speaker, for your patience in dealing with all of us.

7.8 pm

Sir George Young: It is 10 years since I last served on the Standing Committee on the Finance Bill, and it will be 10 years before I do that again. I mean no disrespect to my colleagues who served on the Standing Committee, or, indeed, to Ministers. On the contrary, it is a reflection of the increased length and complexity of the Finance Bill that only those with the most acute understanding of the country's tax system can play a useful role on the Standing Committee. It is rather like a soap opera. If one misses a few episodes, it is very difficult to catch up with the plot.

I shall make three comments. One must be ever alert to globalisation. There may be very good reasons for some of the tax changes that we make in this country, but one must be aware of the impact that they may have on the highly mobile capital industry, which can locate its investments anywhere.

Secondly, we must do all we can to remove the driver for complexity in the tax system, and we must do even more to get more people outwith the warm embrace of the tax system. We seem to be making slow progress towards the simpler tax system that we all want.

Finally, we were particularly fortunate to have the hon. Member for Wolverhampton, South-West (Rob Marris) in the Standing Committee, because he was able to give us the ministerial rebuttal of our amendments minutes before the Minister. I hope that it will not be too long before his energy and talents are recognised and rewarded.

7.10 pm

Stewart Hosie: Some of the measures in the Finance Bill are welcome, as was the Government's willingness on some occasions to listen and make changes. Of those changes, the inclusion of those with parental responsibilities for vulnerable children in the trust regime was particularly helpful, although a number of other helpful suggestions made by hon. Members on both sides of the House were not taken on board in such a positive manner.

The Bill provided an excellent opportunity to debate the supplementary charge in the North sea, which we believe is a damaging change to the regime. Likewise, the Government's change to the blended oil regime was subject to detailed debate and correspondence.

We had a useful debate on REITs, which we welcome. Although we believe that the regime, with its stock exchange listing element, is still rigid, we welcome the commitment to review the matter on an ongoing basis, which we too will do.

We also had a useful debate on the high cost of fuel. However, it was disappointing that the Government still failed to recognise the requirement to introduce a fuel tax regulator both to provide specific assistance for the road haulage industry and to help those in sparsely populated rural areas who need a car.

The Finance Bill was the result of a Budget that one commentator described as "heavy with light measures". Chief among those light measures was the abolition of the home computer initiative. The Paymaster General said on a number of occasions that alternatives would be put in place, and today she discussed proposals to provide computers in community centres and by community education departments. However, if someone on a low wage wants to educate themselves and to improve their IT skills, they need a computer in the home. Following the abolition of the home computer initiative, I suspect that a similar initiative will have to be reintroduced in the future.

The Bill is a missed opportunity. Although there was talk about additional assistance for research and development, expenditure on R and D in the UK is half that of our major European competitors, and the rate in Scotland is about half that of the UK. The position is deplorable, and the Bill includes very little to improve the situation.

Our key difficulty with the Finance Bill is the changes on the North sea. The Bill takes billions more out, and makes unnecessary changes to the supplementary charge

[Stewart Hosie]

and the blended regime system, yet it offers nothing in return for new exploration and for the development and extraction of heavy oil in the central North sea, the fields west of Shetland and the fields in the very deep water west of Scotland. For that reason, if no other, we will oppose Third Reading tonight.

7.13 pm

Mr. Gauke: Unlike my right hon. Friend the Member for North-West Hampshire (Sir George Young), this was my first experience of the Finance Bill, and I want to make one or two observations. *[Interruption.]* I know that hon. Members are keen to watch France play Portugal.

As we have progressed through the Bill, I have been surprised by how frequently the European Union has cropped up. On Second Reading I addressed the question of why we are substantially changing group relief as a consequence of a European Court of Justice judgment. That is usually an important issue, yet the UK Government have little scope for manoeuvre given the existing constitutional position. Several times during the Bill's passage—for example, when we attempted to tackle missing trader intra-community fraud, leasing rules or film taxation—we found that the motivation for changing the law was that it was required by an ECJ judgment or potential judgment.

I echo the remarks made by my right hon. Friend the Member for North-West Hampshire as regards the sheer complexity of the tax system and, as a consequence, the need for outside expert advice. *[Interruption.]* The Economic Secretary anticipates my point. An error or oversight by Treasury officials was spotted by an eagle-eyed professional adviser—[HON. MEMBERS: "Name her!"] Her name is Mrs. Rachel Gauke, a lawyer at Travis Smith. It would be fair to say that other errors have been spotted by professional advisers who are not necessarily as eagle-eyed as my wife.

The Government got themselves in a bit of a muddle on their initial drafting with regard to trusts. They attempted to tackle it without consultation, so that professional advisers were unable to provide their input, although they did when the draft Bill was published. To be fair, I must add that the Government have made a substantial number of amendments in that area, for which I am grateful. We now have a better Bill than we did initially—better, but not good enough. The complexity in the tax system remains considerable. Speaking as a non-tax lawyer, it is always difficult to grasp even the relatively small elements that we cover in the course of a Finance Bill.

As my right hon. Friend the Member for North-West Hampshire said, we live in a globalised world where capital flows from one jurisdiction to another, and we have to be careful to ensure that we have a fair system that not only deals with evasion but is manageable for individuals and for businesses. Conservative Members are deeply concerned that that balance is increasingly being got wrong, which is of major concern for the long-term competitiveness of the British economy.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 287, Noes 203.

Division No. 282] **[7.18 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Illsley, Mr. Eric
Irranca-Davies, Huw

James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Mr. Frank Roy and Tony Cunningham

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey

Mc[illegible]es, Mr. John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Andrew Rosindell and
Mr. Crispin Blunt

Question accordingly agreed to.

Bill read the Third time, and passed.

COMPANY LAW REFORM BILL [*LORDS*] (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the Order of 6th June 2006 (Company Law Reform Bill [*Lords*] (Programme))

shall be varied by the substitution for '13th July' of '20th July'.—*[Mr. Alan Campbell.]*

Question agreed to.

Mr. Deputy Speaker (Sir Michael Lord): With the leave of the House, I shall put motions 4, 5 and 6 together.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Terms and Conditions of Employment

That the draft National Minimum Wage Regulations 1999 (Amendment) Regulations 2006, which were laid before this House on 5th June, be approved.

Security Industry

That the draft Private Security Industry Act 2001 (Amendments to Schedule 2) Order 2006, which was laid before this House on 14th June, be approved.

Health Care and Associated Professions

That the draft Medical Act 1983 (Amendment) and Miscellaneous Amendments Order 2006, which was laid before this House on 19th June, be approved. —*[Mr. Alan Campbell.]*

Question agreed to.

Ambulances (County Durham)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. The next business is the Adjournment debate, which is very important. Will hon. Members please leave quickly and quietly so that we can get on with that important business?

7.31 pm

Helen Goodman (Bishop Auckland) (Lab): Thank you, Mr. Deputy Speaker.

I am grateful for the opportunity to convey to the Minister the concerns of my constituents about the proposed reorganisation of the ambulance service in Teesdale by the North East ambulance service. Let me begin by describing, very briefly, the area affected.

Teesdale is in the western part of my constituency, and measures 325 square miles. The valley consisting of several villages west of Barnard Castle has some 10,000 inhabitants, and 29 per cent. of the population are over the age of 65—twice the national average. The region is an area of outstanding natural beauty and attracts many tourists and other visitors, who unfortunately sometimes come to grief on the 200 miles of B and C roads. There are also four large trunk roads—the A66, the A67, the A68 and the A688—where serious accidents sometimes occur.

At present, there are two ambulance stations in the area, one in Middleton in Teesdale and one in Barnard Castle, with a total of seven staff working 12-hour shifts and then being on stand-by for 12 hours at night. They have to live within 3 miles of the station so that if they receive urgent calls, they can arrive in time. Under the current rules governing response times, 75 per cent. of life-threatening accidents—accidents in category A—must be reached within eight minutes, while 95 per cent. of category B accidents, involving serious injury, must be reached within 19 minutes. Category C accidents can involve alternative kinds of treatment, but category D requires "GP urgent" calls, and the GP will say what the time should be. Those rules were set by the NHS, and I am sure that the Minister is fully aware of them.

According to figures from Durham Dales primary care trust, more than 40 night-time emergency calls were received in Teesdale in 2005—the most recent year for which statistics are available—of which 95 per cent. fell into categories A or B, or were "urgent GP" calls. As local GPs have confirmed, that means that in most cases those affected needed hospital treatment. There were 7.5 per cent. more calls than in the previous year. Incidentally, that picture is very different from the national one, in which 70 per cent. of 999 ambulance calls do not fall into the very urgent categories.

As the Durham Dales PCT says, NEAS has consistently met national response times to save patients' lives, and that has been recognised by the award of a three-star rating for the past four years. That is why people locally find it hard to understand why changes need to be made. In two respects, the situation in Teesdale is different from that in the other rural areas in the north-east, such as Weardale and Northumberland. First, Teesdale is more populous. One of the complaints local people have made is that the level of calls in Teesdale is higher than in Amble or Belford, which are not being reorganised in this way. Secondly, it has not been difficult to recruit staff, which was a problem in Weardale. I am concerned that NEAS, in its enthusiasm for efficient administration, has treated all the rural areas as homogenous, when they are of course quite different.

The original proposal from NEAS was to close the ambulance stations in Middleton in Teesdale and in Barnard Castle and replace them with single paramedics. That proposal was totally unacceptable, as the nearest hospitals are 30 to 40 minutes away in Bishop Auckland and Darlington, so the time taken to reach hospital would have been extended by 40 to 50 minutes, as the paramedics would first have had to attend and make an assessment. Moreover, the idea would not have met national guidelines. It provoked local people, including health professionals, those working in the service and the patient and public involvement forum. I have received a petition signed by 5,090 people, 3,620 of whom live in Teesdale—a third of the whole community affected. The petition makes it clear that they want a double-crewed paramedic ambulance 24 hours a day, seven days a week.

Following much work and activism by local people, NEAS has modified its proposal, but I am afraid that it is still putting forward a solution that appears at first sight to be worse than the current one. I shall therefore ask my hon. Friend for some clarifications and assurances. NEAS now proposes to close the Middleton in Teesdale station only. No reason has been given for that. My hon. Friend needs to understand that Middleton in Teesdale is some 12 miles from Barnard Castle. It takes half an hour to get to Middleton in Teesdale, and that time will be added to all journeys to the upper dale, including those to large road accidents on the A roads in the Pennines. Furthermore, it would probably be slower than having people on stand-by in Middleton in Teesdale. Would it be possible to retain the Middleton in Teesdale station? If not, why not?

As I have explained, the original proposal was that a paramedic would arrive on a motorbike and not be able to take a person to hospital straight away. Will my hon. Friend the Minister confirm whether, under the revised proposal, the paramedic will always arrive with an ambulance, which can take the person to hospital immediately, if necessary?

A third issue that staff have raised with me is the medical qualifications of the emergency care assistants who drive the ambulance, which will be less than those of existing ambulance staff. That does not seem to be very safe, especially for complex problems or where more than one person has been injured, say in a car accident. Surely that marks a worsening of the service and patient care. My understanding is that no job description has been agreed with the trade union, Unison, for the new care assistants. Is Teesdale being used as a guinea pig to test a new practice, in the hope that it can be rolled out nationally if the ambulance service thinks that it works well?

The latest document from the Durham Dales PCT makes much of the overall increase in staff numbers in the service. Incidentally, I would be interested to know

[Helen Goodman]

why the new arrangements will leave Weardale and Teesdale with the same number of staff, when Teesdale has three times as many calls as Weardale. More fundamentally, the paper from Durham Dales PCT states that

"the Community Paramedics will take on a number of other roles in general practice and the wider community."

That sounds like an ambulance driver cum health visitor cum district nurse role, but it would be helpful to know what proportion of time will be spent in each role. How will that fit in with other work? What would happen, for example, if a community paramedic was helping an old person with medication and an emergency call came in?

I have some questions about the funding implications in respect of the extra paramedics. Will the PCT, which ultimately pays for the service, have to cut other services to finance the proposals? Has extra money gone into the budget for this year and successive years to pay the additional staff costs?

My hon. Friend the Minister should be aware of the wider context of the proposal. First, the air ambulance service in the north of England is continuing to struggle financially. The NEAS says that it does not rely on the service, although it is invaluable, so can my hon. Friend tell the House how many times the service has been used in the area over the past two years? As I am sure she is aware, the air ambulance service relies entirely on voluntary donations—unlike Scotland, where it is state funded—and recently one of the helicopters was grounded due to shortage of funds.

Secondly, there is an interrelationship between the proposed reorganisation and the ending of the GP out-of-hours service in Teesdale, which is another local concern. Soon, there will be no GP service in the evenings or from early evening on Friday until Monday morning, which is 60 hours in total. As the nearest hospital is in Bishop Auckland, 20 miles away, it is highly likely that the ending of that service, coupled with the NEAS reorganisation, will further increase the number of ambulance calls. Has that possibility been taken into account in the proposals?

The most important thing is that the ambulance service retains the confidence of local people. Chapter 7 of the recent health White Paper, "Our health, our care, our say", is headed "Ensuring our reforms put people in control" and states:

"People's voices need to be heard and they have to count. This includes everyone, including groups such as children and young people who do not always have the choice to participate...Commissioning must be informed by people's voices and be responsive. Local people must play a role in the planning, design and delivery of services."

The people of Teesdale have spoken. I hope that they will be heard.

7.42 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate my hon. Friend the Member for Bishop Auckland (Helen Goodman) on securing this debate and on expressing so eloquently her concerns and those of her constituents. I take this opportunity to pay tribute to all the NHS staff in County Durham and the Tees valley area who have made such great progress in improving the NHS. I am sure that my hon. Friend will join me in praising the work of NHS staff in helping to make some of the improvements in her local area. Some of the funding increases for PCTs in her area have contributed to more doctors and nurses and to cuts in waiting times in recent years. We all welcome that.

Real progress has been made in the health service in my hon. Friend's area, but alongside record levels of investment, we must recognise that reform is certainly needed to deliver the NHS fit for purpose in the 21st century that we all want. It is vital that the local NHS can consult local people, and I shall set out some of the structures for doing that later in my speech. As my hon. Friend rightly said, it is important that the views of local people are taken into account. That is why many NHS organisations are looking, with local stakeholders, at changes in the organisation of their services. I am sure that my hon. Friend will agree that, as we see different roles emerge for staff and changes in technology, there is more that we can do to meet patients' needs, and that it is important that we take those steps.

My hon. Friend asked a number of questions about the background to why changes are being made to the rural ambulance service in County Durham. In June 2005, the Department published the results of our national review of ambulance services—carried out in conjunction with staff—which examined some of the associated clinical issues and the changes that we wanted to make to services. That review set out how we can transform such services, moving them away from a focus primarily on resuscitation, trauma and acute care, and toward becoming a mobile health resource for the whole NHS that takes health care to patients in the community, rather than always transporting them to emergency care. We certainly support the review and we are considering how we can implement the recommendations.

As my hon. Friend said, her constituency is served by the North East Ambulance Service NHS Trust, which is made up of dedicated and hard-working staff. As a result of their dedication, increased investment and wide-ranging reform of working practices over the past six years, ambulance performance has improved, as my hon. Friend mentioned. The local ambulance service is now reaching more patients with life-threatening conditions faster than ever before. In 2004-05, the service responded to 77.4 per cent. of category A calls within eight minutes.

However, there is always scope for further improvement, and Durham Dales primary care trust, which commissions ambulance services in the area, has launched a 12-week public consultation exercise on proposals to modernise them. The trust's vision is to provide an equitable emergency care service across the whole area. As my hon. Friend said, the PCT is currently serviced by three standby stations. Staff who have been on duty during the day at those stations are also expected to be available to respond to emergency calls and GP-urgent calls from their own homes at night. So at the moment, the crew are alerted by ambulance control at their homes, they get dressed, travel to the station, pick up the ambulance and respond to the incident. Inevitably, that results in delays, and response times are not always being

achieved, due to that delayed action at night. Unfortunately, that can of course mean that patients do not always get the best service that we want to see, and the long hours that crews are required to work are detrimental to their health and well-being, as well as to the overall provision of service.

The new proposals represent £200,000 in additional investment in ambulance services, which is very important. My hon. Friend asked whether that will be to the detriment of other services, but we should consider the knock-on effects of a reduction in emergency admissions as a result of introducing a new service. It is important to provide that additional investment, and I hope that that gives my hon. Friend some reassurance.

Standby working practices will be replaced by 24-hours-a-day, seven-days-a-week cover for the communities in Durham Dales, which will ensure proper round-the-clock cover at all times. As my hon. Friend said, the current staff of 11 will be increased to 22 and will comprise 12 community paramedics and 10 emergency care assistants.

Each ambulance will be staffed by a two-person crew. There will be a highly qualified community paramedic who will be trained to respond quickly, assess and treat patients, and, if necessary, transport them to hospital. An emergency care assistant will be trained to the equivalent level of first aid responders and will also be qualified to drive an ambulance under blue light conditions. That was changed during the pre-consultation period to ensure that an ambulance with a two-person crew would be available at all call-outs. I hope that that addresses my hon. Friend's point.

That is very much in keeping with the Department's wish to transform the service nationally. That is some of the background. Community paramedics will differ from traditional ambulance crews in that they will work more closely with other health care professionals. For example, working alongside GPs, they will be trained to a higher skill level in areas that will best meet the clinical needs of the community that they are serving. For example, they will be able to treat patients in the community or in a surgery, carry out urgent home visits on behalf of a GP, and assist nurses with tasks such as taking blood, immunisations and monitoring heart rhythm. As a result of those changes, the local health service will be able to make sure that it is making the best use of resources, providing more convenient services from the patient's point of view, and, of course, developing team working.

Coming back to the wider benefits, more patients being treated in the community will mean fewer unnecessary accident and emergency attendances, which is important when we think about a lot of our constituents, who might be taken to an accident and emergency department because they were not treated at home or in a GP's surgery when they could have been. Once in hospital, it is much more difficult to get out. If we can prevent those unnecessary admissions, it is better for patients and better for the local NHS. However, responding to 999 calls will always be the priority. As is the case now, should there be a serious incident, the ambulance service will always deploy additional ambulances.

Two double-crew community paramedic ambulances will cover the Teesdale and Weardale areas. The two new bases in the Durham Dales will be for equipment storage and routine vehicle maintenance, replacing the three current stations. The two new ambulances bases would be in Stanhope to cover Weardale, to improve response times to emergency calls, and in Barnard Castle to serve the Teesdale area.

Ambulance cover in my hon. Friend's area is provided across three stations, as she said: St. John's Chapel, Middleton in Teesdale and Barnard Castle. I am aware of her concerns that these proposals would mean the closure of Middleton station, but it is important to note that Barnard Castle and Middleton in Teesdale currently operate as a single unit. As such, ambulance cover in Teesdale is based in Middleton for only one week in three. For the other two weeks, ambulance cover is provided from Barnard Castle.

Establishing the community paramedic base in Barnard Castle will formalise that shared rota arrangement. It means that there will be a greater number of staff and a higher quality of service. Barnard Castle has been indicated as the proposed site because its population is 5,326, which is several times larger than that of Middleton in Teesdale. The analysis of calls shows that there are twice as many calls from Barnard Castle as from Middleton. Barnard Castle is centrally located. It is important to stress that no final decisions have been taken and that none will be made until after the public consultation exercise. I will run through exactly how that is taking place a little later.

The existing system is slightly outdated for a modern ambulance service. Such a service needs to be responsive to the needs of patients and to improve the working lives of staff. We must consider whether the kind of stand-by arrangement about which we have talked really offers an acceptable work-life balance for ambulance staff. I understand that some staff in the stand-by stations approached the ambulance service to request a change to working practices. In addition, as my hon. Friend said, it is effectively a condition of employment at present that crews must live no more than 10 minutes away from the ambulance station. That can place restrictions on the recruitment pool that is available, and although that might not be a problem at the moment, it is important to think about the future. I understand that the PCT is keen to talk to local schools about recruitment to, and career prospects in, the ambulance service so that people continue to be encouraged to come forward.

I hope that I can assure my hon. Friend that the review is about achieving better response times. It shows a desire to do more for local communities and to work in partnership with primary care. It is not a cost-saving exercise, and there will be £200,000 of additional investment. My hon. Friend asked where some of the changes came from. The community paramedic concept certainly arose from to a desire to provide fast response times to life-threatening emergencies in rural areas. She asked about the national roll-out, and such a system has been introduced successfully in several other rural ambulance services. As I said, staff numbers will be increased from 11 to 22.

[Ms Rosie Winterton]

My hon. Friend asked about the air ambulance service. As she will know, it is funded by a charity, and it is not possible to give completely accurate figures. However, I believe that since the service commenced, it has attended about 8,000 incidents.

My hon. Friend talked about the importance of public consultation and the local voice being heard. It is important to remember that the NHS has a legal responsibility to promote public involvement and consultation under section 11 of the Health and Social Care Act 2001. I know that an extensive public engagement process took place from July to October 2005, which included public and council meetings at which patients and the public were given the opportunity to comment. Given what my hon. Friend said about the petition, people certainly seem to know about the proposals. The PCT and the ambulance service examined closely the views that had been expressed when it considered the proposal to replace the stand-by working practice with the new way of working. As I said, several changes were made to the proposals at the pre-consultation stage. For example, there will be crews of two persons, rather than one.

The public consultation that was launched last week will run until 18 September. When the consultation period has closed, the feedback will be considered by Durham Dales PCT, which will take into account the results of that consultation before making its final decision. I would really like to assure my hon. Friend. While she has obviously reflected some of the local concerns, it is important to remember that the consultation is guided by the attempt to improve services for patients while also seeking to improve the working lives of staff. It is important that the extra investment is accompanied by the sort of modernisation that we have talked about.

At the end of the day, what is important is saving people's lives. If we can secure a system that achieves that while at the same time encouraging people to join the ambulance service and to feel that they have a good career structure within it, that is the way to proceed. I know that my hon. Friend has engaged with the local NHS on the way forward and I encourage her to continue to do so. I know that she will reflect her constituents' views during the consultation period and I hope that, in the end, we arrive at a system that improves patient services as well as the working lives of staff.

Question put and agreed to.

Adjourned accordingly at one minute past Eight o'clock.

Deferred Divisions

NORTHERN IRELAND

That the draft Education (Northern Ireland) Order 2006, which was laid before this House on 12 June, be approved.

The House divided: Ayes 303, Noes 163.

Division No. 277]

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, Ed
Banks, Gordon
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, Malcolm
Bryant, Chris
Burden, Richard
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Healey, John
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jimmy
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morgan, Julie
Mountford, Kali
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui

Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Swinson, Jo
Tami, Mark
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Timms, Mr. Stephen
Tipping, Paddy
Touhig, Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Williams, Mark
Willott, Jenny
Winnick, Mr. David
Wintarton, Ms Rosie
Woodward, Mr. Shaun
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Atkinson, Mr. Peter
Bacon, Mr. Richard
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Question accordingly agreed to.

ADJOURNMENT (SUMMER)

That this House, at its rising on Tuesday 25 July, do adjourn till Monday 9 October 2006.

The House divided: Ayes 409, Noes 53.

Division No. 278]

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Alexander, Danny
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Austin, John
Bacon, Mr. Richard
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bell, Sir Stuart
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Bercow, John
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Boswell, Mr. Tim
Bottomley, Peter
Bradshaw, Mr. Ben
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brennan, Kevin
Brokenshire, James
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Bruce, Malcolm
Bryant, Chris
Burden, Richard
Burnham, Andy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul

Burt, Alistair
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carswell, Mr. Douglas
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clappison, Mr. James
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Conway, Derek
Cook, Frank
Cooper, Rosie
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
Davey, Mr. Edward
Davidson, Mr. Ian
Davis, rh David *(Haltemprice and Howden)*
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donaldson, Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunne, Mr. Philip
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Etherington, Bill
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gidley, Sandra
Gillan, Mrs. Cheryl
Goggins, Paul
Goodman, Helen
Gove, Michael
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hammond, Mr. Philip
Hammond, Stephen
Hanson, Mr. David
Harper, Mr. Mark
Harris, Mr. Tom
Harvey, Nick
Heald, Mr. Oliver
Healey, John
Heathcoat-Amory, rh Mr. David
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hopkins, Kelvin
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, rh Mr. George
Howarth, Mr. Gerald
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Key, Robert
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Lull, Peter
MacDougall, Mr. John
Mackay, rh Mr. Andrew
Maclean, rh David
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, Mr. Tony
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Moss, Mr. Malcolm
Mountford, Kali
Mulholland, Greg
Mundell, David
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Jamie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Rosindell, Andrew
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shaw, Jonathan
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn

Simpson, Alan
Simpson, David
Simpson, Mr. Keith
Singh, Mr. Marsha
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spring, Mr. Richard
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Swayne, Mr. Desmond
Syms, Mr. Robert
Tami, Mark
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Timms, Mr. Stephen
Tipping, Paddy
Touhig, Mr. Don
Tredinnick, David
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Ussher, Kitty
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Wallace, Mr. Ben
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Wilshire, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Winterton, Ms Rosie
Woodward, Mr. Shaun
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Yeo, Mr. Tim
Young, rh Sir George

NOES

Afriyie, Adam
Amess, Mr. David
Baker, Norman
Bone, Mr. Peter
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, Mr. Nick
Corbyn, Jeremy
Davies, Philip
Dodds, Mr. Nigel
Duncan Smith, rh Mr. Iain
Durkan, Mark
Goldsworthy, Julia
Goodwill, Mr. Robert
Hands, Mr. Greg
Harris, Dr. Evan
Hemming, John
Herbert, Nick
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
Moore, Mr. Michael
Mullin, Mr. Chris
Oaten, Mr. Mark
Penrose, John
Robinson, Mrs. Iris
Robinson, Mr. Peter
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Skinner, Mr. Dennis
Spink, Bob
Stuart, Mr. Graham
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Turner, Mr. Andrew
Webb, Steve
Willott, Jenny

Question accordingly agreed to.

House of Commons

Thursday 6 July 2006

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Renewable Energy

1. **Angela Watkinson** (Upminster) (Con): What steps his Department is taking to promote renewable energy. [82765]

The Minister for Energy (Malcolm Wicks): Good morning, Mr. Speaker.

The renewables obligation is the Government's key mechanism for encouraging renewable generation. This is supported by around £500 million of spending between 2002 and 2008 in the form of research and development, and capital grants on emerging low-carbon and renewable technologies.

Angela Watkinson: What steps will the Department take to make it easier for small and renewable electricity generators to connect to the national grid?

Malcolm Wicks: We can all be encouraged by several developments, such as the Chancellor's allocation of another £50 million for microgeneration, which will mean that there will be £80 million in all for that kind of technology. The successful private Member's Bill—it is now an Act—that was promoted by my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) includes several measures to encourage microgeneration. There have also been big developments in planning that will make it easier for people to establish microgeneration in their homes. That all shows the Government's support for such new energy technology.

Mr. David Kidney (Stafford) (Lab): There are significant parts of the country, especially rural areas, in which there is no mains gas. Until now, householders there have felt forced to rely on carbon sources such as oil and solid fuel to heat their homes. Is not the energy review an opportunity for us to make a reality of decentralised energy, as proposed by Greenpeace, in such rural areas by promoting, as a Government, district heating systems using power such as biomass, so that we can get renewable energy into significant parts of the country and give people a real choice for the first time about their sources of heat and power?

Malcolm Wicks: There is now an interesting debate, with much evidence, about the balance that we will need to strike as the century further unfolds, between the traditional system of power stations and the national grid—we will still need that, given the power that we require for our economy and householders—and newer kinds of technology, even though some of the ideas are quite old, such as combined heat and power, district heating—which some people are now calling distributive energy—microgeneration and the rest. We reflect on such issues as we approach the final stages of our energy review.

Mr. David Heathcoat-Amory (Wells) (Con): Is the Minister aware that a single giant electricity turbine is to be built in a very exposed position on the Mendip hills next to an area of outstanding natural beauty? The planning inspector who passed it ignored all planning considerations and gave priority to central Government targets for renewable energy. Does the Minister really think that vandalising the countryside in such a way, by putting up an expensive, subsidised and inefficient wind turbine, is anything more than a gesture that fails to measure up to the real problems of global warming?

Malcolm Wicks: I rather feel that this is the wrong Front Bench to respond to that question. I had understood that the right hon. Gentleman's Front-Bench team, to quote one of my favourite poets, was now "Tangled up in blue"—and green.

Peter Luff (Mid-Worcestershire) (Con): Which poet?

Malcolm Wicks: Mr. Dylan. If these guys are going to modernise—

Peter Luff: That is not modern.

Malcolm Wicks: This discussion shows the challenge that we face. We will need a great deal of investment in power in the future, whether that is wind farms, marine technology or more traditional power stations of one kind or another. Although local issues are absolutely crucial—which is why we have a planning process—hon. Members cannot keep saying no to things. We will need to start saying yes if we are to have the energy, especially the clean energy, that our economy demands and our people expect.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am not sure that I am the right Back Bencher—

Mr. Alan Duncan (Rutland and Melton) (Con): It is not poetry in motion.

David Taylor: Despite the increased promotion of such energy, does the Minister agree that one of the things that is inhibiting take-up is confusion about green tariffs? Is it not about time that we had an accreditation or rating system so that consumers could know that their suppliers were providing exactly what they said they were, because uncertainty might lead them to conclude otherwise?

Malcolm Wicks: While there are major roles for the Government, industry and the rest to play on our future energy strategy, we also need individuals to become more aware of energy sources so that they can be the vanguard for the climate change agenda. More and more people are taking an interest in where their energy comes from—perhaps the development of smart metering is an idea that needs to be tested—and in microgeneration. We hope to encourage and enable that interest.

David Simpson (Upper Bann) (DUP): Will the Minister tell the House what measures the Government have taken to ensure that companies use more recycled material and what, if any, penalties they will impose if they do not comply?

Malcolm Wicks: Clearly, in terms of the environmental agenda, we all need to recycle more materials. Soon, the UK will implement what is inelegantly known as the WEEE directive on waste electrical and electronic equipment so that some of those materials can be recycled rather than going into landfill. There is the issue, too, of biomass and the use of new kinds of fuels in traditional power stations as well as smaller, perhaps mini, combined heat and power stations. The theme of using materials responsibly on our planet in waste policy—not wasted policy—and energy policy is particularly important.

Mr. Duncan: The Minister for Trade and I are the living embodiment of microgeneration. Is not Britain far behind other countries in harnessing renewable power, and is there not a desperate need to spark a green energy revolution here? The Carbon Trust reports today that the Government's renewables obligation is not working. Unless it is urgently revised, the UK will meet only half of its renewable energy targets by 2020. Will the Minister make a commitment to undertake a fundamental overhaul of the renewables obligation to help us take a quantum leap forward?

Malcolm Wicks: I will not go down the route of considering whether microgeneration contributes to hot or cooler air, as that is too easy a follow-up. To be serious, although we welcome late arrivals at the party to save the planet, it was our Government who initiated the renewables obligation and who will spend £500 million by 2008 on such technologies. Some of those late arrivals are talking—and I welcome that—but we have acted on the environmental agenda. The renewables obligation is not cheap stuff, as it will be worth up to £1 billion to the renewables industry by the end of the decade. It is a substantial investment, mainly paid for by customers, both industrial and domestic, and it is the major way in which we are developing renewable technologies.

Mr. Duncan: Later today, we will publish the interim findings of our own review, which I hope the Minister will welcome. If we share common ground, that is good for the country and for investment. The fact of the matter, however, is that UK CO_2 emissions have risen in five of the past seven years, and are higher than they were when his party came to office in 1997. The Government have not done enough to reduce emissions. Should we not have an enhanced long-term carbon trading framework to guarantee emissions reductions and to incentivise renewable energy technology, so that the country's electricity supply can deliver green security both for us and for future generations?

Malcolm Wicks: I know that there is media, parliamentary and public interest and excitement about the outcome of the energy review—I had assumed that it was our review rather than the hon. Gentleman's—which we welcome. For once, politicians do not exaggerate when they say that the environmental question of safeguarding our planet for the future is vital not only for our democracy, but for all other democracies. That is why the Government have set a mid-century target—it is the most ambitious target that any Government have set—to reduce 1990 levels of CO_2 emissions by 60 per cent. by 2050. That target is driving the energy review, but the hon. Gentleman must be a little more patient before we say exactly how we will tackle the problem. However, we are committed to doing so.

Nuclear Power

2. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What the Government's policy is on nuclear power. [82766]

5. **Stephen Hammond** (Wimbledon) (Con): What the Government's policy is on nuclear power. [82769]

6. **Mr. Tobias Ellwood** (Bournemouth, East) (Con): What plans he has to replace the UK's nuclear power reactors. [82770]

8. **Philip Davies** (Shipley) (Con): What the Government's policy is on the continued use of nuclear power. [82773]

The Secretary of State for Trade and Industry (Mr. Alistair Darling): The Government will publish their proposals shortly.

Mr. Goodwill: The outcome of the energy review with regard to nuclear power has hardly been the best kept secret in Whitehall. I assure the Secretary of State of the support of many Opposition Members during the difficult months ahead. However, in the light of the delays identified by the Environmental Audit Committee in delivering a new generation of power stations in the United Kingdom, does the right hon. Gentleman think we need to review the planning system in that regard before we embark on that route?

Mr. Darling: Yes, I do, and I have said so on many occasions. The planning system is a major obstacle to new energy generation, from whatever source. The right hon. Member for Wells (Mr. Heathcoat-Amory) has highlighted some of the problems. Of course, we must allow people to make their voices heard if they object to a particular proposal, but it is not in the national interest that applications, many of them for wind farms, are being held up for years. Bearing in mind that possibly a third of our generating capacity needs to be replaced in the next 20 years, the planning system needs to be overhauled.

Stephen Hammond: Given the Prime Minister's confirmation to the Liaison Committee on Tuesday that the Government have decided that there will be a new generation of nuclear power stations in the United Kingdom, can the Secretary of State tell us today, please, how many the Government intend to build and at what cost, and what the time scale will be?

Mr. Darling: The Government do not intend to build any generating plant of any description. The hon. Gentleman will have to wait until I publish the conclusions of the energy review. I think, though—following on from the earlier exchanges—that a mix of generating capacity has served this country well over the past 40 or 50 years, and I believe that a mix will continue to serve it well in the future.

Mr. Ellwood: In answer to the original question, the Secretary of State recognised that there is a problem with the planning system, but he did not offer a solution. It took 20 years to get a spark out of Dungeness nuclear reactor. What does the right hon. Gentleman intend to do to ensure that that does not occur again?

Mr. Darling: I take the hon. Gentleman's contribution to mean that he would support a reform of the planning laws. The last time the Government tried to reform the planning legislation, they ran into stiff opposition from the Conservatives and a great deal of opposition in the other place. I hope that this time, if we can get something approaching a consensus on how we generate our electricity, we can also get a consensus on how we achieve that. When I saw that the Leader of the Opposition had described wind farms as bird mincers, I began to wonder whether he was prepared to back his words on making sure that we have greener energy generation with the necessary action to ensure that we deliver it.

Philip Davies: Does the Secretary of State agree that nuclear power is desirable in order to guarantee security of energy supply and also to meet our environmental obligations in the future? May I urge him to stop dithering on the issue and face down those on the left wing of his own party, who want to put dogma before the best interests of the country?

Mr. Darling: The hon. Gentleman might want to have a word with his own Front-Bench team. The shadow Secretary of State made it clear earlier this year that he was hostile to nuclear power. We will make our proposals fairly shortly, but the Conservative party had better decide whether it is for or against nuclear power.

Alison Seabeck (Plymouth, Devonport) (Lab): I declare a registered interest. If the decision taken in due course is to replace some of our nuclear power stations as well to expand alternative technologies, we will clearly need expertise to take forward these complex sites. What reassurances has my right hon. Friend received from his colleagues in the Department for Education and Skills that efforts are being made now to develop such skills, particularly across the engineering disciplines which will be vital?

Mr. Darling: I agree with my hon. Friend. Right across the whole energy sector, there is a continuing need to make sure that we have people with the necessary skills and expertise. That does not apply just to nuclear. It applies to the oil and gas industry, for example, and to renewables—where, incidentally, we have an opportunity to show a lead, particularly in the development of wave and marine generation, which is underdeveloped so far. My hon. Friend is right: it is important that we build and maintain our expertise in that regard.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Does my right hon. Friend accept that there have been complaints from British manufacturing industry that it is the victim of an energy supply market, particularly in Europe, whose failure to liberalise has been a factor in increased prices in the UK? Does he agree that in order to reduce the vulnerability of British manufacturing industry, it is essential to have a varied range of sources of future energy supply, including nuclear energy?

Mr. Darling: I agree with my hon. Friend. We face two big challenges: first, we need to tackle climate change; secondly, we need to address the issue of security of supply. As the House knows, the supply of gas into this country was very tight last winter, and this winter will be difficult, too. Yesterday, I met representatives from the generating industry, the regulators and, importantly, consumers of electricity. We must ensure that we have adequate infrastructure to get the right amount of gas into this country.

My hon. Friend is right about Europe. People talk about the need to have a liberalised energy market in Europe, but there are far too many member states where that is simply not happening. We fully support the Commission's efforts to make sure that that market works.

Mr. Jim Devine (Livingston) (Lab): My right hon. Friend will be aware that coal will make a major contribution to the energy review. In my constituency, it is estimated that some 500 million tonnes of coal have still not been mined, and my hon. Friend the Member for North-West Leicestershire (David Taylor) has told me that more than 700 million tonnes of coal have still not been mined in his county. Does my right hon. Friend agree that clean coal can make a major contribution and that we should tap into that resource as part of the review?

Mr. Darling: My hon. Friend has made a good point. Coal is an important part of the generating mix. Scottish Power owns the Longannet power station, which is in sight of his constituency, and earlier this year it announced plans to install equipment to burn cleaner coal, and it is co-firing biomass there, too. We want to encourage developments and technologies such as carbon capture, which will be important not only in this country, but across the world.

Mr. Edward Davey (Kingston and Surbiton) (LD): The Secretary of State's Department has been looking at the economics of energy in detail for some time. Will

the right hon. Gentleman name any British nuclear power station that has been built on time, on budget and without any taxpayer or consumer subsidy? If he cannot do so, perhaps he will name such a nuclear power station somewhere in the world at any time, ever.

Mr. Darling: The hon. Gentleman has made a good point—although I do not think that he intended to make it—about the time that it takes to build any sort of power station, let alone a nuclear power station, which is partly due to planning difficulties. I commend what the hon. Member for Twickenham (Dr. Cable), who is sitting behind him, said earlier this year:

"Dogma about new nuclear power is unhelpful, for and against."

He should reflect on those words when he responds to my proposals in due course.

Rob Marris (Wolverhampton, South-West) (Lab): Any company could today apply to build a new nuclear power station. Will my right hon. Friend assure the House that the Government will not offer any subsidies whatsoever for the construction or operation of new nuclear power stations either directly in cash or indirectly through subsidies for waste disposal, guaranteed prices, guaranteed purchases, insurance liability cover and so forth?

Mr. Darling: I can see that my hon. Friend is anxious to get more nuclear plant built at the earliest possible opportunity. We will set out our position when I publish the conclusions of the energy review. In the meantime, we have made it clear that it is for the private sector to come forward with proposals in relation to any generating capacity, and we expect it to meet the cost.

Mr. Richard Bacon (South Norfolk) (Con): DTI officials recently confirmed to the Public Accounts Committee that the DTI has ignored the Treasury's green book in calculating nuclear decommissioning costs. Why?

Mr. Darling: I dare say that officials in my Department say many things. I am not aware of exactly what was said, but I shall check and then write to the hon. Gentleman.

Mr. Nigel Evans (Ribble Valley) (Con): Earlier, the Secretary of State said that there is an urgent need to take action to save the planet, and we clearly agree with him. When we asked about the time scale, however, he said that he would "announce it shortly". What is the big secret about announcing the timetable for the review? The Prime Minister has given the lead, and we know what he thinks about nuclear power. Is it not time for the Secretary of State to tell us when the statement on the energy review will be made?

Mr. Darling: That sounds to me like a lot of hot air. We will make the announcement very shortly.

Charles Hendry (Wealden) (Con): It is now three months since the Committee on Radioactive Waste Management said that Britain needed to find a long-term solution to the disposal of nuclear waste. Does the Secretary of State accept that regardless of whether new nuclear power stations are being built, we cannot go on drifting without that issue being addressed? What assessment has he made of the approaches being taken in other countries, particularly in Scandinavia, that are developing deep burial facilities and where, crucially, the open approach that they have taken means that they have managed to carry public opinion with them?

Mr. Darling: The hon. Gentleman is right that for many years, under successive Governments, there has been much debate on what we should do with this waste, which is with us regardless of what we do in terms of any new generation of nuclear power. CoRWM published its interim findings in April, and I understand that it will publish its final conclusions this month. It suggested a course of action in its interim statement, and I will respond to that when I deal with the energy review as a whole.

Bank of Credit and Commerce International

3. **Keith Vaz** (Leicester, East) (Lab): If he will meet the liquidators of the Bank of Credit and Commerce International to discuss progress of the liquidation. [82767]

The Minister for Industry and the Regions (Margaret Hodge): My hon. Friend the Minister for Consumer Affairs and Competition Policy will be pleased to meet the liquidators of BCCI.

Keith Vaz: I thank my right hon. Friend for that answer. I remind her that on 21 June, the Governor of the Bank of England said at Mansion house that he felt that our legal system was incapable of resolving financial disputes such as BCCI in a timely and cost-effective way. The Minister is aware that the last litigation lasted 256 days and that the liquidation has taken 15 years to complete. I am glad that the Minister will be meeting me. Let us hope that, with ministerial action, this very long liquidation—the largest insolvency in history—will be brought to a speedy conclusion.

Margaret Hodge: First, I congratulate my hon. Friend on his appointment to the Privy Council. [Hon. Members: "Hear, hear."] Having looked at the history of this in preparing to answer his question, I completely understand that it has taken an inordinately long time to settle. When I looked at the judgment in the recent case of the Bank of England *v.* BCCI, I could detect no suggestion from the judge that the liquidators had acted other than in good faith on the basis of the professional advice available to them. Indeed, the judge's anger seems to have been directed rather more at the legal profession than at the liquidators.

Electric Power Distribution

4. **Mr. Andrew Robathan** (Blaby) (Con): What assessment he has made of the merits of a decentralised energy system for the distribution and delivery of electric power. [82768]

The Minister for Energy (Malcolm Wicks): The DTI and the regulator, Ofgem, now lead an industry group known as the electricity networks strategy group, which looks at our networks as a whole to ensure that they do not present any barriers to the meeting of Government energy goals. That applies not only to the national grid system, but to local generation.

Mr. Robathan: I am glad to hear that. The Minister may know that I have a longstanding interest in renewable energy; indeed, I have a photovoltaic roof partly paid for by the DTI PV scheme. I should declare that interest. As he knows, decentralised energy can contribute to the efficiency of renewables. Will he therefore consider, following the investigation, extending Ofgem's remit to provide for decentralised network generation?

Malcolm Wicks: This is a bit like waiting for Godot, although, for me, rather more interesting. We have to wait for the publication of the review on those aspects. However, I take the hon. Gentleman's point about having more decentralised energy. I am pleased that his roof has photovoltaics. I hope that he voted for the money that allowed that to happen; we will check the record on that. A number of challenges are involved in providing more decentralised energy, not least in terms of planning and regulation.

Mr. Speaker: I call question 9—*[Interruption.]* I am sorry, I call question 7.

UK Energy Mix

7. **Mr. David Ruffley** (Bury St. Edmunds) (Con): If he will make a statement on the UK energy mix. I am rarely left out, Mr. Speaker. In 2004—*[Interruption.]* [82771]

The Secretary of State for Trade and Industry (Mr. Alistair Darling): If I recall correctly, the tradition is that the question is answered first. In fact, my answer to questions 7 and 9 is broadly similar.

We have a well-balanced and diverse electricity-generating capacity at the moment. We need to keep that in the future.

Mr. Ruffley: That is pretty much what I expected. In 2004, 3.5 per cent. of our electricity came from renewables compared with a European Union average of 39 per cent. for the same year. In what year does the Secretary of State expect the UK to hit the EU average?

Mr. Darling: Again, we will make our proposals when we publish the energy review. Although the amount of energy from renewable sources is not as high as we would like it to be, it has steadily increased because of the renewables obligation that we introduced in 2002. If there is to be a step change, there must be a change in the planning laws because far too many applications are currently bottled up in the planning system. Until that is sorted out, there will continue to be less use of renewables than we would like.

Peter Luff (Mid-Worcestershire) (Con): The Secretary of State gave an entirely adequate answer on the subject of legacy waste, which CoRWM is examining. However, if nuclear energy is to play a part in the future energy mix of our country, the new waste that is generated will also need to be treated, stored and disposed of appropriately. What work has been done by anybody—CoRWM has not done much—to establish how the new type of waste, which is smaller in volume but higher in radioactivity, will be disposed of?

Mr. Darling: The hon. Gentleman is right that CoRWM's work has been directed at current waste, although much of that can apply to the waste that we may have to tackle in future. It is likely that a new generation of nuclear plant would be more efficient and therefore produce less waste, but the hon. Gentleman is right—essentially, we are dealing with the same problem. That is why much of the work that has been done in the past will be useful in future.

Mr. Dennis Skinner (Bolsover) (Lab): Does the Secretary of State agree that no energy review would be realistic without taking note of the massive amount of coal—not as great as it used to be—that is still used in Britain? Not many pits are left. Does my right hon. Friend agree that it is necessary to keep them open? Is not it important to make sure that we use the coal from this country instead of relying on coal from other countries, which may not be stable in future? Will he therefore give a guarantee to the more than 50,000 people who will meet at the Durham miners' rally on Saturday that coal will play a major part and that we will dig more British coal as a result of the energy review?

Mr. Darling: Yes, coal is an important contributor, which helped us substantially last winter when there was pressure on gas supplies. The Government have given a substantial amount of money to the coal industry in this country over the past few years and I hope that British coal will continue to play a major role in electricity generation. Of course, as the Government have always made clear, it is up to the generators and producers of coal to reach the appropriate agreement on how much coal is provided. However, the Government have made money available in the past and they will continue to do so.

Mr. Laurence Robertson (Tewkesbury) (Con): Does the Secretary of State agree that combined heat and power units could play a far greater role in the energy mix? They are more efficient and produce less waste. However, I know of several plants that have been built but not used. Is there a reason for that? Can the Government do anything about it?

Mr. Darling: Yes, we could do better on combined heat and power, but there are several problems, and I will set them out as well as ways in which we might tackle them. Some relate to getting on to the grid and there have also been other difficulties. Other countries have made a success of combined heat and power and, although it has its limitations, we can do a bit more than we have done in the past.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): In answer to an earlier question, the Secretary of State made the good point that we have enormous potential to exploit wave and tidal power. He knows that the highlands and islands have enormous potential in that context. One of the problems that companies that develop those technologies face is getting them into a commercially viable state. Can the Government do more to provide support for companies that are developing wave and tidal power technologies so that they can get those products to market faster and ensure that the highlands and islands can take a lead in that sector, and that a large share of our electricity is generated from those sources sooner rather than later?

Mr. Darling: I agree with the hon. Gentleman. I would like to see more energy generated from marine and tidal power. As he knows, these methods have had a somewhat chequered past, and there have been many false starts. However, the Government have supported them with financial help. I mentioned the planning problems earlier. I would like to see more wind and marine generation of energy, but if we are going to achieve that, we must also provide the transmission lines to get the energy from where it is generated to where it is consumed, whether that is in the central belt of Scotland or in England. The hon. Gentleman will be aware that it is sometimes very difficult to convince people that if we are going to generate electricity in the north of Scotland, we will also need the power lines. If people continue to object to all these things, none of it will happen.

Energy Review

9. **Miss Anne McIntosh** (Vale of York) (Con): When he expects to complete his energy review; and if he will make a statement. [82774]

The Secretary of State for Trade and Industry (Mr. Alistair Darling): It says here that the Government will publish their proposals shortly.

Miss McIntosh: I thank the Secretary of State for that full and comprehensive reply. As part of the review, will he tell the House what consideration he has given to the role that green crops such as sugar beet could play in producing biomass, and particularly biofuel? Until recently, the Drax power station, in the constituency of Selby, was taking green crops from the Vale of York to co-fire, but it has now stopped doing so. I am sure that the Secretary of State will realise that this is becoming a matter of some urgency, as the sugar beet factory at York is scheduled to close next year, and we are looking for alternative means of creating energy from these crops.

Mr. Darling: The hon. Lady makes a good point. There is some potential in that regard. She mentioned biofuels, and she will be aware that I announced last November that we would impose an obligation that 5 per cent. of fuels had to be biofuels. The impact on carbon of that measure will be the equivalent of taking 1 million cars off the road every year. These matters are under consideration, and I will have more to say about them shortly.

Mark Pritchard (The Wrekin) (Con): What discussions will the Department be having with British Sugar to determine how sugar beet can be used for biofuels? Is the Secretary of State aware that its Allscott factory in my constituency is to close in April 2007, with the result that 650 Shropshire farmers will no longer have a market for this important cash crop? In addition, 120 people working at the factory will lose their jobs. Is it not time for British Sugar to start working with the Government to create co-operatives with farmers to deliver biofuels using sugar beet, rather than just talking about it?

Mr. Darling: I am not in a position to tell the House what discussions have taken place, but, as I said to the hon. Member for Vale of York (Miss McIntosh) a moment ago, sugar beet is an important resource. I know that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is particularly interested in this matter, because of its agricultural and environmental significance. I agree with the hon. Gentleman that this is something that we need to look at in respect of energy and, crucially, of biofuels.

Kitty Ussher (Burnley) (Lab): Does the Secretary of State agree that it would be easier to meet our carbon targets if we moved to the so-called distributed model of electricity generation, in which power is generated on a more local level and sold back into the grid when surpluses are generated? What proportion of our energy demand does he think could be produced in this way?

Mr. Darling: I am hoping that there will be a large attendance in the House when I make my announcement, because I shall be able to answer all these questions more fully at that stage. My hon. Friend is right: we could do rather more with distributed energy than we have done in the past. I would sound a note of caution, however. Some people say that all our electricity could be generated in this way, but I do not think that that is the case. We could do more with distributed energy, but we will still need a grid and large-scale energy production as well.

Mr. Mike Weir (Angus) (SNP): The Secretary of State said that the energy review would be published shortly. He will also be aware that one of the main concerns of the renewable generators in Scotland is the question of transmission charges. They are the subject not of the energy review but of a separate review recently announced by Ofgem. Ofgem has made some concessions by changing the need to produce financial guarantees up front, but it has said nothing so far about the actual cost of the transmission charges. After the publication of the energy review, will the Secretary of State ask Ofgem to look closely at the whole question of transmission charges, and at the impact that they will have on renewable generation in Scotland?

Mr. Darling: Yes, I will keep a close eye on that. The hon. Gentleman will recall that we had exchanges about the matter when I was Secretary of State for Scotland. I made it clear then that I am concerned about the impact of the regime. The fact is that most renewables are more

likely to be sited in Scotland—probably in the north of Scotland—which means that the right transmission regime must be in place. As I said to the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) earlier, that also means that those of us in politics who say that we believe in more offshore, onshore or marine generation must back that up with a willingness to have the means of transmitting that power to where it is needed.

Telecommunications Services

10. **John Robertson** (Glasgow, North-West) (Lab): What progress is being made in tackling the mis-selling of telecommunications services. [82775]

The Minister for Industry and the Regions (Margaret Hodge): This is a matter for the Office of Communications. Ofcom's view is that, while overall competition has produced significant benefits in the form of lower prices and better services, the problem of mis-selling in telecoms continues. It affects a significant minority of customers, and Ofcom has therefore put in place clear rules to protect consumers and is taking decisive action to enforce those rules.

To give one example, I can confirm that Ofcom last week fined one company, Just Telecoms UK Ltd., trading as "Lo-Rate", the maximum amount—10 per cent. of its annual turnover—for mis-selling. That is part of Ofcom's ongoing enforcement programme to address this issue and to enforce tougher rules introduced last year. Ofcom is actively investigating a number of further cases.

John Robertson: I thank my right hon. Friend for her extensive answer. However, British companies operating from this country and abroad are contacting customers through third parties, usually from call centres in India. Those companies are mis-selling for other companies, but they imply that they represent the customer's original company. What is she doing to try to stop that? Are those British companies, even though they are using a third party, still liable under British law?

Margaret Hodge: The practice to which my hon. Friend refers sounds pretty disreputable, and I would be happy to meet him to discuss it further, to see whether, working with Ofcom, we can take further action. If he agrees, I shall arrange a meeting as soon as possible.

World Trade Negotiations

11. **Mr. Desmond Swayne** (New Forest, West) (Con): What recent representations he has made to his EU counterparts on the world trade negotiations. [82777]

The Minister for Trade (Mr. Ian McCartney): My right hon. Friend the Secretary of State for Trade and Industry was in Geneva last week to emphasise our commitment to the Doha development agenda in meetings with the EU Trade Commissioner, Mr. Mandelson, and counterparts in other EU member states—*[Interruption.]* I knew that that would wake them up.

John Bercow (Buckingham) (Con): Say it without spitting.

Mr. McCartney: With or without water, I am better than the hon. Gentleman.

My right hon. Friend the Secretary of State and I continue to discuss the Doha development agenda with Trade Ministers of other World Trade Organisation member countries. In the past few weeks, between us, we have spoken to, among others, the Trade Ministers of the United States, China, Brazil, Finland, Sri Lanka, Botswana, South Africa and India, and the Deputy Foreign Secretary of Morocco. Other members of the Government have also been in contact with their opposite numbers. We also remain in regular contact with business and civil society.

Mr. Swayne: The Minister will understand the paradox that we starve the poor by refusing to buy their food from them. Agricultural goods would not have been brought into the World Trade Organisation, however, had it not been for the success of Leon Brittan in outmanoeuvring the French during the Uruguay round. Unfortunately, Commissioner Mandelson has not been as successful. If the talks collapse, what is the Minister's plan B in relation to the agenda of making poverty history? Did he see the remarks by—

Mr. Speaker: Order. The hon. Gentleman is doing quite well as it is.

Mr. McCartney: That is another typical Conservative approach. In government, the Conservatives cut support to the world's poorest countries by 50 per cent.; this Government have increased it by 140 per cent. Until recently, the Conservatives had never supported our objectives for the Doha negotiations. Those objectives include more trade opportunities and fewer unfair subsidies, from Europe, in agriculture, and from the United States. We want to see no strings, which means no quotas or duties on exports from the least developed countries to developed and richer developing countries. We want to see significant support for the poorest countries to help them to take advantage of increased trade by building capacity. We lead the world in that investment, and in liberalisation on those countries' terms. That means that any liberation of developing markets must be consistent with their capacity to adapt development programmes.

We are leading the debate, and I am certain that our discussions over the next couple of weeks will move us to a point at which we can secure an agreement. An ambitious pro-development deal will lift millions out of poverty, and the Government are leading the drive towards it.

John Bercow: Given that the European Union currently spends €64,000 million each year in trade-distorting domestic support for agricultural production—the effect of which is dramatically to exacerbate the plight of the poorest and most destitute people on the planet—does the right hon. Gentleman agree that it is essential for that support to be discontinued as soon as possible, so that the poorest people in the world can be given a decent opportunity to compete, to grow and to fend effectively for themselves?

Mr. McCartney: The Government have been at the forefront of reform of the common agricultural policy and United States subsidies. The difference between our party and the hon. Gentleman and his party is that we can influence the outcome. At a time when we need

more influence in Europe, the hon. Gentleman's party is turning to the extreme right and rejecting the mainstream in Europe.

Dr. Vincent Cable (Twickenham) (LD): Why did the British Government agree to the withdrawal of approximately 200 so-called sensitive agricultural items from the European Commission's negotiating offer? Did that not constitute a disastrous weakness and oversight?

Mr. McCartney: If the hon. Gentleman does not mind me saying so, he and his party--

Mr. Edward Davey (Kingston and Surbiton) (LD): Answer the question.

Mr. McCartney: I will answer the question. As my favourite poet would say, "Haud yer wheesht". *[Laughter.]* If the hon. Gentleman wants to know who that is, it is Rab C. Nesbitt. *[Laughter.]* That was a joke.

The Government are at the forefront of delicate discussions and negotiations to secure a package that is compatible with reducing agricultural tariffs, linked with appropriate access for the G20 countries to services and productive goods without agricultural tariffs. If we can secure that agreement, it will constitute a significant step forward for the world's poorest countries. I assure the House that everything we are doing is aimed at achieving that delicate balance, and we will succeed.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Despite the Minister's protestations about politics, is it not a fact that European Union protectionism is one of the major barriers to a successful conclusion of the World Trade Organisation talks—whether it takes the form of unwanted agricultural subsidies or Peter Mandelson's shoe-dumping tax, which is costing some of the poorest people in the country £20 a year? Would it not be a disaster if the talks failed? It would be a disaster for some of the poorest countries in the world. What further representations can the Minister make to his friend, Trade Commissioner Mandelson, to ensure that the EU pulls its weight in the talks?

Mr. McCartney: Every single country must make a move, and every single trade bloc must make a move. That is precisely what we have been doing in our discussions. This Government sit at the negotiating table, unlike the last Conservative Government, who left the negotiating table and did not participate in an effective way.

I am glad that the hon. Gentleman's party has now recognised the need to achieve a successful round of talks, but it has done so 10 years too late. This Government are taking action with our colleagues in Europe. I hope that during our discussions over the next fortnight we can get that delicate balance right, and secure a successful agreement to help the world's poorest countries.

Renewable Energy

12. **James Duddridge** (Rochford and Southend, East) (Con): What steps his Department is taking to promote renewable energy. [82778]

The Minister for Energy (Malcolm Wicks): The Opposition's commitment to the environment and recycling has influenced their questions. This question is a repeat of Question 1. It shows a good environmental approach. I think that the honest thing for me to do is to refer the hon. Gentleman to the answer that I gave earlier.

James Duddridge: I am glad that the Minister did not recycle his earlier answer as I recycled the earlier question. Will he now tell me how Government policy on incentives to increase smart metering will assist the use of renewables in homes?

Malcolm Wicks: As we made clear in an earlier discussion, we need to find ways to assist individuals who watch the climate change news and research on the television, who look at what is happening at the Arctic caps and who wonder what they can do about it. Many such people are relatively passive at the moment, but they want to play a role. As well as fostering Government and industrial action, we need to turn the concerned citizen into an active citizen on behalf of the environment. What does that mean in practical terms? It means thermal and loft insulation, better understanding of energy use in the home, microgeneration and, indeed, smart metering. We are interested in that development.

MINISTER FOR WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Medical Professions

19. **Miss Anne McIntosh** (Vale of York) (Con): What steps the Government are taking to increase the representation of women in senior positions in the medical professions; and if she will make a statement. [82786]

The Minister for Women (Ruth Kelly): There are more women working in the medical work force and in undergraduate medicine than ever before. The proportion of female consultants has increased steadily to 26 per cent. from 19 per cent. in 1995. We have a range of schemes in place to encourage women to enter and progress in medicine, including the flexible career scheme.

Miss McIntosh: I thank the right hon. Lady for that reply. I am sure that she shares my pleasure at seeing so many undergraduates coming in, particularly at the Hull York medical school, where a huge proportion—more than 50 per cent.—are women. However, does she share my concern that both in hospital medicine and general practice, many women are choosing to go part-time for the very good reason of wanting to bring up a

good family? That effectively means that we almost have to train two lady doctors for each position. The implications for senior positions in hospital medicine are alarming, particularly when the Government have removed the post of senior house officer. What does the Minister see as the way forward in encouraging more women to remain in full-time positions in order to gain the necessary experience to become senior hospital practitioners?

Ruth Kelly: The hon. Lady makes an interesting point, but I remind her not only that the numbers of young women training in medical schools are increasing, but that the representation of women in senior positions has steadily improved at all levels and in practically all specialties over the last 10 years. I believe, as do the Government, that it is important to offer real choice to men and women to balance their work and family life. If we can facilitate flexible working, we should do so, and the same applies to flexible training. A year ago, the junior medical committee of the British Medical Association reached an agreement with the Government and other relevant parties on the introduction of a flexible training scheme that would allow the accreditation of flexible training. I believe that that is the right way forward rather than somehow artificially encouraging people to work full time when they would otherwise choose not to do so.

Chris Bryant (Rhondda) (Lab): My grandmother was a GP in the Gorbals from the 1940s through to the 1960s—quite early on in respect of women practitioners in this country. There were not too many women GPs then and there are many more now, as my right hon. Friend said. Many women want a greater degree of flexibility in their career than the GP system allows for. Sometimes they are helped through the system by having more salaried GPs. Would my right hon. Friend talk further with her colleagues in Wales about the possibility of developing more salaried GP positions that would be available to women?

Ruth Kelly: My hon. Friend makes an interesting point and I will certainly take up his suggestion of having further discussions with colleagues in Wales. It is important to offer flexible careers both in hospital medicine and for GPs. The flexible career initiative was first introduced for hospital medicine, but has since been extended to GPs, who are beginning to find it easier to combine work as a GP with different family responsibilities. That particularly helps women.

Philip Davies (Shipley) (Con): Will the Minister promise the House that in her desire to see more women in senior positions in the medical profession, she will not go down the politically correct route of having quotas, targets and positive discrimination? Will she always hold to the fact that jobs should be given on merit, irrespective of people's gender?

Ruth Kelly: Of course jobs should be given on merit, but if the hon. Gentleman is suggesting that the majority of female undergraduates who are currently training in medical school should not have the opportunity to have their careers progress at the same rate as men's, I believe that he is mistaken.

Domestic Abuse

20. **Mrs. Siân C. James** (Swansea, East) (Lab): What progress is being made in supporting women who report domestic abuse. [82787]

The Minister for Women (Ruth Kelly): The national domestic violence delivery report outlines a series of initiatives, including the specialist domestic violence court programme, and training packages for independent domestic violence advisers and prosecutors and the police. We also part-fund the national 24-hour freephone helpline to provide information, support and advice.

Mrs. James: I thank my right hon. Friend for that answer. Unfortunately, in Swansea in 2005-06 there were 3,266 reported incidents of domestic abuse. She may be aware that the city has been invited to express an interest in having a domestic violence court, and I and a number of local agencies support that proposal. Despite that, will she continue to ensure that women who suffer domestic abuse get the assistance, guidance and support that they need and deserve?

Ruth Kelly: I thank my hon. Friend for that question. She makes the very important point that victims of domestic violence are being properly supported, and she will no doubt be pleased to know that Swansea magistrates court was one of several in Wales visited this week by the national domestic violence group, which is considering its suitability for selection as a specialist court. I wish her well when the successful bids are announced later this year. I am also aware that Swansea police have been recognised for the great deal of innovative work that they do to support victims of domestic abuse. For example, they are targeting perpetrators through the "spotlight on suspects" campaign. That work, together with the Welsh Assembly's efforts, is making a real difference to victims of domestic abuse, and it is important that it continues.

Angela Watkinson (Upminster) (Con): In my excellent local women's refuge, which I happen to be visiting tomorrow, there are women who are fleeing domestic violence, often with young children. What can the Minister do, through discussions with her Cabinet colleagues, to ensure that the perpetrator of such violence is removed from the family home, rather than the mother and children?

Ruth Kelly: The hon. Lady is absolutely right to highlight that issue, which we are dealing with through our legislative proposals. But it is also important, as I am sure that she will agree, that we invest in domestic refuges, so that those women who want to leave immediately are able to do so. That is why we have invested more than £30 million over three years in new refuge provision, and in the refurbishment of refuges created through existing schemes.

Fiona Mactaggart (Slough) (Lab): While I welcome the substantial efforts that have been made to protect the victims of domestic violence—advisers, specialist courts and so on—I am concerned that we are not doing enough to prevent such tragedies, which lead to the deaths of two women every week. Does the Minister have any ideas that she can discuss with colleagues, such as working with young people, potential perpetrators and women who might be

victims to reduce the likely future incidence of domestic violence, rather than merely helping victims after such incidents have occurred?

Ruth Kelly: My hon. Friend makes a very important point, and I know that the Minister for Women and Equality has been working with colleagues across Government Departments—including in the Department for Education and Skills, for example—to look specifically at the needs of young people and how we can improve education about, and understanding of, these very important issues. It is right that we not only focus on the victims of domestic abuse—important as that is—but that we try at the early stages to prevent domestic abuse from happening in the first place.

Women in Public Life

21. **Jo Swinson** (East Dunbartonshire) (LD): What assessment she has made of the level of representation of women in public life; and if she will make a statement. [82788]

The Minister for Women and Equality (Meg Munn): Women are well represented at local level, holding 43 per cent. of appointments to NHS trusts, 49.4 per cent. of magistrates' appointments and 54 per cent. of school governors' appointments. Women currently hold 35 per cent. of public appointments overall—an increase from the figure of 32 per cent. in 1997. I look forward to working with Janet Gaymer, the new commissioner for public appointments, to make further progress on this issue.

Jo Swinson: In this, the week of the Local Government Association conference, does the Minister share my concern at the fact that just 27 per cent. of Conservative councillors, 29 per cent. of Labour councillors and 32 per cent. of Liberal Democrat councillors in the UK are women, with far fewer in some areas, such as Scotland, Wales and Northern Ireland? If so, what steps is she taking—and what steps would she encourage others to take—to address this imbalance and to encourage more women into local government?

Meg Munn: The hon. Lady will be aware that we introduced the Sex Discrimination (Election Candidates) Act 2002 to allow political parties to make their own arrangements to encourage more women to stand in local and national elections. Our focus is on all-women shortlists, which we are using in some local elections, and I would be delighted if other parties joined us in that regard. I know that the hon. Lady's party is struggling to get such a proposal through, and that the Leader of the Opposition is also struggling. In fact, the number of women selected since the introduction of his A-list has gone down, not up.

Lynda Waltho (Stourbridge) (Lab): Last year's intake of new Labour MPs was historic in that, for the first time, it included more women than men. Most of those women were selected from all-women shortlists. Unfortunately, our sisters in Opposition parties have not fared quite so well—[Hon. Members: "Sisters?"] Yes, sisters. What policy does my hon. Friend think would be most helpful in encouraging more women to come forward for election to this place? Would it be all-women shortlists or the employment of bikini-clad women to serve drinks at a £400-a-head summer ball?

Meg Munn: The evidence is clear: it is only the Labour party that is making real strides on this issue. We are doing that through all-women shortlists—*[Interruption.]* I know that the Opposition are not very happy about that, but they are all talk and no action.

Mrs. Eleanor Laing (Epping Forest) (Con): The Minister and the Liberal Democrats really must not worry about those of us on the Conservative Benches because in a very short time we will fill the Government side with many Conservative women—*[Interruption.]* That seems to have produced a reaction.

What guidelines have the Government laid down for the contracts of employment of women in public positions to allow flexible working conditions for high-achieving women, so that those at the very top of their professions, whatever they might be, will have the opportunity to work flexibly and therefore to fulfil their family and caring duties, as well as having the chance to break through the glass ceiling?

Mr. Christopher Fraser (South-West Norfolk) (Con): Come on, sister!

Meg Munn: My tennis partner calls me sister. The hon. Lady talks a good talk, but she promised before the last election that there would be many more Conservative women MPs. That did not happen because they did not get selected in safe seats. As I said, the proportion being selected for safe seats has fallen since the introduction of the A-list. I am pleased to tell the hon. Lady that the proportion of women in the more senior grades in the civil service has continued to increase. On 4 April 2007, it had increased to 34.8 per cent. from 32.7 per cent. Individual Departments are introducing work-life balance champions who can ensure that staff have the opportunity to work flexibly up to the highest levels. We certainly want to see that happen in more Departments.

Lorely Burt (Solihull) (LD): Does the Minister agree that child care facilities are key for any women who wish to put themselves forward for all aspects of public life and work generally? What message are we sending to women when, in the 21st century, the Westminster estate still lacks a crèche and other appropriate child care facilities for hon. Members and our staff?

Meg Munn: The hon. Lady will know that the Government have given a high priority to child care and have invested in much more provision. It is a matter for discussion whether child care provision is most appropriate at a person's place of work or near their home. That is a real issue for both women and men. I do not oppose considering the issue that the hon. Lady raises and that is something for the House authorities to do, as much for the employees here who have to work the same unsocial hours as we do, as for the Members of Parliament.

Business of the House

11.34 am

Mrs. Theresa May (Maidenhead) (Con): Will the Deputy Leader of the House please give us the business for the coming weeks?

The Deputy Leader of the House of Commons (Nigel Griffiths): My right hon. Friend the Leader of the House has given notice of a previous commitment that keeps him from the House today. In his absence, I should like to announce the business for the coming weeks, as follows:

MONDAY 10 JULY—A debate on the BBC on a Government motion.

TUESDAY 11 JULY—A debate on the Intelligence and Security Committee annual report 2005-06 on a motion for the Adjournment of the House.

WEDNESDAY 12 JULY—Opposition Day [18th Allotted Day]. There will be a debate on home information packs, followed by a debate on progress towards the millennium development goals. Both debates will arise on an Opposition motion.

THURSDAY 13 JULY—Remaining stages of the NHS Redress Bill [*Lords*].

FRIDAY 14 JULY—Private Members' Bills.

The provisional business for the following week will be:

MONDAY 17 JULY—Remaining stages of the Compensation Bill [*Lords*].

TUESDAY 18 JULY—Consideration of Lords amendments to the Health Bill, followed by consideration of Lords amendments to the Government of Wales Bill, followed by motion to take note of the outstanding reports of the Public Accounts Committee to which the Government have replied. Details will be given in the *Official Report*.

WEDNESDAY 19 JULY—Opposition Day [19th Allotted Day]. There will be a debate on an Opposition motion in the name of the Liberal Democrats. Subject to be announced.

THURSDAY 20 JULY—Remaining stages of the Commissioner for Older People (Wales) Bill [*Lords*], followed by a debate on international development on a motion for the Adjournment of the House.

FRIDAY 21 JULY—The House will not be sitting.

I should also like to inform the House that the business in Westminster Hall for 20 July will be:

THURSDAY 20 JULY—A debate on boundaries, voting and representation in Scotland.

The information regarding business on Tuesday 18 July is as follows:

The following reports fall within the scope of the motion

2005-06		
Fourth Report	Fraud and error in benefit expenditure	HC 411 *(Cm 6728)*
Seventh Report	The use of operating theatres in the Northern Ireland Health and Personal Social Services	HC 414 *(Cm 6699)*
Eighth Report	Navan Centre	HC 415 *(Cm 6699)*
Ninth Report	Foot and Mouth Disease: applying the lessons	HC 563 *(Cm 6728)*
Twelfth Report	Helping those in financial hardship: the running of the Social Fund	HC 601 *(Cm 6728)*
Thirteenth Report	The Office of the Deputy Prime Minister: Tackling homelessness	HC 653 *(Cm 6743)*
Fourteenth Report	Energywatch and Postwatch	HC 654 *(Cm 6743)*
Fifteenth Report	HM Customs and Excise Standard Report 2003–04	HC 695 *(Cm 6743)*
Sixteenth Report	Home Office: Reducing vehicle crime	HC 696 *(Cm 6743)*
Seventeenth Report	Achieving value for money in the delivery of public services	HC 742 *(Cm 6743)*
Eighteenth Report	Department for Education and Skills: Improving school attendance in England	HC 789 *(Cm 6766)*
Nineteenth Report	Department of Health: Tackling cancer: improving the patient journey	HC 790 *(Cm 6766)*
Twentieth Report	The NHS Cancer Plan: a progress report	HC 791 *(Cm 6766)*
Twenty-first Report	Skills for Life: Improving adult literacy and numeracy	HC 792 *(Cm 6766)*
Twenty-second Report	Maintaining and improving Britain's railway stations	HC 535 *(Cm 6775)*
Twenty-third Report	Filing of income tax self assessment returns	HC 681 *(Cm 6775)*
Twenty-fourth Report	The BBC's White City 2 development	HC 652 *(Second Special Report, HC 1139, 2005-06)*
Twenty-fifth Report	Securing strategic leadership in the learning and skills sector	HC 602 *(Cm 6775)*
Twenty-sixth Report	Assessing and reporting military readiness	HC 667 *(Cm 6775)*
Twenty-seventh Report	Lost in translation? Responding to the challenges of European law	HC 590 *(Cm 6775)*
Twenty-eighth Report	Extending access to learning through technology: Ufi and the learndirect service	HC 706 *(Cm 6775)*
Twenty-ninth Report	Excess Votes 2004–05	HC 916 *(NIA)*
Thirtieth Report	Excess Votes (Northern Ireland) 2004–05	HC 917 *(NIA)*
Thirty-first Report	Northern Ireland's Waste Management Strategy	HC 741 *(Cm 6843)*
Thirty-second Report	Working with the voluntary sector	HC 717 *(Cm 6789)*
Thirty-third Report	The Royal Parks and the Diana, Princess of Wales Memorial Fountain	HC 644 *(Cm 6789)*
Thirty-fourth Report	Returning failed asylum applicants	HC 620 *(Cm 6863)*
Thirty-fifth Report	The refinancing of the Norfolk and Norwich PFI Hospital	HC 694 *(Cm ????)*
Thirty-sixth Report	Tackling the complexity of the benefits system	HC 765 *(Cm 6863)*
Thirty-seventh Report	Inland Revenue Standard Report: New Tax Credits	HC 782 *(Cm 6863)*

Thirty-eighth Report	Channel Tunnel Rail Link	HC 727 *(Cm 6863)*
Thirty-ninth Report	Consular services to British nationals	HC 813 *(Cm 6863)*
Fortieth Report	Environment Agency: Efficiency in water resource management	HC 749 *(Cm ????)*
Forty-first Report	The South Eastern Passenger Rail Franchise	HC 770 *(Cm ????)*
Forty-second Report	Enforcing competition in markets	HC 841 *(Cm ????)*

The reference number of the Treasury minute to each report is printed in brackets after the HC printing number.

Mrs. May: I thank the Deputy Leader of the House for giving us the business for the coming fortnight.

At business questions last week, I noted that Monday's BBC debate was taking place the day before the BBC's annual report was due to be published. I am pleased that the Leader of the House has acted on that, although he has chosen to change not the date of the debate but the publication date of the BBC's annual report. I understand that that will now come out this Friday, but I am grateful for the action that has been taken.

I am sure that the Deputy Leader of the House will have noted the vote in Standing Committee this morning that has changed the Company Law Reform Bill into the Companies Bill. Interestingly, the Minister for Industry and the Regions and the Solicitor-General took different sides in the vote. It is good to see that the Government know what they are doing. A more serious point is that there are to be 400 new clauses to the Bill. They have yet to be tabled and the Government have refused to allow the Committee time to consider them. Will the Deputy Leader of the House ensure that there is enough time on Report to discuss those significant changes?

The forthcoming business made no mention of the Road Safety Bill, which left Committee in April. The need for the Bill is recognised and it has broad cross-party support. Why are the Government dragging their feet when it comes to completing its passage through the House?

Today, the Select Committee on Education and Skills published its report on special educational needs. It refers to the 2004 SEN strategy "Removing Barriers to Achievement", which sets out the Government's vision on SEN. The Select Committee notes that the guidance given to local authorities states "unmistakably" that

"the proportion of children educated in special schools should fall over time".

In evidence to the Committee, however, the Education Minister Lord Adonis said that the Government

"have no policy whatever, I should stress, of encouraging local authorities to close special schools".

The Select Committee goes on to say:

"What is urgently needed is for the Government to clarify its position on SEN—specifically on inclusion…It is the view of this Committee that…the SEN system is demonstrably no longer fit for purpose and there is a need for the Government to develop a new system that puts the needs of the child at the centre of provision."

May we therefore have a statement from the Education Secretary before the recess, clarifying the Government's policy on SEN?

Yesterday, another British soldier was killed in Afghanistan. I am sure that hon. Members from all parties will join me in sending condolences and sympathy to his family. May we have a statement before 24 July—from the Defence Secretary, and not a junior Minister—on any planned increase in the deployment of troops and/or equipment in Afghanistan?

Yesterday, the Secretary of State for Health announced funding for community hospitals. She somehow omitted to mention the 81 community hospitals that have closed, or which are threatened by closure or the loss of services. Examples are St. Marks in Maidenhead, which may lose services, and Townlands in Henley, which is under threat of closure. Both those hospitals serve my constituents. She said at *Hansard*, column 817, that primary care trusts might want to extend their local investment finance trust schemes, known as LIFT schemes. Did she not know that the Public Accounts Committee said that LIFT projects cost eight times more per patient than the accommodation they replace, and that the higher cost could squeeze out other spending on primary care? May we have a debate on community hospitals?

By the way, do not the Government realise that it is all very well giving money to build new premises, but the problem for the health service today is finding the money to staff them and to treat patients? The Government get more like a "Yes, Minister" sketch every day. Talking of which, up to now, Ministers have told us that we should not talk about job cuts in the NHS, yet today the Health Minister, Lord Warner, has written to Members and his opening sentence is:

"I wrote to you in May clarifying the position on job cuts within the National Health Service."

Perhaps all Ministers could use the same language in future.

May we have a debate on control of policing? The Government are apparently to set up a national policing board chaired by the Home Secretary. Exactly how do they think policing will be improved by putting it under the control of the Home Office—the very Department that the Home Secretary has said is dysfunctional and not fit for purpose?

Finally, last week in business questions, the Leader of the House said that we had

"squandered some Opposition days on the most eccentric subjects"—[*Official Report*, 29 June 2006; Vol. 448, c. 390.]

Since the new Leader of the House took office, we have had Opposition day debates on the BBC, housing and planning policy, tax credits, volunteers and carers and the NHS. Which of those subjects does the right hon. Gentleman consider eccentric? Or is it just that on the health service, the work of carers or problems with tax credits the Government simply do not want to know?

Nigel Griffiths: I thank the right hon. Member for being as predictable as ever.

The whole House will want to express its condolences to the family of the brave soldier who was tragically killed yesterday in Afghanistan. As the Prime Minister made clear to the House yesterday, commanders on the ground are the judges of their resources. Anything they need and ask for to protect our troops will be given to them.

The large number of clauses for the Companies Bill results from the fact that it is a consolidating measure, and I thank the Opposition for their general support in respect of that. I am sure that there will be adequate time on Report to cover any outstanding issues. The Bill is important and its time is ripe.

We are determined to get the Road Safety Bill right. I hope that we can count on the support of all Members of the House for some of the key measures that have been taken, such as speed cameras and speed humps, where appropriate, and other devices, which in my constituency in Edinburgh and the borders have resulted in no child deaths for the past three years. For the first time since records began in 1927, no children have been killed. I shall look with confidence to support from all the Opposition parties for appropriate road safety measures.

I commend the work of the Select Committee on Education and Skills, which reported today on special educational needs. It is important to reflect that, in recent years, spending on such children has risen by 50 per cent., from just under £3 billion to £4.5 billion. I hope that the right hon. Member and the House will forgive me for saying that it may take a little longer than the two weeks or so available to us for the Government to formulate a considered response to the report, but we shall make an appropriate response and I am sure that there will be ample opportunity for the House to discuss it.

As the right hon. Member knows, a major review of policing is being undertaken. It is right that my right hon. Friend the Home Secretary is considering the best way of making police forces more effective and making the input and experience of the police more effective in formulating Government policy. It is also right that we ensure that the best practice of the best police authorities is extended to others.

The right hon. Member mentioned community hospitals, but she neglected to say that my right hon. Friend the Secretary of State for Health yesterday announced £750 million as an investment for those community hospitals. The right hon. Member also voiced her concerns about falling hospital numbers, but my right hon. Friend would want me to remind the right hon. Member that, in her strategic health authority, there has been a 22 per cent. increase in the number of nurses—up by more than 2,700—and there are 1,418 more doctors, a 40 per cent. increase. I am sorry that she is not absorbing those facts.

As for the Opposition days that the right hon. Member wanted to defend, hon. Members believed that there were more serious issues than back gardens and one or two of the other things that have been chosen for Opposition days. Indeed, I await with interest the many suggestions that will come in the next few minutes from hon. Members for important debates that should be held, and I hope that I will be able to suggest an adequate slot for them.

Mr. Bill Olner (Nuneaton) (Lab): Is my hon. Friend aware of the serious concerns in my constituency about the fate of the George Eliot hospital? [HON. MEMBERS: "Ah."] No, it is not the Government; they have poured a great deal of money into the health service in my area and we are grateful to them for that. However, the acute services review is suggesting that things should happen at that hospital that will be bad not only for my community, but the communities around us. All the people who have made those suggestions are unelected quango people. May we have a debate to talk about not only how the acute services review affects Nuneaton and other areas, but how those non-elected people can bear down on our constituents?

Nigel Griffiths: I share the concerns expressed by my hon. Friend and, as he rightly said, it is for the primary care trust to take account of local views and strategic needs locally and to take appropriate actions. I hope that the PCT listens to the sort of concerns that he and others are enumerating and that it takes whatever action is appropriate to ensure that the 3,000 more front-line staff available to the strategic health authority are best deployed to ensure that waiting lists are cut further and that the most appropriate treatment is given in the most efficient manner to his constituents.

Mr. Paul Burstow (Sutton and Cheam) (LD): Many of my constituents will be surprised by the hon. Gentleman's disparaging remarks about back garden land, not least because many of them find it hard to understand how the Government have designated back gardens as brownfield sites, thus making them ripe for development.

The statement contained no reference to the Welfare Reform Bill. Is it still the Government's intention it should have a Second Reading before the summer recess? Given that the Government intend to leave most of its detail to regulations, will the hon. Gentleman ask the Leader of the House to use his good offices to ensure that, if it receives a Second Reading, the regulations are published in draft form before the Bill is debated in Committee?

May I draw the attention of the Deputy Leader of the House to early-day motion 393, entitled "Protecting Runaway Children", which has been signed by 394 hon. Members on both sides of the House?

[That this House warmly welcomes the Children's Society's Safe and Sound campaign to make England safe for the 100,000 children who run away from home or care each year; is alarmed at the Society's findings that almost half of all children who have run away for over a week are physically or sexually hurt; calls on all local authorities to put into place the safeguards recommended by the Department of Health to protect young runaways; and further calls on the Government to undertake an early evaluation of the six pilot schemes for flexible community-based accommodation for young runaways across England which have now completed their first year, in order that the lessons can be incorporated in the swift establishment of a national network of safe places for children and young people.]

May we have some time to debate the issues that that early-day motion covers, to explore what more needs to be done to safeguard the welfare of the 100,000 children who run away each year—in particular, by securing for them long-term funding for a national network of safe shelters for children and young people?

[Mr. Paul Burstow]

Given the concern about the lack of give and take in our extradition arrangements with the United States, can time be made for a debate on Second Reading of the Extradition (United States) Bill, which receives its First Reading today and is promoted by my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg), so that extradition proceedings require the presentation of prima facie evidence to a judge before a person can be extradited to the US?

Finally, given the overwhelming decision of the House yesterday to agree to the dates of our summer recess, can the Deputy Leader of the House confirm what arrangements are in place to ensure a rapid recall of the House if events require that to happen?

Nigel Griffiths: The Welfare Reform Bill will be adequately debated and considered. I appreciate the concerns and the expertise that the hon. Member brings to the issue. There are hon. Members on both sides of the House who take a particular interest in welfare reform. It is important that we get the measures right and that we give opportunities to people who feel that they are not only jobless, but excluded from the job market, to enter that market in an appropriate way.

Protecting runaway children is vital. I am sorry that I cannot promise a debate on that matter here before the recess, but there may be other avenues for it to be debated and for Ministers to respond.

On extradition, the Prime Minister has made it clear that, as he said yesterday, he wants his officials to investigate the support that is available to the people in the specific case that has been mentioned. However, there are no plans at present to amend our extradition laws and I do not see such changes planned in the foreseeable future.

The hon. Member also raised the important issue of the recall of Parliament. There are precedents for recalling Parliament, as he will know. Parliament has been recalled several times. My right hon. Friend the Leader of the House will, of course, liaise with his opposite numbers and Mr. Speaker should such a demand or eventuality occur, and Parliament would be recalled in the normal way.

Mr. David Winnick (Walsall, North) (Lab): As we recall again this week the 52 people who were murdered and the many who were seriously injured on 7 July, will my hon. Friend carefully consider a statement to explain why there is so much delay in compensation being given—the final sums—to those who were most seriously injured? I am talking about those who lost both legs, or arms, or, in the case of one person, both legs and an eye. Is it not totally unacceptable that there should be so much delay, bearing in mind the anguish of the people involved? The last thing that they should be concerned about is having to fill in endless forms to get the compensation that is their right. That has nothing to do with the compensation measure that is to be debated the week after next. I seriously urge Ministers to give this matter top priority.

Nigel Griffiths: I know that everyone will be grateful to my hon. Friend and other hon. Members for highlighting this case. I know that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe) responded, I hope sympathetically, to my hon. Friend when he raised the matter in an Adjournment debate on 3 July. My hon. Friend the Under-Secretary also undertook to write to him setting out how the compensation payments could be made more speedily and reminded the House that, at that stage, 370 awards, totalling £2.3 million had been made, and in 217 cases a final award had been accepted. I appreciate the anguish that is caused by people having to wait for a final settlement, and so does my hon. Friend the Under-Secretary, who is addressing the issue seriously.

Sir George Young (North-West Hampshire) (Con): The Leader of the House has been charged by the Prime Minister with two sensitive and important tasks: dealing with the roadblocks to House of Lords reform and with party funding. Safe in the knowledge that his boss is not here, will the Deputy Leader of the House give me an assurance that, before the House rises, the Leader of the House will make a statement on the progress that he has made with both tasks?

Nigel Griffiths: I can tell the right hon. Member that my right hon. Friend will be here next week to answer that. There are no plans at present to give such a statement, because talks with the Opposition and other parties have not reached any conclusion and it might be premature to make a statement on party funding at this stage. There will, of course, be ample time to debate and deliberate on this issue when the report from Sir Hayden Phillips is published.

On the House of Lords, I am pleased to inform the House that my right hon. Friend is making progress in the range of options that are available to the House and hopes at some stage in the not-too-distant future to be able to put proposals before the House. I hope that, unlike the last time such proposals went before the House, we come to a majority view on the future composition of that institution.

Ann Coffey (Stockport) (Lab): Will my hon. Friend join me in welcoming the statement by the Secretary of State for Transport today giving an extra £244 million to the Greater Manchester passenger transport executive to enable it to start the construction of the extensions of the Metrolink within the next two years? Will he make time for a debate on other transport issues in Greater Manchester?

Nigel Griffiths: I do welcome that and I know that it will be widely welcomed in Manchester. Although I cannot give an undertaking for a debate, I know that my hon. Friend will want to take the opportunity at Transport questions next Tuesday to thank my right hon. Friend the Secretary of State in person and to press him on the timetable and other issues that concern her.

Mr. Alex Salmond (Banff and Buchan) (SNP): May we have a statement from the Prime Minister to explain his interview in *The Times* today calling for the formation of a Great Britain football team? Is it the Prime Minister's wish to have such a team just for the Olympics or does he wish, like previous Labour Ministers, to abolish the Scottish football team altogether? With so much to do

and so little time in which to do it, why is the Prime Minister attempting to bully the Scottish Football Association and the Welsh authorities into doing something that they believe would jeopardise their position in international football?

Nigel Griffiths: The hon. Member leads me into the Scottish minefield. He will forgive me if I tread delicately through it—suffice to say that I did enjoy going, at my own expense, to see Scotland play Italy earlier this year, when they acquitted themselves very well. I have no hesitation in saying that I deeply regret England's loss in the World cup. As for whether there should be a United Kingdom football team, or, I suppose, a British Lions team—a British Lions team does not in any way threaten the individual states having teams playing rugby—that is a matter for FIFA and for the Scottish federations, too.

Keith Vaz (Leicester, East) (Lab): May we have an emergency debate on the political crisis that is gripping Leicester city council following the decision of the leader of the Conservative group to regard himself as a Liberal Democrat? He told the *Leicester Mercury* last night:

"I am to be considered a member of the Liberal Democrat group"

for the purposes of voting. He is also considering himself to be a member of the Conservative group for the purposes of leading that group. At the same time, several Liberal Democrats have now been expelled from the Liberal Democrat group and have formed their own "Focus" group. May we please have an urgent debate on this important matter so that those issues can be cleared up once and for all?

Nigel Griffiths: I would like to have an urgent debate, but, more importantly, I would like to have an urgent vote. I understand that the electors will be able to vote next year. Doubtless they will look at the chaos in the Liberal Democrat and Conservative groups on that council and choose to vote Labour.

Mr. Christopher Fraser (South-West Norfolk) (Con): Despite the answer given to my right hon. Friend the Member for Maidenhead (Mrs. May), it is essential that we have a debate on the future of community hospitals. I have two in my constituency, in Swaffham and Thetford, and I am extremely concerned about their ability to cope with local needs as the acute hospitals in King's Lynn, Norwich and the eastern region face cutbacks. The Secretary of State for Health has promised that community hospitals will be safeguarded, but there is little evidence that that promise will be fulfilled.

Nigel Griffiths: I regret that I do not believe that there will be Government time for a debate, but I urge the hon. Member to make representations to Opposition Front-Bench Members to see whether one of the subjects that they have chosen for debate—perhaps home information packs—might be delayed in order to debate what he rightly considers an important issue.

David Taylor (North-West Leicestershire) (Lab/Co-op): Four people were killed and 102 were injured in the Hatfield rail disaster. Subsequently, Railtrack was fined the derisory sum of £3.5 million and Balfour Beatty the token amount of £10 million. Is the Deputy Leader of the House as shocked and astonished as I am that the Appeal Court yesterday reduced Balfour Beatty's fine by 25 per cent. on the basis that it pleaded guilty at the court hearing? Does that not show that a privatised rail system elevates profit above the safety of passengers and staff? Will he arrange a debate on the whole debacle, which might also allow us to consider the possibilities of returning the rail system to public ownership and introducing a law whereby company directors could be jailed for encouraging their more junior managers to abandon safety in the pursuit of profit?

Nigel Griffiths: Without commenting on the individual case, may I say that there is concern that there are not appropriate sanctions against the tiny minority of directors who are highly irresponsible? The Government have been considering appropriate legislation, or the appropriate strengthening of existing legislation, to take account of the concerns that my hon. Friend voices.

Mr. John Hayes (South Holland and The Deepings) (Con): This morning, I have been struck once again, as no doubt you have, Mr. Speaker, by Members' eloquence. However, communicating is not so straightforward for many people with disabilities such as cerebral palsy. Those afflicted thought that they were finally getting the help that they needed when the Department for Education and Skills launched the communications aid project in 2002 to provide technology and support to more than 4,000 children. However, only this year, the scheme was suddenly dropped, cruelly leaving 500 children on the waiting list. The House deserves a statement that makes clear what steps the Government plan to take to ensure that local health and social care agencies are meeting vulnerable children's communication needs. We must listen and speak for those who cannot.

Nigel Griffiths: I take the hon. Member's comments very seriously. Although I cannot promise a statement, I will make sure that the Secretary of State for Health responds directly to him on that issue. I will ask her to place a copy of the correspondence in the Library.

Mr. Jim Devine (Livingston) (Lab): Will my hon. Friend set time aside to discuss the situation in North Korea, because the incidents that have occurred this week have caused hon. Members on both sides of the House great concern?

Nigel Griffiths: I am grateful to my hon. Friend for raising that point. I am sure that his concerns are widespread throughout the House. The United Nations Security Council met yesterday. The UK supports urgent action and the adoption of a tough resolution that urges the Government of North Korea to refrain from further launches and return to the six-party talks immediately. I hope that the North Korean Government will respond to the UN Security Council and the unanimous condemnation of the actions that they have taken.

Mark Hunter (Cheadle) (LD): Now that London has a dedicated policing team of six front-line officers for each local authority ward, will the Deputy Leader of the House find time for a debate on rolling out that excellent scheme to the rest of the country so that residents in Cheadle and elsewhere can enjoy genuine community policing, more bobbies on the beat and the high-visibility policing for which areas such as mine are crying out?

Nigel Griffiths: Obviously, that was a manifesto commitment by the Labour Government, so I am glad that it is being carried out. Additional policing has been provided in some areas without the support of Liberal Democrats, I am sorry to say. I can give the hon. Member chapter and verse on that. It is certainly true that Liberal Democrats in Edinburgh voted against funding 32 extra police officers. Setting aside the party political points, I know that people want to ensure that the 14,000 extra police who have been funded since 1997 are visible in the community and are carrying out work. I will ensure that the Home Secretary is made aware of the hon. Member's comments and question.

Julie Morgan (Cardiff, North) (Lab): When may we have a debate on the future use of reservoirs that are allegedly no longer needed for their water supply? In Cardiff, North, Western Power Distribution is planning to concrete over part of the Llanishen reservoir, despite huge public opposition and the fact that a site of special scientific interest has been identified. There is also a successful yachting club on the reservoir. The area has been a beauty spot for many years, but that is being replaced by spiked metal poles and barking Alsatians. When may we have a debate about such changes?

Nigel Griffiths: Obviously, the appropriate body with which to raise that is the Welsh Assembly Government—I am sure that my hon. Friend has done that, too. It is important that the amenity of local areas is taken properly and fully into account when reaching such decisions. I will ensure that my right hon. Friend the Secretary of State is made aware of general concerns about the possible loss of the use of reservoirs, which sounds somewhat paradoxical at a time of water shortages.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Although the Deputy Leader of the House appears to believe that debating house building is frivolous, may we have a debate on the implications for the house-building targets that are being imposed on our local authorities of the level of net immigration into this country? Ministers have made 17 statements to the House about house building over the years, but they have not discussed or quantified the implications of net immigration for those house-building targets in any of them. In the light of the remarks of the right hon. Member for Birkenhead (Mr. Field) that we neglect these issues at our peril, should there not be an opportunity for those of us who believe that immigrants are decent, hard-working and loyal members of the community none the less to consider rationally and calmly whether the implications of the current level of immigration for house building in the most densely populated major country in Europe are acceptable?

Nigel Griffiths: I believe that the right hon. Member is wrong. There has been ample opportunity to discuss the subject in previous debates, although the issue was perhaps not such a hot topic then because it was not being linked to immigration. I do not believe that immigration is a major driver behind the need for more housing. The break-up of marriage, the smaller family unit, the fact that people are delaying getting married or forming relationships until their 30s and 40s and the fact that a vast number of people now choose to live singly because they like that lifestyle make a far bigger contribution to demand on housing and the shortage of housing than immigration. I would welcome a debate on the subject.

Mr. David Anderson (Blaydon) (Lab): May I draw my hon. Friend's attention to early-day motion 2145, which is in my name, on labour rights in Iraq?

[That this House applauds the recent Labour Friends of Iraq (LFIQ) delegation to Erbil and Sulamaniyah to meet unions, parties, and ministers from Iraqi Kurdistan as well as 22 union leaders from Baghdad, Basra and Babel; is concerned that Iraqi Ministers, through Decree 8750 of August 2005, have frozen the monies of unions including those affiliated to the Iraqi Workers' Federation, leaving organisations which represent up to a million Iraqis and which are the bedrock of a non-sectarian civil society unable to organise and play a positive role in both the workplace and in wider society; fears that some may create sectarian client unions; urges the British Government to make representations to the Iraqi government to lift Decree 8750 and the continuing ban, first introduced in 1987 by Saddam Hussein, on public sector trade union organisation; is concerned that this ban is the basis of hostile actions against the Port Workers' Union in Khour Al-Zubeir; further notes that the LFIQ delegation was told repeatedly by union leaders and others of the potential of private foreign investment in Iraqi Kurdistan, whose Parliament is keen to encourage investment, not least in tourism and mineral extraction; and believes that those concerned for Iraqi democracy should heed the call of the Iraqi unions for urgent assistance to retrieve their independence and to increase their power as a social partner in reconstructing Iraq, which has long been isolated from modern thinking and must contend with the enormous physical and psychological legacy of dictatorship, sanctions and war.]

May we have a debate about the ongoing injustice in Iraq of the so-called democratic Government continuing to deny rights to trade unions and to hold all trade union assets, in direct contravention of International Labour Organisation conventions?

Nigel Griffiths: The Government have made direct representations on the position of Iraqi trade unions and voiced similar concerns to those expressed by my hon. Friend. I know that he visited Iraq as part of a delegation and met Iraqi trade union leaders. I understand that that has been reciprocated and that they are here today—I hope to meet them later on with him. I hope to be able to assure them that we will continue to make representations on this issue. We firmly believe in the value of trade unions.

Sammy Wilson (East Antrim) (DUP): Last week, an education order that will have a far greater impact on education in Northern Ireland than the Education and

Inspections Bill will have on education in England went through in a Committee Room upstairs after a paltry two-and-a-half hour debate. That caused immense anger in Northern Ireland. The order is opposed by the vast majority of people, and it might not be reversed, even if devolution were returned. Will the hon. Gentleman ensure that there will be an opportunity to debate the order properly in the House? Will he outline what plans he has to ensure that all Northern Ireland legislation is treated in the same way as the rest of UK legislation, rather than being fast-tracked through Orders in Council?

Nigel Griffiths: As the hon. Member knows, we have made detailed plans, and we hope that by 24 November the anger he mentions will be channelled to ensure that the Assembly reconvenes and undertakes that practical work. He objects to that work being undertaken by the House—with some justification, I am sure—so I look forward to his working with us to ensure that that reconvening comes about, and I urge all parties in the process to join us. I am sorry that he thinks that the debate was not adequate, but I shall certainly look at the issue and get back to him.

Mr. Jim McGovern (Dundee, West) (Lab): The Deputy Leader of the House will doubtless be aware that I have raised the issue of Remploy on a number of occasions, as it is very important to many of my constituents who are employed by the Remploy factory in Dundee, and it is emblematic of the general debates about the way in which we should help people with disabilities back into work. Bearing that in mind, will my hon. Friend use his good offices to ensure that when PricewaterhouseCoopers' review of Remploy is published it will be accompanied by an oral ministerial statement so that right hon. and hon. Members on both sides of the House have the chance to question the relevant Minister?

Nigel Griffiths: Whether or not it is accompanied by an oral statement, I am sure that there will be a chance to question the Minister. Obviously, there are regular questions on work and pensions. The next such question time is on Monday, but I do not think that PWC will have reported by then. Once the report is available, I am sure that my hon. Friend will find a way to ask questions. If the Secretary of State for Work and Pensions makes an oral statement, my hon. Friend will have an opportunity to do so, but there will be other opportunities, too.

Mr. Andrew Mackay (Bracknell) (Con): I am sure that the Deputy Leader of the House is aware that my hon. Friend the Member for East Devon (Mr. Swire), the shadow Culture, Media and Sport spokesman, has written to the Deputy Prime Minister to ask for the names of three civil servants who recently accompanied him to the ranch in Colorado. In his reply, however, the Deputy Prime Minister omitted the names. I hope that the Deputy Leader of the House believes that that information should be in the public domain, so what will he do next week to ensure that it is placed in the public domain?

Nigel Griffiths: Why should I be aware of such a letter? Did the hon. Member for East Devon (Mr. Swire) copy me in? If not, why not? Ask him.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on irresponsible and dangerous journalism? My hon. Friend will be aware that the BBC was rightly criticised this week for attempting to entrap young Scots, but may I point out, too, that *The Sun* recently described Scots as "Tartan Tosspots" and said that the answer to the West Lothian question was to build Hadrian's wall higher. Even more worryingly, however, it celebrated the fact that Scots died younger than their English counterparts. If such comments were made about any other race or religion there would rightly be a public outcry. When the Prime Minister next meets Rupert Murdoch will he ask him whether that is *The Sun*'s official view?

Nigel Griffiths: I will not comment on any one paper, but I deplore any such statements, just as I deplore the anti-English tone set in recent weeks by much of the Scottish media. My hon. Friend makes an important point—newspaper editors pick on any one group at their peril. He mentioned a newspaper whose circulation, I am sure, has not recovered in Liverpool after its comments about Liverpudlians. I urge newspaper editors and hon. Members to be cautious in their use of language about any group, whether it be a minority group such as the Scots or a majority group such as the English.

John Hemming (Birmingham, Yardley) (LD): The Deputy Leader of the House will be aware that one thing the Government are good at is exporting manufacturing jobs. Birmingham faces the loss of HP Sauce, and this week hundreds of job losses were announced in Cornwall, mainly as a result of energy prices. Trade unions and business are concerned about the energy penalty in the UK, so a debate is urgently needed. If we held such a debate after the recess, it would be too late to have an impact on the situation, so may we have an early debate on manufacturing, particularly in the light of the energy crisis?

Nigel Griffiths: The hon. Member may not have attended Trade and Industry questions, in which hon. Members asked about energy. My colleagues share those concerns, and they are working with energy producers on supply and pricing, which are important matters. In the past, British companies, in contrast to their foreign competitors, have benefited from low-cost contracts, but there is no doubt that recently they have been feeling the pressure. Of course, climate change prompts the question of the charges that we will impose on fuel and what impact that will have on business, but that is a subject for another debate.

Mr. James Clappison (Hertsmere) (Con): As a native of east Yorkshire, may I welcome the Government's efforts to commemorate the life and work of William Wilberforce, both in this country and in north America? Can we find parliamentary time to commemorate him—he was, after all, Member of Parliament for Hull—and would not such an occasion bring a smile to the face of one of the present Members of Parliament for Hull?

Nigel Griffiths: I wholly endorse what the hon. Member said about William Wilberforce. The issue has been raised by other hon. Members who share the hon. Gentleman's views, and we are looking at an appropriate way to recognise a terrific champion of the oppressed and one of history's great figures.

John Bercow (Buckingham) (Con): May I please reiterate the request by my right hon. Friend the shadow Leader of the House for a debate in Government time on the Floor of the House on special educational needs, in which I declare an interest as the father of a two-and-a-half-year-old boy who will almost certainly have such needs? Given the publication today of a report by the Select Committee on Education and Skills and, importantly, the widespread concern about the virtual omnipotence of local education authorities, which assess, decide, pay for and, more often than not, provide for those needs, is it not vital that we have an opportunity to air the issue in the Chamber and to decide a credible and attractive policy for some of the most vulnerable children in our community?

Hon. Members: Hear, hear.

Nigel Griffiths: The programme before the summer recess is under considerable pressure, but we will do our best. I will consult my right hon. Friend the Secretary of State for Education and Skills, and tell him the views of the hon. Member and other hon. Members about the importance of the issue. May I say, too, that I am heartened that so many Members show such concern about this important issue?

Dr. Julian Lewis (New Forest, East) (Con): May we have a debate on sentencing policy for very serious crimes? Such a debate would enable hon. Members on both sides of the House warmly to endorse the 28-year minimum sentence to be served by the vicious killers of Jody Dobrowski, who was murdered for no reason other than that he was a homosexual. That 28-year sentence will undoubtedly act as a deterrent. A debate would also give us an opportunity both to ask why murderers who kill people in exactly the same way as Mr. Dobrowski's murderers do not have to serve anything like the same sentence and why that deterrent is not deemed necessary in such cases.

Nigel Griffiths: This is a serious issue. As I have said, I do not think that the pressures on the parliamentary programme will allow a debate before the recess, but I am sure that there will be an opportunity in the spillover or the new Session for a debate on this important issue, in which all hon. Members will want to take part.

Greg Clark (Tunbridge Wells) (Con): It is helpful that the Deputy Leader of the House has put on the record the fact that the Government have been so long in office that they can dismiss people's concerns about the loss of green space in our towns and cities as trivial or irrelevant. Our constituents, and some of his hon. Friend's constituents, will be interested to discover that that is the case. However, can he say whether the Government Whips will object to my private Member's Bill when it is debated next week, as they did last time?

Nigel Griffiths: No, I am not aware of the arrangements for that debate. I am sure that if the hon. Member has adequate support for his private Member's Bill he will secure a closure, just as other hon. Members do. A measure of his support will be whether 100 Members are in the Chamber to secure that closure and the Bill's progress.

Mr. Nigel Evans (Ribble Valley) (Con): Has the Deputy Leader of the House seen early-day motions 2445 and 2038 relating to access to inhaled insulin products for diabetics?

[That this House disagrees with the National Institute for Health and Clinical Excellence's recent technology appraisal document which proposes the restriction of access to inhaled insulin products on the NHS to patients with 'a proven injection phobia diagnosed by a psychiatrist or psychologist'; is concerned that diabetes sufferers often delay treatment for as long as four years due to a fear of injections, risking the complications of heart disease, blindness and kidney failure, a situation that will only be compounded by attaching the unfortunate stigma of mental illness to those with a phobia of needles; expresses concern at the additional workload that will be placed on already overstretched NHS psychiatric services; and believes that the judgement of expert clinicians should be trusted in managing each individual patient's condition.]

As the hon. Gentleman knows, the National Institute for Health and Clinical Excellence says that before people may have access to such products, there must be a letter from a psychiatrist or a psychologist stating that they have a phobia about needles. Some diabetics inject four or five times a day. This is surely a quality of life issue, not just a phobia about needles. May we have a statement from a Minister in the Department of Health to say that inhaled insulin products will be made widely available to any diabetic who wants access to them?

Nigel Griffiths: The hon. Gentleman can table a question to the Secretary of State for Health on that matter and get her response, rather than taking it from me second hand.

Mark Pritchard (The Wrekin) (Con): May we have an urgent debate on unemployment in Shropshire? Is the Deputy Leader of the House aware that today the Office for National Statistics confirmed to my office that between May 2005 and May 2006 unemployment in Shropshire rose by a whopping 30 per cent. and in The Wrekin parliamentary constituency by 32 per cent.? Does not that underline the importance of the Ministry of Defence giving the defence training review to RAF Cosford, thereby safeguarding 2,220 jobs and expanding jobs throughout Shropshire and the west midlands?

Nigel Griffiths: I have spent my political life condemning unemployment and fighting for more jobs, and, although there are 2.5 million more jobs since 1997, I obviously regret any job losses. No Government have done more than the present Government to ensure that people who do lose jobs, often for structural reasons in the economy, are re-employed, often in skilled jobs, and reskilled.

That has happened time and again in community after community in Britain, so I am happy to ensure that the local Jobcentre Plus works with the hon. Gentleman and his constituents to look at the skills that they have and the opportunities that are available to ensure that that trend, which has given us more people in work than at any time in our history, continues.

Philip Davies (Shipley) (Con): I have noticed that the Government have slipped out a U-turn in a written statement today on Sunday trading. Will the Deputy Leader of the House urge the Secretary of State for Trade and Industry to make an oral statement or even make time for a debate on the matter, or is the Government's reluctance to debate the subject on the Floor of the House in any way linked to the fact that the constituents of the Secretary of State for Trade and Industry are able to enjoy the benefits of deregulation of Sunday trading, yet are depriving my constituents and people in England generally of the same opportunity to work and shop, if they want to, on a Sunday?

Nigel Griffiths: It is very important that the Secretary of State has put out a statement in an appropriate manner. He was in the Chamber an hour ago answering questions at the Dispatch Box. The position on Sunday trading is clear. There is no demand. In the consultation of 1,000, the representations were from hon. Members, Church groups and others overwhelmingly for the status quo in England. The Scottish system is quite acceptable to people in Scotland, where there is no demand for change either. Indeed, there are some communities that I could name in the United Kingdom where any opening of a retail outlet on a Sunday is not only frowned on, but does not happen. We live in a pluralistic society. My right hon. Friend, having held a consultation and taken the evidence, has concluded that there is not an overwhelming demand for change. I would be happy for a debate to be held in the House, to see how many hon. Members on the Opposition as well as the Government Benches support change, but the early-day motion demanding the status quo was signed by well over 200 people. I remind the hon. Gentleman that it is not just Church groups and others that objected to an extension of Sunday trading. The workers, through the shop workers union, USDAW, objected to their hours being extended. I am not sure whether I have an interest to declare in that, since my constituency has had support from USDAW in the past. If so, that is duly noted.

Points of Order

12.23 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): On a point of order, Mr. Speaker. Yesterday you intervened on a contribution from my hon. Friend the Member for Blaby (Mr. Robathan), ruling that he could not discuss the Deputy Prime Minister's links with an American businessman while that is being considered by the Parliamentary Commissioner. All of us in the Chamber naturally accepted your ruling as definitive. Since then, however, the Deputy Prime Minister has broadcast for 25 minutes on the "Today" programme on the issue. I should be grateful if you now ruled, first, whether in so doing, he was acting within the spirit of your ruling, and secondly, now that he has done so, whether the House should be free to discuss the matter. I raise this because I know that you, like me, believe the Chamber should be the pre-eminent place that holds Ministers to account and discusses issues of concern to our constituents, and it would be bizarre if, as an unintended consequence of the rules of our House, we alone were not able to discuss what the rest of the nation and the broadcasting media are free to debate with the Deputy Prime Minister himself.

Mr. Speaker: I thank the right hon. Gentleman. He gave me some notice of the point of order. The Deputy Prime Minister's radio interview has no bearing on my ruling yesterday, which related only to a particular question. Perhaps I can take the opportunity to clarify matters.

The House has established a mechanism for examining complaints relating to the code of conduct for Members. While those procedures are being followed, it is not appropriate for such complaints to be pursued in the House. The ministerial code is a separate matter, for which the Prime Minister is responsible, and questions on the application of the ministerial code in particular cases may be raised. I hope that helps the right hon. Gentleman.

Mr. Andrew Mackay (Bracknell) (Con): Further to that point of order, Mr. Speaker. I suspect that you are a devotee of the Radio 4 "Today" programme and might well have heard the rather long interview between Mr. John Humphrys and the Deputy Prime Minister. I hope you appreciate our frustration when we listen to such a debate, but cannot take part in it ourselves. Is the way round this for you to persuade the Deputy Prime Minister to come to the Dispatch Box and make a statement so that, like John Humphrys, I and other right hon. and hon. Members can ask him questions?

Mr. Speaker: To clarify matters, Mrs. Martin is a devotee of GMTV, and upstairs she is the boss. Seriously, I think I have clarified matters. On the code of conduct for Members, it must be borne in mind that I am seeking to protect every hon. Member, whether it be the Deputy Prime Minister or the two new Members who came into the House only a few days ago. If there is a complaint against them, we, the House, have set up the procedure of the Parliamentary Commissioner. I seek to protect everyone so that they at least get a fair

[Mr. Speaker]

hearing before the Parliamentary Commissioner. During that period, the matter is not pursued on the Floor of the House. As I said to the right hon. Member for Hitchin and Harpenden (Mr. Lilley) on the ministerial code, questions can be asked and there is nothing to prevent hon. Members from putting down questions at the Table Office, and I understand that that has already been done. There is no problem in seeking answers from any Minister of the Crown if they have a responsibility under the ministerial code.

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. I am glad the Secretary of State for Defence is present while I raise this point of order. I know that you have previously advised disgruntled Members on a number of occasions that the Chair is not responsible for the adequacy or otherwise of ministerial replies. Nevertheless, I draw your attention to the reply that I received yesterday to a question to the Secretary of State for Defence, asking

"whether he was informed of the proposed content relating to retention of the nuclear deterrent in the long-term of the Chancellor of the Exchequer's Mansion House speech, prior to its delivery."

The reply that I received states simply:

"I have regular discussions with the Chancellor of the Exchequer on a range of issues."—[*Official Report*, 5 July 2006; Vol. 448, c. 1107W.]

Do you agree that that does not even attempt to answer the question? In asking the question, I was well aware of the fact that the Secretary of State for Defence has those discussions. If he does not wish to answer the question, it would perhaps be more courteous to state that he refuses to do so.

Mr. Speaker: I will not be drawn into an argument about the quality of ministerial replies. The hon. Gentleman knows that he can always ask the Secretary of State for Defence another question.

Miss Julie Kirkbride (Bromsgrove) (Con): On a point of order, Mr. Speaker, I want to raise the issue of answers to parliamentary questions. On Wednesday 29 March, I tabled a question asking the Secretary of State for Health

"how many and what percentage of people were registered with an NHS dentist on 31 March 2006 in each constituency in England."

I received the following response:

"The number of people registered with a national health service dentist by constituency as at 31 December 2005 has been placed in the Library."—[*Official Report*, 18 April 2006; Vol. 445, c. 209W.]

I have that information here. On Wednesday 28 June, I tabled precisely the same question, to which I received the reply:

"This information is not collected in the form requested."

I believe that the information is not collected in the form requested because new contracts came into force on 1 April. Ministers are trying to avoid responsibility for the fact that many people are not registered with NHS dentists. How can I get the Minister to respond to the same question that I tabled six months earlier, even if the response is embarrassing?

Mr. Speaker: It is not for me to tell the hon. Lady how to frame the next question. Perhaps she will obtain a response if she asks the Minister why she has been so inconsistent.

BILL PRESENTED

Extradition (United States)

Mr. Nick Clegg, supported by Mark Hunter, Lynne Featherstone, Mr. David Heath, Simon Hughes and Tim Farron, presented a Bill to require the presentation of prima facie evidence to a judge before a person can be extradited to the United States of America: And the same was read the First time; and ordered to be read a Second time on Friday 14 July, and to be printed. [Bill 211].

Armed Forces Personnel

Motion made and question proposed, That this House do now adjourn.—*[Liz Blackman.]*

12.31 pm

The Secretary of State for Defence (Des Browne): I know that both sides of the House will join me in paying tribute to the soldier who was killed yesterday in Afghanistan, who was on patrol in northern Helmand. I would like to take this opportunity to offer our condolences to his family and friends. I have no doubt that hon. Members will add their condolences at the appropriate time, if they catch your eye, Mr. Speaker.

I regret that on Monday my constituency arrangements, which were designed to make up for recent absences from my constituency on Government business, meant that I was unable to be in the House at 3.30 pm, when an Opposition urgent question was due to be answered. The Under-Secretary of State for Defence, my hon. Friend the Member for West Bromwich, East (Mr. Watson), who was the duty Minister of the day, dealt with the question on the Government's behalf, and I thank him for doing so—I think that he did a very good job.

I also regret that I was consequently unable to correct immediately in the House the impression emerging in the media about a possible increase in our deployment to Afghanistan. It is, of course, entirely right that the Opposition should raise their concerns about troop numbers, and I understand that. However, I reassure the House that their concern was wrongly placed on two counts—first, on the detail of requests from theatre, and secondly, in suggesting that those requests had got to the point in the process when recommendations were being considered by Ministers. I am grateful to my hon. Friend the Under-Secretary for correcting those points on Monday.

I have made it clear on a number of occasions that there would be lessons to learn from the first months of our deployment in Afghanistan and that commanders on the ground would review their force package in that light. Indeed, that process had started before last weekend, and it is ongoing. All those involved in it are taking it forward as fast as they possibly can, but there is a great deal of detail that must be got right to ensure that our troops are properly prepared to carry on and carry out their mission.

I confirm that today I have received advice on an additional deployment, which I am considering as a matter of urgency with the chiefs of staff, and I will announce my decision and the details of it to the House as soon as possible. This House will be the first to know. However, the House will also understand that there is a proper process to those decisions and that it would be entirely inappropriate and unhelpful, particularly to those who are in theatre, for me further to discuss the detail until that process is complete and until an announcement can be made. I have given this outline here today because I know that this is a matter of concern for hon. Members on both sides of the House. However, I hope that hon. Members will respect the process that I have described, that they will await the decision, which I repeat will be made very soon, and that they will concentrate on the subject of today's debate, in which I know they take a keen interest.

Mr. Nicholas Soames (Mid-Sussex) (Con): There is indeed a process, which the House understands and accepts. I am sure that the Secretary of State wants to reach a speedy conclusion, but is he not being slightly disingenuous? The recommendation that has landed on his desk will probably have been staffed for longer than was necessary by the Ministry of Defence through the Permanent Joint Headquarters and the chiefs of staff in conclave. Surely the decision that he needs to take can be taken immediately.

Des Browne: I thank the hon. Gentleman for his intervention. He knows that the process to which I have made general reference involves communication from the MOD back to theatre, and I shall have more to say about that when I explain my decision to the House. Today, that process has been completed up to the point where it can come to me. The decision must be a Government decision, because we have collective responsibility. I ask the House and the hon. Gentleman in particular, who has recently expressed his frustration about me personally in very candid ways both inside and outside the House, to be patient. The decision will be made in the proper time with the proper urgency, and it will be reported to this House appropriately.

Patrick Mercer (Newark) (Con): I understand what the Secretary of State has said. He knows as well as I that families—it does not matter where they are, but he knows—are waiting on tenterhooks to know whether their husbands, fathers and brothers are going to be deployed to Afghanistan to support the brave men of 3 Para. I beg him to put them out of their misery.

Des Browne: The hon. Gentleman has personally expressed to me both inside and outside this House his support for our troops and for what our troops are doing in Afghanistan. I am grateful to him for that, and I discount entirely the fact that he could not resist the opportunity during the course of last week to express that support in some colourful language in relation to my absence from the House—I understand what politics is all about. I am conscious of my responsibility not only to the troops who serve in theatre, but to their families, and I am also conscious of my responsibility to this House. When the decision is made—it will be made very soon—I will report it to the House. I will ensure that the information is communicated as quickly as possible to those who need it to provide certainty in their family life.

Mr. James Gray (North Wiltshire) (Con): I welcome the Secretary of State's announcement and hope that he will take the decision quickly and smoothly. However, the Secretary of State needs to address one important point of process: on Monday morning's "Today" programme, the brigade commander in Afghanistan, who must have done this intentionally—I do not intend to get him into trouble—announced that he had requested extra resources in terms of men. The Under-Secretary then came to this House and said that no such request had been received. It was odd, to say the least, to hear the brigade commander say one thing and to hear the Under-Secretary deny it two or three hours later.

Des Browne: I know that the hon. Gentleman takes a deep and constant interest in these matters. I say to him and the hon. Member for Newark (Patrick Mercer) that my Ministers, the Department and I are not responsible for any of the speculation, which may have fed the anxiety of families—I meant to make that point in response to the earlier intervention by the hon. Member for Newark.

I have tried to be as clear and open as possible about this process. When my hon. Friend the Under-Secretary answered the urgent question, he did so on behalf of Ministers. When I was able to get back to London, I made it clear in long and detailed interviews, which were freely available to everybody, that I was aware that the commander had asked for additional engineering resources and enablers. That was part of the iterative process that was going on. That is in the public domain, and that is what Brigadier Ed Butler was referring to when he was interviewed.

Since then, a further process has been going on between the Department and theatre which has culminated in the request that has come to me today, the details of which I am not prepared to go into for obvious reasons that I think that everybody understands and accepts. I give a clear undertaking to the House that I will make the decision and announce it to the House as quickly as possible.

Mark Pritchard (The Wrekin) (Con): Will that imminent decision include the immediate review to which the Minister referred on Monday in this House concerning armoured vehicles in Iraq and in Afghanistan? Will Warrior armoured vehicles be supplied to the front line, where there is a demand for them, thereby reducing casualties resulting from Snatch Land Rover use?

Des Browne: The hon. Gentleman expands the debate from one theatre to another. In the early part of the debate, I wanted to restrict my observations in order to keep the House informed about Afghanistan. He now wishes me to turn my attention to Iraq. *[Interruption.]* That is exactly what he asked me to do, and I am prepared to do it. I will deal with it specifically in a later stage of my speech, because it is relevant to the issue of personnel. The hon. Gentleman should not expect, nor should the House, that I will deal with an Iraq-specific issue in the context of a statement in relation to Afghanistan, although I understand that it has implications for the use of resources, particularly vehicles in other theatres. I point out to the hon. Gentleman that Warrior armoured vehicles are available to those in Iraq. The shadow Secretary of State has raised this issue with me during Defence questions. As I understand it, we identified a deficiency in capability as regards Snatch Land Rovers and the fully armoured vehicles and thought that it needed to be addressed. Because of changing circumstances in Iraq, I have accepted that I need to conduct a review, which is ongoing and will be concluded as quickly as possible.

With respect to hon. Members, I do not wish to expand the debate into a debate about operational matters. I wanted to refer to operational matters because I thought that the House deserved a response from me as Secretary of State so that it would know exactly what the position is. If hon. Members wish to ask questions about this part of my speech, I will be happy to answer them, but I am anxious not to expand the debate at this stage.

Mr. Bernard Jenkin (North Essex) (Con): I think that what Members are looking for, and many of us are confused that we are not getting, is a general assurance that when our armed forces are put into a combat situation where their lives are at risk, there is a general principle, which is that whatever they ask for to secure life and limb they will get without question. Can the Secretary of State give me the assurance that whatever they have asked for, they will get if we can possibly give it to them?

Des Browne: The hon. Gentleman asks for an assurance that he qualifies at the end in a way that allows that me to say, "Of course." Given the body language that I see around me, with the nodding heads and the responses to the hon. Gentleman's question from his hon. Friends, I believe that everybody understands this. I do not stand here at the Dispatch Box with the operational experience or skill to be able to make decisions. As I have said before, I rely substantially on advice from people who have those skills. The process has been gone through, as a result of which recommendations have come to me. I have made it perfectly clear publicly, as I am sure that my hon. Friend the Under-Secretary did on Monday, that we will be open to responding to those recommendations appropriately in any way that we can. I will announce that to the House in detail as soon as I can.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The reason why Iraq was brought up is that the governmental commitments mean that we have a case of overstretch. We have not seen more troops tasked to Afghanistan, because none are available. That is the quagmire that we now face. When I was in Afghanistan very recently, I heard from Brigadier Ed Butler, from General Jones, the head of NATO, and from General Richards, the head of the international security assistance force. They are all desperately in need of more equipment. They cannot do the job under present circumstances because the mission has fundamentally changed from peacekeeping to war-fighting. Until the Secretary of State and his Ministers recognise that, we will have more losses, as we had this weekend.

Des Browne: The hon. Gentleman puts me in a somewhat invidious position, because contemporaneous with the conversations that he reports to the House in shorthand, I had detailed conversations with all those same people, and I stand before this House unequivocally saying that that is not what they said to me. Perhaps the hon. Gentleman and I should have a more detailed discussion outside the Chamber in which he can report to me exactly what was said to him and who said it.

Let me say one other thing to the hon. Gentleman. As my right hon. Friend the Prime Minister said at this Dispatch Box yesterday, we have part of a responsibility for the international effort in Afghanistan that is shared with more than 40 other countries. Not all those countries have sent troops but some 38 have. I think that 38 is the right figure, but it does not matter—it is a significant number. My responsibility is to ensure that in the context of our commitment to the task that we have taken on,

and for the safety of our troops, I provide those troops with the very best resources.

At the end of the day, there is broad agreement across the House that not doing what we are doing in Afghanistan is not an option. It is not only about the Afghan people to whom we owe a responsibility, or about the security of the region, but about the security of our people on our streets in this country and across the developed world. The forces in Afghanistan who are resisting what we are seeking to do—to enable the Government's writ to run in that country—were there before we ever became involved and were allowing the training of terrorists to go on in order to deliver the sort of activity that they delivered to the people of New York and potentially deliver to the whole developed world. There is no "do nothing" option.

Chris Bryant (Rhondda) (Lab): I think that most fair-minded Members would accept that it is important that my right hon. Friend reaches his decision fairly in the way that he has outlined. He mentioned the 37 other countries that are already involved. Is he urging other countries to make significant further contributions as well? While British forces often form the glue that holds international coalitions together, it is also important that the expertise that some other countries can bring is provided in greater numbers and greater strength.

Des Browne: I am grateful to my hon. Friend for his support. Indeed, I am grateful for the support of Members on both sides of the House, particularly, through me, their support for those who are doing this very difficult job in Afghanistan and paying the terrible price that they have been paying recently for their engagement particularly with the Taliban. We accepted the responsibility for doing this in the context of ISAF and under the leadership of NATO. We have made it very clear to NATO that we expect our allies in NATO to step up to the plate and to provide the level of support that we know that they have and can be deployed to deliver the results that NATO has taken responsibility for delivering. I will continue to do that through the appropriate NATO channels, and through General Richards and others, to ensure that people deliver what they are capable of delivering.

My principal responsibility, as I have used the first part of my speech to repeat to the House, is to ensure that the troops in the Helmand taskforce whom we have sent to take part in the reconstruction of the part of Afghanistan for which we have taken responsibility are given the equipment to do the job that they need to do, and, in particular, given the security to be able to do it as safely as they possibly can, recognising that it is a very dangerous part of the world. In short, that is why we sent Apache attack helicopters with artillery and why we sent some of our finest troops there to do the job in the first place.

If hon. Members will allow me, it is time that I made some progress on the broader waterfront of our debate.

Yesterday's death, together with other recent fatalities in Afghanistan and Iraq, remind us that, although the nature of modern conflict is different in many ways from conflicts of the past, the ultimate human cost is the same.

Over recent weeks, I have had the privilege of meeting many of our servicemen and women, who come from all parts of the UK, serve in all parts of the UK and across the globe and display the courage and professionalism that make our armed forces the envy of the world. However, I have also been reminded of how, as well as being ultimate professionals, they are, first and foremost, husbands and wives, fathers and mothers, and sons and daughters. We must support and respect them not only as professionals—I stress that they are professional—but as people. That is the subject of our debate today—how we support our armed forces.

The first point to make is that we are asking our armed forces to do more than ever, placing greater demands on them and their families, and therefore placing a correspondingly greater duty on ourselves to support what they are doing. The Ministry of Defence currently has more than 24,000 service personnel on operations in more than 15 countries. That includes around 7,200 in Iraq, around 5,000 in Afghanistan, and around 900 in the Balkans. More than 300 are supporting various UN deployments around the world. There are approximately 8,500 in Northern Ireland, although the welcome political progress, albeit not yet completed, of recent years has allowed troop numbers to be reduced there.

David Wright (Telford) (Lab): My right hon. Friend describes the brave work of our troops around the globe and the extent of our commitment. I am therefore worried that, earlier this week, he announced a major reorganisation of the Defence Logistics Organisation—which will affect more than 400 members of staff in my constituency in Telford—relating to a co-location project. It is the wrong time, when our troops need front-line support the most, to undertake such reorganisation. Will he and his colleagues agree to meet trade union representatives to discuss the matter? I am fearful that we will lose many skilled civilian staff if the decision goes ahead.

Des Browne: I am conscious of the importance of not only those who serve in uniform but the civilians who support them, and my hon. Friend will be pleased to know that I shall say something about that later, assuming that I do not feel that I have taken up more time than I am entitled to take. Lest I do not get to that part of my speech, let me make a couple of points.

There is never a right time for reorganisation. There are always things going on, and, in my experience of the Ministry of Defence, that will apply for the foreseeable future. People will be deployed throughout the world and they will need logistical support. It will always be argued that there is no right time to undertake reorganisation. However, if the motivation is to improve the service that we provide for those whom we ask to operate on the front line, as it is in this case, the right time for reorganisation is now, when we realise that it can be done. A detailed statement was made and I was conscious, when making it in written form, of the debate today, when hon. Members would have an opportunity to make a contribution from their constituencies' and other perspectives.

My hon. Friend asked a specific question about consultation. My right hon. Friend the Minister of State, who has responsibility for the armed forces, my

[Des Browne]

noble Friend Lord Drayson, the Under-Secretary of State with responsibility for defence procurement, and I made a specific point of meeting the trade unions in confidence, as we did with the industry, before making the statement. We felt that that consultation was appropriate. We made it clear to the trade unions that all our announcements are subject to consultation. If my hon. Friend has read the statement, he knows that it specifically states that. His request that we consult those who have worked for us and served us loyally for many years and whom we greatly value receives a ready, positive response. That consultation will take place.

I am conscious that modernisation has consequences for those who work for us, but we must accept them for two reasons. First, we must release resources and use them to support directly those whom we put in theatre. Secondly, we must ensure that we have the most efficient method not only of buying the equipment we need for those whom we put in theatre but of supporting it through life.

Mr. Sadiq Khan (Tooting) (Lab): My right hon. Friend spoke of the corresponding duty that we owe our armed forces. In Afghanistan, our armed forces serve alongside those of 40 other countries under United Nations authority as a result of the invitation by President Karzai. Does not he believe that we could better engage with and inform the British public about exactly what our armed forces are doing and the reason for it, as part of that corresponding duty to them?

Des Browne: I am grateful to my hon. Friend, but he anticipates part of my speech. If he and other hon. Members will be patient, I will try to cover that issue as quickly as possible.

I referred to those whom we have deployed in operations throughout the world. Our reservists, too, have an important role to play. They contribute exceptionally valuable sets of skills. Last year, some 1,300 reservists were called upon to support operations, especially in Iraq, where there are some 450 in theatre, but also in the Balkans, Afghanistan and Sierra Leone. That is not new—around 10 per cent. of our forces deployed in Bosnia in the mid-1990s were Territorial Army volunteers. However, the numbers have been increasing since we strengthened the reserves in the 1998 strategic defence review, precisely to bring them closer to the regular forces and make them more deployable.

In the past two months, I have met both regular forces, reservists and civilians at home and abroad. In Iraq and Afghanistan in particular, I have been struck by the difficult work that we ask them to do, and the harsh and dangerous conditions in which they have to do it. In return, it is our duty to ensure they are well motivated, well equipped, well protected and properly trained, and that their welfare is given proper priority. I fully accept that obligation and I shall try to comment on each aspect if hon. Members will bear with me.

The first duty that we owe all our men on women on operations is a clear sense of why they are there. There has been some speculation in the House and elsewhere that our mission in Afghanistan, especially in Helmand, is unclear. I just do not believe that that is true—more importantly, nor do the men and women who are carrying out the mission. They are there to help the Afghans rebuild their country after three decades of continuous war. However, first, they must establish a level of security that will allow the rebuilding to begin. That is an especially challenging task in Helmand, which has been an essentially lawless area for years.

The various elements—the Taliban, the drug lords, the criminal networks—that have profited from the lawlessness will resist any attempt to bring security to the local people. That is understandable from their perspective. They will attack our forces. We know that—we knew that before we deployed our forces and we were prepared for it—and we will defend ourselves. If necessary, we will use force to pre-empt attack. Helmand is a dangerous place; this is dangerous work. As I have said and as my predecessor continually said in and outside the House, that is why we sent soldiers to do it. However, it is also vital work. One cannot rebuild Afghanistan without tackling Helmand, the south and the east of the country.

We must rebuild Afghanistan. We cannot again abandon its people or allow it to become a training ground for terrorism. The UN and the international community understand that. That is why there are troops from 40 countries—from Germany to Sweden to Canada, as well as the United States—alongside ours. Most importantly, our troops understand that.

Bob Russell (Colchester) (LD): How many of the 38 other countries have troops in Helmand province?

Des Browne: Of the 38, three have troops in Helmand province. I do not have a list of all the countries that have a presence in different parts of Afghanistan and how many troops they have deployed. I could get it and read it out but it would not tackle the hon. Gentleman's point. I believe that his point is that we have taken on the most dangerous part of the country. He should ask the Canadians about that. They are in the province next door to us, in Kandahar, and were there before we went into Helmand province with the taskforce. They have suffered significant casualties. I am told that, in Afghanistan's recent history, the Taliban have used Kandahar as a base for years.

That is the key to defeating the Taliban, and the Canadians have taken that on with the United States of America. We are taking on a very dangerous part of the country, and we are equipped and able to do that. That is not only my view, but the view of the commanders whom we have asked to do this job on the ground. But there are others who are sharing those dangers with us equally by taking on other parts of Afghanistan that are just as dangerous, if not—in some people's view—more so.

Mr. Ellwood: I am grateful to the Secretary of State for giving way; he has been very generous. My intervention is on NATO and on the collective footprint that we are supposed to be creating in Afghanistan. He mentioned the impact that Germany was making, but he must know that constitutional caveats prevent the German troops from getting involved, and even from getting out of their trucks. They cannot fire a shot. They are much

more limited in what they can do. The right hon. Gentleman also mentioned Kandahar, the neighbouring province to Helmand. The next province along is Nimroz, where there is not one international soldier because NATO does not have enough forces available. This is what worries the Conservatives. We are very much in favour of what the United Kingdom is doing in Afghanistan, but we do not believe that there are enough troops for the task. That is why NATO in Brussels needs to sort itself out.

Des Browne: The hon. Gentleman clearly has extensive and accurate knowledge of the situation, no doubt based on his recent visit to Afghanistan as well as on other sources. Of course some of the troops deployed there are subject to caveats, but that does not mean that they cannot do an important job—

Mr. Ellwood: That is not what I said.

Des Browne: Well, from the way in which he asked his question, the hon. Gentleman might have left the House with the impression that the Germans were not doing as worthwhile a job because of the caveats, but they can be deployed in parts of Afghanistan where improvements have already been made. Such deployment then releases troops who are not subject to caveats to move into other areas. That is why the NATO command is a boon for what we are seeking to do. As it increasingly takes over responsibility across Afghanistan, it will be open to General Richards and others to deploy forces in a way that takes the best advantage of their abilities. Equally, however, some countries have lifted the caveats from their troops in light of the circumstances in Afghanistan because they increasingly accept that those caveats are a hindrance to doing the job required there.

I recognise the challenge that faces NATO, but I repeat to the hon. Gentleman that there is no point in wringing our hands about the training of terrorists when we have a once-in-a-lifetime opportunity to move Afghanistan forward in the south and east in the same way as we have done in the north and west, and, once and for all, to get a Government in there who can hold that ground and deny it to terrorists for training. We have to do that job, although I accept that it generates challenges for us.

Some people—I exclude everyone whom I see in the House at the moment—suggest that there is confusion about what our troops are doing there, but our troops are going into villages in Afghanistan and telling people what their mission is, because they know and understand what it is. That puts the lives of our troops in danger, however, and anyone who does not understand that is getting perilously close to being guilty of criminal negligence. We are asking our troops to go out and explain to the local people that they are there for reconstruction purposes. If the Taliban are able to relay, from discussions that take place in the United Kingdom, that that is not the case, and that we are there for some other purpose—such as hunting the Taliban—or that our primary focus is crop eradication, that would put our troops in danger, given the nature of Afghanistan. We must be very careful about how we debate these issues in the House.

I am grateful to the hon. Member for Woodspring (Dr. Fox), who, in my absence, made that specific point in his urgent question on Monday. We must all accept that we have a common responsibility to be very careful about how we debate this issue. If we accept that the job must be done, and that we must commit our best resources to it, we must all accept the responsibility to behave in a way that will keep those troops safe. To suggest—for political or other reasons—that they have vulnerabilities, or that there is confusion when no confusion exists, puts people's lives at risk.

There is clarity about what we are doing, but how we do it is complex. However, confusing the complexity with the objective is putting people's lives at risk. I know that everyone whom I see in the House today accepts their responsibility to play their part, but I must send out that important message to people outside the House. Playing political games, or other games, with what is going on in Afghanistan is putting people's lives at risk, and we have to be very careful—*[Interruption.]* The hon. Member for Bournemouth, East (Mr. Ellwood) should not shake his head as though I am accusing him of that. I have particularly exonerated those in the House today. However, he gives me the opportunity to say something that I have been wanting to say—

Mr. Ellwood: These matters have to be debated.

Des Browne: Many things have been said about me since I became Secretary of State for Defence—*[Interruption.]* Just a moment. However, nobody can say that I am not prepared to debate these issues. I am prepared to debate them and to try to get them right. My responsibility is not just about my job and me; it is to ensure that the job that we have taken on, and that we accept that we must do, in Afghanistan in order to make the world a much safer place, is done properly. It is also my responsibility to ensure that those whom we have put in at the sharp end are made as secure as possible. There should be no suggestion that there are other motivations behind our task, because they just do not exist.

Robert Key (Salisbury) (Con): I endorse entirely what the Secretary of State has said. He will understand that almost all of us in the House share his view. When the Minister for the armed forces appeared before us on the Defence Committee, we identified certain issues that were sensitive and could cause harm to our soldiers on the ground. We therefore requested that we go into private session, where we were able to share our concerns privately, and discuss them seriously and in great detail. The Minister will be able to respond in his own way, but at least we have had a proper discussion about those matters in a sensible and informed way.

Des Browne: I am grateful to the hon. Gentleman for reinforcing my point. I am also grateful to him for acknowledging that the House has had decades of experience of balancing its responsibility to hold the Government to account with that of ensuring that the troops whom we send to carry out dangerous functions are protected and not exposed to vulnerability through public debate. There are ways of doing that, and those who have had private briefings or conversations with me outside the Chamber will know that I am open to sharing the relevant information. It is not secret. The more I share it with people whom I can trust to keep it confidential, the more safe we can make our troops on the ground. I am entirely open to any devices or procedures

[Des Browne]

that allow us to exercise proper accountability and to hold proper debate, and that allow me to draw on the resource of skills and experience that many people in the House have on these matters.

It might not be obvious to anyone listening, but this is not a debate about operations. However, it is entirely appropriate, in a debate about supporting our armed forces, to remind ourselves of the dangers of allowing the impression to be created that our forces are not clear about what they are being sent to do, when in fact the opposite is the case.

The second thing that we owe to all our servicemen and women on operations is to provide them with the equipment and protection to do their jobs safely and effectively. Of course that protection will never be absolute. Soldiering is an inherently dangerous business. As I have said, we send our forces to do the job in Iraq and Afghanistan because they are dangerous places. But we must do the best we can to give our people the protection that they need. We must relentlessly improve our equipment and technology to counter the evolving threat.

In response to that evolving threat, we have developed and brought into service two new body armour systems in the past two years: Kestrel for top-cover sentries, and Osprey for general use. Osprey is a world-leading system that has been developed and delivered in a very short time. It will further reduce the risk of life-threatening injuries from terrorist attack and is being issued to all personnel in Iraq and Afghanistan.

The same applies to the protection on our vehicles. I know hon. Members are very concerned about that, after recent tragic incidents, and rightly so. The threat from improvised explosive devices—IEDs—has been evolving over the past two years, and possibly much longer. Indeed, we have some experience of the evolution of such devices in Northern Ireland. Responding to that has been one of our highest priorities. In the past two years alone, we have spent £120 million on improving force protection for our ground forces in Iraq, including electronic counter measures for Snatch Land Rovers and other vehicles. We continue to invest in further research on IEDs in collaboration with the USA, and we are determined to maintain our world-leading capability in that area.

Improved armour is also part of the solution, and I assure hon. Members that additional armoured options will become available to commanders over the next year. A new patrol vehicle, Vector, will enter service in Afghanistan in 2007. We have already upgraded the protection on Warrior, Saxon and the CVR(T), and we are currently upgrading it on the FV430 vehicle. I have also directed an urgent review of what could be done now to give commanders further options.

However, Snatch Land Rovers will continue to be an important option. The Army's approach to its role in Iraq and broadly in Afghanistan—although not on certain tasks—requires a low profile and a highly mobile patrol vehicle that allows troops to engage with local people. As people will have seen from their television screens, paratroopers in Afghanistan prefer to walk the streets of towns there with soft hats on. That is not our decision, but a decision made by their commanders in the light of what they are trying to do. It is clear from the pictures relayed back in recent days that that engagement works in a substantial part of the area for which they have taken responsibility. Larger and significantly heavier vehicles, such as Warrior, might be better armoured, but they are not always suitable for the lower profile and less intimidating manner in which the Army often prefers to operate. That, in turn, feeds into the security of our forces, because their relationship with the people with whom they work is an important component of security.

We must remember, however, that equipment—armour and other counter measures—is only one element of protection. According to the experts who have advised me continuously over past weeks, it is only about a third of the story. The rest is down to intelligence gathering, surveillance and proactive operations to disrupt and capture insurgents, and to the tactics that our troops adopt to minimise the risks of successful attack. I am told by experienced commanders that they sometimes choose not to be in a vehicle at all but to walk the streets, which is much safer than being cooped up in a vehicle and provides a degree of flexibility.

That is another reminder of why training—the next subject that I want to cover today—is so important. Our armed forces are trained to the exacting standards required both for high-intensity modern warfare and to operate in the complex operational environment of modern peace support operations. Commentators sometimes talk about "peacemaking", "peace enforcement" and "peacekeeping" as though they were mutually exclusive operations that followed sequentially. In practice, they can often happen all at the same time, sometimes in the same community, and sometimes just a few miles apart. Our forces need to train for that, and I firmly believe that they are the best in the world at managing that complex environment—carrying out military tasks but also supporting wider development and foreign policy objectives. That is why we invest so much time and so many resources in training our people to ensure that they are fully able to do the jobs that we ask them to do.

The House will understand the challenge inherent in military training—taking young people from everyday life, often without qualifications, and turning them in a matter of months into skilled soldiers, sailors or airmen who are able to survive on the battlefield. Much has already been done to improve service training and the welfare of our trainees. However, the Deepcut review identified a number of areas where we must further improve. As we said in our response published last month, we intend to use that review as a blueprint for further action.

We are also looking to improve our training system more widely. The defence training review will ensure that training is delivered in a modern training environment, suitable to modern living. I am aware that the review will affect the constituencies of many hon. Members. I hope that the House will understand that delivering effective training to the armed forces will be paramount in the decisions that we must take over the coming months. Meeting the operational demands of today, delivering training for the future and giving our people time to recuperate and spend time with their families has always been a challenge, and it is a more significant one at present. Senior military commanders advise me, however, that underusing highly trained troops is as bad for morale as overusing them. However, we need to strike a balance between deploying people to do the job

for which they joined up, training and allowing them to spend time with their families.

To help to get that balance right, we have what we call "harmony guidelines" for the amount of time that service personnel spend away from their families and the intervals that units should enjoy between operational tours. For example, around 18 per cent. of the Army are currently deployed on operations—a figure with which the Army is comfortable. Only 4 per cent. of the RAF, 1 per cent. of the Royal Navy and 15 per cent. of the Army currently exceed harmony guidelines, but, as ever, overall statistics are not the whole story. We must pay attention to the stress on those who exceed the guidelines, who include infantry and key enablers such as communications and logistics specialists. We keep our manning under constant review and take appropriate measures to avoid overstretch, which include the fundamental restructuring in which all three services are engaged to adjust their force elements to meet the operational requirements of the 21st century.

Mark Pritchard: Given that there are 2,500 people at RAF Cosford in Shropshire anxiously awaiting the outcome of the defence training review, has a clear date been set for the decision to be made?

Des Browne: I pay credit to the hon. Gentleman—and if it does not do him a disservice, he can report that back to his constituents if he wishes—because I was here at business questions when he also raised that matter; clearly it is of some importance to him. Given the approaches made to me by those who represent parts of the country that might benefit from the outcome of the training review, he will understand that his interest is shared by a number of right hon. and hon. Members.

Pete Wishart (Perth and North Perthshire) (SNP) *rose—*

Chris Bryant *rose—*

Des Browne: If the hon. Gentlemen wait for my answer to the question, they might not need to intervene.

The hon. Member for The Wrekin (Mark Pritchard) asks whether a more precise date is available than that previously put in the public domain. The answer to that, at this stage, is no. We are still collating, consulting and bringing together the information. We have set ourselves the target of concluding this part of the process by about the end of this year. I have no reason to believe that we will not meet that target, but I cannot be any more precise than that.

Pete Wishart: The Secretary of State has been generous in taking interventions. In relation to the Deepcut review, what progress has been made in implementing Nicholas Blake's recommendations? Does he have any further comment about the creation of an independent ombudsman, which was a key recommendation of Nicholas Blake, on which the Government have been prevaricating?

Des Browne: I thank the hon. Gentleman for his question, as it gives me the opportunity to say that we have made significant progress in relation to the review conducted by Nicholas Blake QC, to whom I have not yet had the opportunity to express my gratitude. I do so now in relation to the significant work that he did to help us to draw a line under that set of circumstances, although I accept that no such line will ever be drawn for those who were most tragically affected. I express my condolences now to those who have suffered. We have made significant progress. Many of the recommendations have already been acted on, and a substantial number will be implemented when the Armed Forces Bill becomes law. If the hon. Gentleman wishes to have a more detailed line-by-line account, he should contact me after the debate, and I would be happy to provide that.

Chris Bryant: The Secretary of State probably now knows what direction my question will take. Following the earlier point, many of us in south Wales hope that the defence training review will lead in the direction of St. Athan. Will he clarify that ensuring that the best training is available for our armed forces, rather than any political considerations, will be paramount in the decision?

Des Browne: I think all Members agree with that. Certainly it is the principal focus of the Ministry of Defence.

We work hard to recruit and retain sufficient capable and motivated armed forces, in the context of a strong economy that provides increasing opportunities and more and more young people taking up the chance of further education. I can see the jobcentre from my constituency offices. I realise that I must apologise for the amount of time that I spend in my constituency, although I must say that being castigated for being in his constituency is not the worst thing that ever happens to a constituency Member—but I have dealt with that issue already, and I genuinely regret that I was not here on Monday. The point is that the number of people recruited through my local jobcentre reflects the state of the economy in my part of the world much more than anything else.

Our forces require some 18,000 new recruits annually. Over the last two years we have met 96 per cent. of that target. We have taken steps to sustain and improve recruitment in specific shortage areas through, for example, recruiting bounties in the infantry and the Royal Artillery. Retention, too, is generally satisfactory. Each year some 19,000 people leave our forces, around 10 per cent. of the total number. People leave, of course, for a variety of unavoidable reasons, such as retirement, injury and, regrettably, illness. We focus our retention efforts on those who choose to leave, and there have been no significant trends in that direction in any of the three services over the past three years.

Although we should never be complacent about our ability to recruit and retain the people who constitute our greatest asset, I do not believe that accusations of a manning crisis are justified by the facts; nor has anything that I have heard or seen given me any reason to doubt that the quality of our people is every bit as good as it ever was.

David Wright *rose—*

Des Browne: I do not intend to give way again, because I am conscious that it is not just my time that is being taken up. Others will wish to speak. *[Interruption.]* As I am now being told that we have got all day, and invited by a Back Bencher to give way, I will do so.

David Wright: I am grateful to my right hon. Friend. Will he take another look at some of the issues relating to localisation of recruitment? One of the results of the breakdown of regimental links with counties is that people may not feel the loyalty to all parts of the armed forces that they used to feel. We have also stopped naming much of our battle fleet after counties with which they have connections: for instance, we no longer have an HMS Shropshire. Perhaps we ought to have an HMS Shropshire, so that we can develop links between our counties and our services. That is incredibly important.

Des Browne: With respect, I think we have just launched an HMS Clyde.

At the weekend, when I visited the Somme battlefield, I spent a good deal of time in the cemeteries. I was struck by the number of Army names on the gravestones of whose existence I had not known, and which had disappeared from the lexicon of the British Army decades ago.

Patrick Mercer: That is sad.

Des Browne: But what also struck me was the fact that throughout the 20th century the Army had been a changing institution. Some of those names have passed into history. I do not have a sense that change has been to the detriment of the Army, because it can still be described as one of the best military institutions in the world, if not the best. It might have some competition from other services in the United Kingdom, but that is where the competition comes from.

Like the other services, the Army has been able to adjust to changes as they have happened—and as I have learnt more about the history of our services, I have realised that they have been happening for quite some time. I suspect that there were debates like this, and crisis was predicted, every time they did happen. However, I acknowledge the importance of enabling people to serve in a way that allows them to identify with a particular group recruited from a particular part of the country, and I will think about the extent to which we are able to do that in the context of the point made by my hon. Friend the Member for Telford (David Wright).

Our armed forces rightly expect the best possible standards of medical care. We recognise that the aftercare of a few people, regular and reservist, returning from operations has sometimes fallen short of that ideal. Any such case is one too many, and we are viewing the position afresh to ensure that those people have the support that they deserve. In May, we announced a new post-operational mental health care programme for reservists demobilised since 2003 in response to an independent study by King's college London, funded by the MOD. The study found that there was no evidence so far of a repetition of the "Gulf war syndrome" illness that was reported as a result of the 1991 Gulf war, and to that extent there has been progress, but it did find a higher incidence of mental health indicators among reservists than among regulars. There was a complicated explanation of the possible cause, related to support structures and a return either to the Army or to civilian life. There is a new programme to tackle the issues, which will be introduced later in the year.

Service families have an important voice, and we listen to what they say. Our servicemen and women cannot give of their best on operations if they are worried about things at home. I am particularly grateful to the family federations from the different services for helping us to identify and address the key issues that affect families most. One of the major concerns is accommodation. Ensuring that our service personnel and their families have the accommodation that they need and deserve is a top priority. I admit that it has been a problem, but we have several initiatives under way to get things back on track. For example, project SLAM—single living accommodation modernisation—is being applied throughout England, Wales and Scotland. The first five-year contract, valued at about £0.5 billion, was awarded in 2002, and since then more than 5,500 bed spaces have been completed. The number will rise to 9,000 by 2008.

For service families, we have found the money to improve about twice as many houses as we had planned to improve in 2005-06, managing to complete around 1,200 upgrades against a target of 600. However, there much more to be done. A regional housing prime contract for all repairs and maintenance was introduced first in Scotland, and has led to improved standards of work and responsiveness, with much higher levels of satisfaction for families. There have been teething troubles with the more recent prime contract in England and Wales. While the strategy is right, its implementation so far has just not been good enough. My Department has given a commitment that that will be sorted out, and it will be sorted out.

There will come a time when—having worked so hard, served us so well and done so many things to contribute to the country and to making the world a safer place—our servicemen and women prepare to return to civilian life. As soon as they leave, they become veterans. Although we often associate veterans with the world wars, more than half a million former members of our armed forces are still of working age. Those veterans may have served in the Falklands, Iraq, Afghanistan, the Balkans or even closer to home.

As part of our youth agenda, we have run educational programmes to help younger people in particular to understand what our veterans have achieved, and—equally important—to reinforce the qualities of service, courage and selflessness that they represent. We are also expanding cadet activities for young people. Last year there were some 130,000 cadets, and 23,000 adult volunteers supporting them. This is the largest voluntary youth organisation in the United Kingdom, and it helps young people to become confident and responsible members of the community. We want to give more young people the opportunity to benefit.

My right hon. Friend the Chancellor of the Exchequer and the Under-Secretary of State for Defence, my hon. Friend the Member for West Bromwich, East, announced last week that we would pilot an expansion of the combined cadet force in six state schools. I am pleased to announce that among them will be the schools run by the Haberdashers' Aske's Federation in Bromley in Kent and New Cross in south London. We expect to announce the other participants soon. I hope that following those pilots—and that is what they were—we will see the establishment of CCF units in a much wider range of state schools than at present.

I cannot end my speech without also paying tribute to our civilian work force, and the crucial contribution to defence made by more than 80,000 civilian employees at home and abroad. Civilians play a vital and loyal role in the delivery of defence capability in the context of almost every aspect of our work. They deploy with our forces in operational theatres, both to advise military commanders and to manage associated infrastructure. They man the Royal Fleet Auxiliary Service, and are central to the key area of acquisition and maintenance of equipment used by our armed forces.

Hon. Members will be aware of the announcement earlier this week of important changes in this area, which responded to the recent report on defence procurement that was commissioned following the publication of the defence industrial strategy last December. My right hon. Friend the Minister for the armed forces will cover those changes in more detail in his summing up, responding to the contributions of hon. Members, but may I say that the aim behind them is clear? Our armed forces deserve the best equipment and support that we can give them.

In today's world, technology changes very quickly and the needs of our armed forces change with it. Our management and civilian structures must change too, and I know that the changes will have a significant impact on a loyal work force who have made a consistent contribution to defence, supporting personnel deployed on the front line. I can assure the House that we will work to mitigate the consequences, but I have no doubt that systematic change of that nature is necessary if we are to achieve our objective of supporting the front line even better in future.

We have much to be proud of in the United Kingdom, especially in our armed forces. We owe a great debt to the men and women currently serving in uniform and the civilians who support them. They will, in turn, take their place among the veterans of yesterday, whom we have all been honouring in this year of moving anniversaries. I take the role of Defence Secretary with the utmost seriousness, as I recognise that it is my job to honour our people, support them and represent them. It is a tremendous privilege so to do.

1.30 pm

Dr. Liam Fox (Woodspring) (Con): Let me begin by paying tribute to all our servicemen and women who make this country's armed forces among the very best in the world. Let me pay tribute, in particular, to all those who have been killed or injured in active service on our behalf in Iraq and Afghanistan while they were attempting to bring stability and security for people who long to have what we in this country too often take for granted. I pay tribute to all our servicemen and women who are presently toiling in dreadful conditions of heat and dust, making those missions sustainable.

Let me also pay tribute to all those service families who make huge sacrifices over many years to enable the smooth functioning of service life. It is a great pity that the public in general are so unaware of the contribution that service families make to the quality of our military capability. Not all our heroes are in uniform and I echo the remarks of the hon. Member for Tooting (Mr. Khan), who is no longer in his place, that we should take every opportunity to educate the public about the security role played by our troops, by our service families and, as the Secretary of State has said, by civilians, who all contribute hugely to our successes.

Of course, our forces cannot be sustained by our words of admiration alone. It has been pointed out in previous debates that this year—and despite the talk about record investment—we are spending just 2.2 per cent. of our gross domestic product on defence, which is the lowest proportion of our national income spent on defence in any year since 1930. The significance lies not in the figure itself, but in the fact that we have more and more operational commitments overseas, while we have lost more than 10,000 servicemen from the Army, 10,000 from the Navy and more than 10,000 from the Royal Air Force since 1997.

The Secretary of State is correct that retention in the armed forces is broadly good, but recruitment levels show no sign of improvement. Recruitment to the Army has fallen by a quarter in just two years, to the Navy also by a quarter and to the RAF by a shocking two thirds. Since 1997, the establishment size of the infantry alone has fallen by half from 16,000 and, in reality, its strength is a further 15 per cent. lower than that in any case. According to the Army's own figures, out of 43 battalions, only the Royal Gurkha Rifles is up to strength as of May 2006. The 2nd Royal Welch Fusiliers and the 1st Staffordshire Regiment are as many as 150 under strength.

It is not even an argument to say that we can rely on the reserves, because since 1997, the Territorial Army has shrunk from 56,000 to 32,000. As the National Audit Office's recent report on reserves makes clear, all volunteer reserves are below strength and the situation is worsening. My own experience of reserve forces is that they perform an important role with great professionalism and are admired by the regulars, but the NAO report is a cause of worry to those who have read it. It states:

"some commanders in the field noted that a number of Reservists were less physically and mentally prepared than they needed to be for the demanding operational and climatic environment they faced"

and that reservist officers

"sometimes lacked the experience to command soldiers as effectively as their Regular counterparts".

That takes on increased importance because we are using reserves, as the Secretary of State said, in present operations.

Chris Bryant: The hon. Gentleman is making some important points about the Territorial Army. Will he comment on a suggestion put to me in respect of the 104th Regiment, Royal Artillery, headquartered in Newport? A regular commanding officer, an adjutant, a regular sergeant-major and everyone in the regiment seems to believe that regulars providing command and leadership are important to a strong Territorial regiment. Does the hon. Gentleman agree?

Dr. Fox: Anything we can do to improve the quality of those serving in this country's name should be looked at favourably and I am sure that the Secretary of State and Ministers were listening to the hon. Gentleman with the same interest that I was. If we can get a greater interface between the regulars and the reservists, and if it improves the quality of the troops we send into action, it should be welcomed.

Mr. Gray: Just to counter that point slightly, some regiments are commanded by Territorial officers and they are absolutely first class. My own regiment, the Honourable Artillery Company, is a case in point. We should not let lie the idea that that regular commanders are necessarily better, although they may be in some cases.

Dr. Fox: I bow to my hon. Friend's experience. It is fair to have a score draw and say that there is superb leadership in both the reserves and the regulars, which is something that the House can be generally proud of.

An inevitable consequence of the trends that I set out on recruitment and our increased commitment is the problem of morale. Premature voluntary outflow is inexorably rising, particularly in the RAF. Recent surveys in the Army have revealed problems with morale, showing that 47 per cent. of soldiers and 40 per cent. of officers were thinking of leaving the Army within a year. At the heart of the discontent is the overstretch caused by recruitment and retention problems allied to the high level of commitment.

The current level of defence expenditure is supposed to provide for, at most, no more than one small-scale operation and two medium-scale operations at any one time. Yet the NAO military readiness report in June 2005 highlighted the fact that the armed forces operated consistently over the planned level of activity during 2002, 2003 and 2004. The NAO highlighted concerns about its impact on the armed forces, saying:

"The high operational tempo conducted by the Department generates a number of personnel and equipment related risks. These risks include: reduced opportunities for, and levels of, training—leading to skill fade in processes and techniques not exercised in current or recent operations; potentially negative impacts on recruitment and retention rates... a reduced pool of reserve forces to augment regular personnel and units; the need for additional equipment; and added demands on both equipment and logistic support. The recurring high tempo of operations also places a premium on the Department's ability to identify such risks quickly and to take early mitigation action".

With regards to the Army, the recommended harmony guideline for intervals between tours is 24 months. That is what the balance, to which the Secretary of State referred, was supposed to be. Yet the Ministry of Defence's annual report for 2004-05 states that the average tour interval for infantry units is 21 months and the average tour interval for Royal Artillery units is 19 months. The report stated that there were specialist troops experiencing significantly worse tour intervals and that certain elements of the Army have tour intervals of less than one year. For example, the Queen's Royal Lancers had only 12 months between a tour of duty in Kosovo and a tour of duty in Iraq. I spoke to soldiers in Iraq last week, who expected a gap of only eight months between their deployment there and subsequent deployment to Afghanistan. That is not acceptable. It is not a reasonable balance and it puts far too much pressure on our armed forces and their families.

The divorce rate in the armed forces is increasing and concerns are being expressed about the quality of service children's education. I look forward to reading the Defence Committee's report on that issue, to be published at the end of this month, with very great interest.

There are other welfare issues, which the Secretary of State touched on. Accommodation is still a serious matter for many service families, particularly those serving overseas. The Defence Committee's report of last year, on future capabilities, noted the following:

"We regularly heard about (and were shown) poor accommodation during visits in connection with our Duty of Care inquiry. In some cases, funds for refurbishment or improvement promised at the start of the financial year had subsequently been withdrawn. Although the primary focus should be on operational needs, we should not lose sight of the drip down effect that poor accommodation will have on morale, state of training and discipline, and hence operational effectiveness. Service accommodation across the defence estate is too frequently of a poor standard".

Those concerns were borne out by a reply to a written question tabled by my hon. Friend the Member for Forest of Dean (Mr. Harper), which showed that a quarter of service properties in Cyprus and half those in Gibraltar were classified as grade 4—that is, the worst possible.

There are also shortages in the medical services. The worst shortfalls in the strengths of the Army's various corps were all in the medical sphere. As at 1 December 2005, the Royal Army Medical Corps was 86 per cent. under strength, the Royal Army Dental Corps was 89 per cent. under strength, and Queen Alexandra's Royal Army Nursing Corps was 78 per cent. under strength. There are problems with medical reservists getting the experience that they require, and overstretch and undermanning are depriving them of the training time needed to acquire skills pre-deployment.

Let me, for the sake of balance, say this about the medical services. When our servicemen and women are injured in Iraq, for example, they get the very best possible medical care. I visited the field hospital at Shaiba logistics base last week, and it reminded me, for the very first time, why I practised medicine. The quality of medical care there, which is patient-focused and—dare I say it?—not target or administration-focused, is one that most doctors in this country would love to return to. I was deeply impressed by the ratio of staff, and by the quality of care provided in what is a very difficult environment. There is also far better access to investigative procedures than we might get as NHS patients. It is also worth pointing out that the base has not had a single case of methicillin-resistant Staphylococcus aureus.

Des Browne: I am very grateful to the hon. Gentleman for giving way, because I merely want to take this opportunity to associate myself entirely with what he has just said about the hospital facilities at the Shaiba logistics base. I visited it just weeks before he did and was very impressed by the quality not just of the infrastructure, but, principally, of the people there and their dedication to the job.

Dr. Fox: I am grateful to the Secretary of State for that intervention. While I was there, I had a "Newsnight" camera with me, and, given that we have reached a point of agreement, I should perhaps take this opportunity to point out that it would be nice if "Newsnight" showed some of the good things that are happening in Iraq, and not simply the bad.

War wounds may be obvious from the moment of arrival at a field hospital, but illnesses such as post-traumatic stress disorder might arise years later, in response to some unknown trigger. Indeed, it should be realised by the wider world that PTSD is not the only form of mental illness that the ex-service community faces. They are like any other part of the population: one in five of them will suffer from some sort of mental illness during their lives.

The health and social care advisory council has already stated that it believes that the NHS is unable to deal with the military population's mental health needs. One in 10 of those aero-evacuated from Iraq were brought out because of a mental health problem. Some 1,300 who served in Iraq between January 2003 and September 2005 have been identified as having a mental health problem. But what about those who suffer in obscurity? As Combat Stress's most recent annual report states, it takes an average of 14 years post-discharge for an individual in need of help to approach that organisation; only one in 10 are referred by a doctor. Many would have been helped by early intervention, but all too many have already reached the end of the road before they seek the help that they need.

For all those reasons, it astounds me that, when it comes to considering compensatory pensions for those injured on active service, a serious disabling mental health condition is treated no differently financially from the loss of part of one limb. Yet the impact on an individual's ability to work and to continue with their normal life is strikingly different. I urge Ministers to examine the issues of compensation and mental health in the armed forces as a matter of urgency.

Mr. Brooks Newmark (Braintree) (Con) *rose—*

Mark Pritchard *rose—*

Dr. Fox: I am spoilt for choice. I give way first to my hon. Friend the Member for Braintree (Mr. Newmark).

Mr. Newmark: Does my hon. Friend realise that the knock-on effect of this lack of psychiatric care is that 20 to 25 per cent. of homeless people on the streets of London are people who were in the armed forces?

Dr. Fox: I have made the point that the level of mental health care for those in the armed forces needs to be looked at. What my hon. Friend describes is a wider problem. Mental health is the Cinderella service in health care provision, and Members in all parts of the House need to find a way to raise its importance as an issue. The quality of care that we provide to those with a mental illness is one way that we can measure how civilised we are as a society, and I am afraid that we fail rather badly in that regard.

Mark Pritchard: Does my hon. Friend agree with the Combat Stress facility in Newport, Shropshire, which suggests that without early intervention in cases of post-traumatic stress, it develops into post-traumatic stress disorder, which can last for many years? There is evidence in Shropshire to support that point of view. There are people in the Audley Court facility who served in the Falkland Islands who are still suffering from PTSD.

Dr. Fox: My hon. Friend makes an important point that I should like to augment. One reason why we have poor mental health outcomes in this country is that there tends to be late presentation of a whole range of mental health problems. One reason for late presentation is that a hugely out-of-date stigma is still attached to mental illness. That is a societal question that we need to tackle. We need to ensure that we not only have the necessary facilities, but that people are not afraid to admit that they have such an illness, and that they therefore seek help at an appropriate time. That would improve outcomes, which have been unacceptable for many years, if not centuries.

Last week, I had the honour of visiting some of our troops in Basra. Having had that experience, I am happy to say that the attitude of our forces serving there is still extremely positive. It can never be said often enough what a superb job they are doing in such difficult conditions. Indeed, as I said earlier, it would do no harm for the media occasionally to refer to the good news emanating from Basra, rather than referring unremittingly to the bad. In particular, it was a source of huge irritation to many of our servicemen and women that nothing was ever reported about the work that they are doing to improve the sewerage and electricity infrastructure, along with all the other good work that is being undertaken.

Our media should understand that if, in reporting only bad news, they cause a drop in the morale of not only our servicemen and women but their families, their anti-war agenda could risk affecting events, rather than simply reporting them. The Secretary of State reiterated earlier the point that I made the other day about Members of this House having to worry about the language that we use in discussing conflicts. Similarly, the media have a duty to report not only the bad things, but the good things that our troops are doing for the people of Iraq in respect of reconstruction and the security improvements that are being brought about in many parts of that country. That said, we all accept that the picture is still very mixed.

John Robertson (Glasgow, North-West) (Lab): Does the hon. Gentleman agree that the media are trying to create the stories, rather than reporting them?

Dr. Fox: There is a real risk that, in trying to feed the 24-hour news cycle, truth is the first casualty. That is probably truer of the media now than it was before, given the appetite for news. If there is to be reporting, it should be balanced. Of course there are casualties and fatalities and dangers for our troops, but good things are also happening on the ground.

The morale of our troops is generally good. The Secretary of State mentioned the possible problems with morale if we under-deploy our forces, because our soldiers want to soldier—that is what they have been trained for. Getting the balance right is difficult. Our soldiers work in terrible conditions. I was out on a patrol in 50° C in body armour, in a Snatch Land Rover without air conditioning, and it was a horrendous way to do any job. Yet our troops do it with professionalism and, almost, without complaint. Standing here in an air-conditioned House of Commons, we would do well to remember the terrible physical conditions in which soldiers sometimes have to carry out the work that has

[Dr. Fox]

been given to them. They live with the risk of improvised explosive devices—IEDs—and explosively formed projectiles, and problems continue with inter-Shi'a militia violence and Sunni-Shi'a violence in Basra. Inevitably, we sustain casualties, but, as I said earlier, at least we have the best medical care for our forces, and we should pay tribute to the medical staff who provide it.

We should also, now and again, consider the upside of the interaction with the Iraqis. There is no doubt that it is not entirely a happy picture. One serviceman who had been on several deployments to Iraq told me that the relationship with the Iraqi people had gone from welcome to consent to tolerance. It is a difficult trend, but when I was out with our troops in a market town, in soft hats despite the fact that there had been previous mortar attacks on them, there was a reservoir of appreciation from ordinary Iraqi people, who understood that the troops were there for their benefit. To me, it was a source of great pride that, notwithstanding the risk, our troops were willing to go out in soft hats, because they understood that the battle for hearts and minds was an important part of what was happening.

We are contributing to future security with the improvements in training for the Iraqi army, which has come on in leaps and bounds and is now taking on increasing duties in the maintenance of security. However, the Iraqi police force is still unable to assist in the way that we would like and that increases the security risk to our troops. I hope that the appointment of the Iraqi Prime Minister's security co-ordinator in Basra will improve the outlook, reduce the level of Shi'a militia violence and enable our troops to continue the work that they are doing so bravely in an improved security environment.

On our second major deployment, in Afghanistan, I make no apologies for repeating what I said earlier this week. We cannot afford to fail in Afghanistan. That "we" is not the United Kingdom, but the international community. If we fail in Afghanistan, NATO's reputation and cohesion are on the line. It will be almost impossible for us to get those who are reluctant to take part in the reconstruction mission to operate in the area again if we fail in Afghanistan. It would embolden our enemies and increase the risk of terrorist attacks in the UK and the rest of Europe. If we fail, we will betray the Afghan people, to whom we promised so much, and to whom a stable and secure state means everything.

The price of succeeding in Afghanistan will be high. It may be higher than many of us thought at the outset. But the price of failure would be intolerable. If we do not confront al-Qaeda and the forces of terror at the Afghan-Pakistan border, there is an increased risk that we will have to confront them at home. Those who think that there is an easy solution in disengaging from what is happening in Afghanistan do not understand the full security implications for their constituents if we fail to deal with the problems that we face there.

The Government have two duties—to maximise the chance of success of the mission and to minimise the risk to our troops. It is true that the security situation is not what we intended or expected. The initial belief was that Operation Enduring Freedom would entail a reduction in terrorist activity and allow the NATO mission for reconstruction to be conducted in a more secure environment. Instead, we have recently seen an increase in terrorist activity. All missions need to be re-examined constantly. It is not whether we carry out the mission, but how it is undertaken that needs to be reviewed. There are 30-odd countries taking part in the NATO mission, but there are more than 70 caveats that limit what they can achieve.

Some NATO countries have made very small contributions. The Secretary of State said that many of them could do tasks that we could not do and that we could all play a part, but the actual numbers being deployed are interesting. The UK has sent 5,700, Austria four, Denmark 106, Ireland seven, Luxembourg 10, Poland three, Portugal 166 and Switzerland four. It does not seem to me that all those countries are pulling their weight equally. Some countries are there in considerable numbers, such as Canada with 2,300 and Italy with more than 2,000, but the burden of the mission is not being shouldered equally by all those who are supposed to be taking part.

We also now face a potential substantial reduction in US troops. I hope that the Minister of State, when he winds up, will say whether we are considering an early merger of Operation Enduring Freedom and the international security assistance force mission as the best way to achieve what we want to do in conditions of the best possible security. Are we asking all that we should of our NATO partners? They need to understand the stakes and make a full commitment, including sending combat troops if required. The Defence Committee has said:

> "We are concerned that, should the security situation in the South prove worse than anticipated, the UK will be called on to provide additional forces. The UK has already committed significant numbers of troops and assets to IASF stage 3. NATO should call on the military assets of other countries before approaching the UK for further contributions."

There needs to be a proper balance in what we are all doing in the Afghan mission.

We are all rightly proud of all our armed forces, their courage, dedication and professionalism. But we will have to decide whether to increase our resources to match our commitments, or reduce our commitments to match our resources. We cannot continue indefinitely with the level of overstretch that we now have. The quality and morale of our forces are at risk. Government, Parliament and the country as a whole need to decide what our priorities really are. We can either shape the future or be shaped by it. I hope that our history and experience will convince us that opting out is not the route to peace and security in the future.

1.58 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): I welcome this wide-ranging debate, which focuses on the men and women serving in our armed forces. Like many hon. Members on both sides of the House, I am filled with admiration for those who serve our country in the most difficult and dangerous places. As we have seen in recent days, some pay the ultimate price for their service to our country and to freedom.

I take the view that we should do everything possible to demonstrate how much we value our servicemen and women. I was delighted, therefore, that on 16 May the Under-Secretary of State for Defence, my hon. Friend the Member for West Bromwich, East (Mr. Watson), demonstrated the Government's continued commitment to the welfare of our servicemen and women during their service and beyond. We have a continuing duty of care to our ex-servicemen and women as much as we do to those still serving. My hon. Friend's statement gave details of the research programme carried out by King's College on the health and wellbeing of personnel who served in the Gulf war and in Operation Telic. I am also pleased that the comprehensive physical and mental health care service already offered to mobilised reservists will be extended and enhanced to provide post-operational mental health care for recently demobilised reservists. As a result of the initiative, any reservist demobilised since January 2003 who has concerns about mental health will be able to get assessment and support. That is to be welcomed, and I pay particular tribute to the work of Defence Medical Services in that regard. I hope that the MOD will continue to look at the possibility of providing the same ongoing care to recently demobilised regulars as well as reservists.

We have already heard in this debate about many of the issues affecting the armed forces, and I am sure that other hon. Members will add to the list in their contributions. However, I want to concentrate on one or two key areas, and especially on matters relating to veterans.

Last year's veterans awareness week was a great success, and led to us holding veterans day on 27 June this year, with events all over the country. I hope that the process will continue and that each year the British people will find new and innovative ways to celebrate the contribution that veterans make to our society.

The veterans badge has proved immensely popular, and is now being awarded to those who served in the Suez conflict. Only the other day, I presented veterans badges to members of the south Wales branch of the Royal British Legion, and I saw the great pride that they and their families displayed on receiving and wearing them.

The badge was not my initiative, but as a Minister I shared in the glory. I received a great many letters that said that the badge was a wonderful idea. People appreciate and value it greatly, and more than 250,000 have been awarded. It is a unique way for the country to show its appreciation for our veterans, and to thank them.

It is important that we celebrate and raise awareness of the achievements and contributions of our veterans, both at home and abroad, but we can do more. I want to refer to one matter in particular this afternoon.

It was heartening to see that the contribution of our veterans is being recognised abroad, with the award of the Pinjat Jasa medal by the Malaysian Government. I welcome the decision by Her Majesty the Queen to grant permission for the 35,000 veterans who took part in operations in Malaya to receive the PJM, but I am concerned that they have not been granted permission to wear it. In a written statement on 31 January, the then Minister for Trade, my hon. Friend the Member for Dudley, South (Ian Pearson), who is now Minister for Climate Change and the Environment, said:

"The Committee on the Grant of Honours, Decorations and Medals...has recommended...an exception to two of the long-established rules governing the accepting and wearing of foreign...awards to enable the Malaysian Government to present the PJM."

However, the statement went on to say that permission to wear the PJM was not given because:

"It is long standing Government policy that non-British medals will not be approved for events or service:

that took place more than five years before initial consideration, or in connection with events that took place in the distant past",

or

"if the recipient has received a British award for the same service".—[*Official Report*, 31 January 2006; Vol. 442, c. 10-11WS.]

The decision to forgo the "double-medalling" and five-year rules so that the PJM could be awarded in the first place, but then to use the same rules to deny veterans the opportunity to wear it, is both confusing and mystifying. Most people would think that fairness and common sense dictate that our veterans, having been given permission to accept the PJM, should be allowed to wear it. However, my mother used to say to me when I was growing up, "Son, you will find out in life that sense is not that common." I think that that is true in respect of the PJM.

Further complicating the decision is the fact that the Commonwealth Governments in Australia and New Zealand have advised Her Majesty the Queen to grant unrestricted use of the PJM and allow their veterans to accept and wear the medal on all occasions. The ethos behind the first veterans day was to thank all the veterans who had served in our armed forces. In presenting the PJM, the Malaysian Government are thanking the 35,000 veterans who served in operations in that country. It seems decidedly odd that, although we in this country thank our veterans for their service and celebrate their achievements, veterans of the Malaysian operations are unable to wear the PJM. It is for that reason that I fully support the campaign to enable those who served in Malaya to wear the medal. I know that the veterans have petitioned Her Majesty the Queen on the matter, although she is not to be blamed for the decision. In our constitutional monarchy, the sovereign acts on the advice of Ministers and others—in this case the honours committee.

I hope that my hon. Friend the Under-Secretary of State for Defence, who has responsibility for veterans, will be their champion. I know that he is determined to be, but I hope that he will press those who advise the Queen to review the situation. I should be grateful if he said that he was prepared to do so.

Veterans day is a time for celebration, but it also highlights the support and advice available to veterans from official and voluntary sources, in particular the role played by the ex-service organisations. I am pleased that the MOD has completed its review of its veterans strategy, which was launched in March 2003.

The strategy seeks to provide excellent preparation for the transition of service personnel back into civilian life. It offers advice and support to veterans who need that, and ensures that we as a nation recognise and understand the contributions to our society that our veterans have made. It also gives the MOD the opportunity to work more closely with a host of veterans organisations, such as the Royal British Legion and Combat Stress.

[Mr. Don Touhig]

All the organisations involved have a fine record of serving our veterans, but the MOD could do more to help. In March, when I was still a Minister, I launched a pilot advertising campaign to promote the Veterans Agency freephone helpline—0800 169 2277. I believe that the agency does a fantastic job in advising veterans on many matters, but I was told that day that veterans are often unaware of the excellent service offered by the helpline. I hope that the MOD will take heed of that, and roll out an advertising campaign across the country, so that the Veterans Agency becomes as well known as the BBC, ITV or any of this country's great institutions and organisations.

It has often been said that our treatment of veterans has a major impact on our ability to recruit in the future, and that has been touched on in the debate already. To maintain operational capability, the British armed forces need to attract new recruits each year. There are fewer military establishments now, and families have little or no experience of national service. That makes it difficult for young people to identify the armed forces as a career option.

The cadet forces give young people an excellent introduction to service life and help them to build confidence and self-esteem, providing an excellent fit and support for our country's wider respect agenda. I pay tribute to the cadets, and their instructors, for the fantastic job that they do.

On 27 June, my right hon. Friend the Chancellor of the Exchequer and my hon. Friend the Under-Secretary of State announced that funding would be provided for a pilot scheme that introduces new combined cadet forces in six state schools. The scheme lasts for three years, and I hope that it will be such a success that more secondary schools across the country will want to participate.

When I was a Minister, I had the honour to meet the entire service family—from cadets to reservists, and from serving personnel and their families to veterans. I never ceased to be amazed at their fortitude, resilience and, above all, their humour in the most difficult circumstances.

I well remember 7/7. As part of veterans awareness week, I was due to go to St. James's park to meet RAF prisoners of war. I wondered how many would get there, but my God lots of them certainly managed it. I talked to one couple: the man was in a wheelchair, and his wife had pushed him from a hotel in west London. There was no public transport, but they were determined to be present. Another chap in his 80s said that he had got to Victoria station that morning to find that there were no buses or taxis. He said, "They locked me up in Germany for four years but that didn't stop me, so the terrorists won't either." That shows the determination of a generation to whom we owe a tremendous debt.

This country does well when it comes to recognising and supporting our veterans, but we can do much more. I am sure that the aspiration and determination to continue to honour this country's veterans is shared on both sides of the House. As I said to some school children recently, "If you value freedom, thank a veteran." We owe them a huge debt.

2.9 pm

Bob Russell (Colchester) (LD): I congratulate the hon. Member for Islwyn (Mr. Touhig) not only on what he said today but on his time as a Minister. I thank him for his support for the armed forces and for his responses to issues that I raised with him.

It is a special honour and privilege to be a Member of Parliament for a garrison town. Although my tributes today are given generally to all sectors of Her Majesty's armed forces both at home and overseas, I hope I shall be forgiven if I make special mention of those from the Colchester garrison. Many of them are currently serving in Afghanistan, and although we still await details of the soldier who was killed yesterday we know that he was a member of 3rd Para battle group and the sixth person to have lost his life over the past three or four weeks. I fear that he is a member of 3rd Battalion the Parachute Regiment.

Last month, the Prime Minister paid tribute to an officer from 3rd Para who had been killed in Afghanistan and the whole House joined in those tributes, as indeed we have for others who have died in Afghanistan and Iraq. The week before that officer was killed, I attended a memorial service at the garrison church in Colchester for two members of 2nd Battalion the Parachute Regiment who had been killed in Iraq. Troops from Colchester have served in both those conflicts and lives have been lost. I pay tribute to them and to the wider Army family.

As the Secretary of State said in his speech, members of Her Majesty's armed forces are operating in 15 countries, of which two—Afghanistan and Iraq—are in the headlines. I will try not to move too far into operational matters because the debate is about armed forces personnel, so I shall try to concentrate my remarks on retention and recruitment and getting a fair, or fairer, deal for the armed forces.

I draw the attention of the House to the answer to a parliamentary question I tabled last month. Between 9 and 10 per cent. of the British Army are not British citizens. Citizens of 57 countries currently serve in the British Army. Alphabetically, they range from 75 Australians to 565 Zimbabweans. There are 1,995 soldiers from Fiji, 660 from Ghana, 975 from Jamaica, 720 from South Africa, 225 from St. Lucia and 280 from St. Vincent.

I want to mention especially the island of St. Helena, population 4,000, which has 20 soldiers in the British Army. It provides our Army with more people per head of population than any other part of the world. I draw attention to early-day motion 2403, because next year is the 25th anniversary of the Falklands war. Citizens of St Helena have been denied the award of the south Atlantic medal, even though the island is in the south Atlantic and its citizens volunteered to support the British Government in the recovery of the Falklands islands. They served on RMS St. Helena, but because the vessel was not inside the exclusion zone long enough, they did not qualify for the medal for operational reasons. I hope that the Government, perhaps through the medals committee, can find a way to rectify that slight. Those people volunteered when this country called on them to serve Queen and country; the least we can do is award them the medal to which most fair-minded people would think they were entitled.

The defence White Paper proposed key changes to cope with this country's commitments at home and overseas, which then predated Iraq and Afghanistan. Since the White Paper, there have been reductions in manpower requirements, recruitment and retention difficulties and increased demands on our armed forces. Those are challenges, to put it kindly. Some of us refer to overstretch and some to additional commitments, but the MOD should look again at the White Paper in the light of what has happened since it was published.

The size of the Army was deliberately reduced, but full recruitment has still not been achieved, despite that reduction. There have also been reductions in the personnel of the Royal Navy and the Royal Air Force. In the light of current commitments and developments, we need to consider whether the size of Her Majesty's armed forces is sufficient for today's demands.

Recruitment from civilian life to UK regular forces has dropped substantially. As I indicated, between 9 and 10 per cent. of the British Army is not British. Constituents serving in the Army have told me that they would like to be British. I am thinking particularly of a Fijian solider who is proud to serve in the British Army—but, as he says, he would be even prouder if he could be British in the British Army. However, he cannot apply to become a British citizen without first leaving the Army. I appreciate that the issue is not for the MOD to resolve, but I hope that in a spirit of joined-up government other arms of the Government will find a way to enable people who are prepared to risk their lives for this country to become British citizens.

We need to look at retention and recruitment in equal measure. With that in mind, I was interested to hear about the housing issues raised by Opposition Front Benchers. Many of us recall that part of the root cause of the housing problem for married personnel was the sale by the last Government of family housing to Annington Homes at a ridiculously low price. Last year, for example, Annington sold 40 family houses, which previously belonged to the MOD, at a gross profit per dwelling of £100,000—a gross profit of £4 million. The company owns hundreds of similar homes and has demolished former MOD houses to create building sites on which it has built new houses. It is making a financial killing.

There is a case for the National Audit Office, or for the Select Committee on Defence or somebody in the Government or Government agencies, to look again at that privatisation and its consequences, because while Annington Homes was selling off allegedly surplus properties, the MOD—as was confirmed in a written answer last week—is renting between 50 and 60 family houses from the private sector in a town where there is a housing crisis. It is extraordinary that empty Army houses are being sold by their private owner, Annington Homes, which is making a financial killing, while the MOD is having to rent houses from the private sector because it does not have enough accommodation in a town with a housing crisis. That shows a lack of joined-up thinking.

The Minister has confirmed that there is much to be done to improve the quality of the housing stock for married families. I am delighted, however, by the assurance that the new Colchester garrison will have sufficient single persons' accommodation. I hope that that turns out to be true, and I look forward to the release of the other private rented houses to the public sector, so that the 50 families in the private sector will be housed.

Council tax is another issue that, if dealt with, would help to create a climate in which we respect soldiers and encourage them to remain in the Army. While they reside in this country, we would expect them to pay council tax, but it is absurd that, when they are deployed to Iraq or Afghanistan, they are still required to pay council tax. A private citizen who is sent to prison is exempt from council tax, yet we expect soldiers sent to Afghanistan and Iraq to pay council tax.

Many children of military personnel attend schools that are predominantly occupied by the children of service families. I am advised that the figure can be as high as 100 per cent. in some parts of the country. Although the percentages for the five schools in the Colchester garrison area are anything up to 80 or 85 per cent, they do not quite hit 100 per cent. Detailed surveys have been carried out into the associated turbulence factor.

I am delighted that the Defence Committee is reviewing defence schools. Although those schools are the responsibility of the local education authority, they are predominantly filled by the children of military personnel. Again, to return to the concept of joined-up government, although the Ministry of Defence has very good education support people—I pay tribute to them—I feel that it and the Department for Education and Skills need to take due note that factors exist in schools attended by large numbers of children from service families that do not exist in other state schools.

I am reminded that the then Secretary of State for Education and Skills, the right hon. Member for Norwich, South (Mr. Clarke), visited Colchester a couple of years ago and assured the chairmen and head teachers of the Army schools there that additional funding would be provided. They are still waiting for the cheque. It has not materialised. That is of considerable concern.

Like all three right hon. and hon. Members who have spoken so far, I pay tribute to the welfare and support services provided to military families and individual soldiers. Whether those services come from the Ministry of Defence itself or the voluntary sector, I am always impressed by the fantastic support that our military personnel receive from the family support groups and everyone else. It is quite remarkable, particularly at times of conflict when the whole community seems to rally round and provide support.

I also pay tribute to the civilian work force. However, the Government's enthusiasm for privatising and outsourcing does not give much encouragement that the MOD understands the importance of loyalty to the work force. I urge the Minister to reflect on whether the MOD's policy of continuing to go down the privatisation and outsourcing route is necessarily the right one.

Shortages in covering certain trades—the Royal Engineers, the Royal Signals, the Intelligence Corps and the Army medical services—have been alluded to. In the case of the Army medical services, I am sure that the Minister will observe that there is a continued inheritance from decisions made upwards of 10 years ago. Nevertheless, the shortages have yet to be addressed. I should like to put it on record that we recognise that men and women who are deployed, particularly overseas, deserve the highest quality of medical care that our country can provide. That care is provided by the doctors and others

[Bob Russell]

in Defence Medical Services and reserve services, and it is right that we mention the reserve forces, because we rely as much on the volunteers and TA support as we do on full-time military medical people.

Unfortunately, to date, the announcement of this year's pay award for armed forces doctors is still awaited. I understand that, over the past year, the British Medical Association's armed forces committee has worked closely with the Defence Medical Services directorate to provide matching evidence to the Armed Forces Pay Review Body. That evidence was based on hard data comparing what can be earned by consultants in the NHS and by their military counterparts.

I understand that a 6.6 per cent. uplift in pay for armed forces doctors is required in addition to the Doctors and Dentists Review Body pay award of 2.2 per cent. to help to close the significant gap between the NHS and earnings in Defence Medical Services. There are fears that, unless the pay scales are brought closer together, many of those doctors, who are the military's deployable medical experts, will resign from the armed forces to go into significantly better paid NHS posts, where they will not suffer from the added turbulence of repeated deployments. Military reservists who are ordinary consultants and general practitioners give up a substantial amount of time and, in some cases, earnings to serve their country, and their contribution to operations is crucial. I hope that that aspect will be dealt with.

I am aware that many other hon. Members wish to participate in the debate, and I shall conclude by saying that, although we all value our armed forces, the Government need to look again at whether the reduction in numbers in the Army, Air Force and Navy is correct in the light of new commitments and new risks around the world. The Government should consider whether those numbers should be increased, alongside the need to keep on the pressure in respect of some of the aspects that I have mentioned, so that married personnel feel more comfortable in remaining with Her Majesty's armed forces, rather than leaving them, and we all have a part to play in recruitment.

I certainly take on board the point that, because of contractions, the footprint of the armed forces in the United Kingdom is getting smaller and smaller. Although garrison towns such as Colchester are seeing a growth in the Territorial Army, there are many parts of the country where the TA no longer exists. Perhaps for wider public consumption we need to have more military outposts in the United Kingdom so that people can more readily identify with the armed forces.

2.29 pm

John Robertson (Glasgow, North-West) (Lab): First, I would like to associate myself with the condolences expressed to the families and friends of the young solider who was killed yesterday, and to those of all our servicemen and women who have died over the decades to keep this country in freedom, to preserve free speech and to help us to have the standard of living that we have today. They have more than fulfilled their need to defend their country and should be recognised as having done so.

I also congratulate the hon. Member for Woodspring (Dr. Fox). It is seldom that we hear an Opposition Front-Bench spokesman who has obviously looked at his portfolio and who conducts himself in a proper manner to defend not only this House but the party that he represents. His conduct in mentioning our armed forces in Iraq and Afghanistan was exemplary. It is a pleasure to follow him.

I would like to start by talking about our veterans, following the remarks made by my hon. Friend the Member for Islwyn (Mr. Touhig), who eloquently explained why our veterans have done such a good job and why they should be recognised by this country. I thank my right hon. Friend the Minister of State for coming to my constituency, where 220 veterans, plus families and friends, turned up for an event during veterans week. He was our honoured guest speaker. I also thank BAE Systems, which I will mention again later, which helped to sponsor the event. In particular, I want to mention the cadets from the Royal Navy, the Army and the Air Force who turned up and looked after my veterans so ably. I think that they got more than a little enjoyment from listening to the stories that they were told about the escapades of some of the gentlemen and ladies during the second world war. They had an excellent day, as did the veterans. I have gratefully received a number of letters thanking me for the day. We had a good sing-song and went over all the songs of the war days—some of which I did not know. It was an excellent day and it was a good way to recognise those who had put their lives in harm's way to protect those of us who were born after the war.

Earlier this week, when people once again raised the subject of an extra bank holiday, I thought to myself, "We have recognised veterans. We had veterans week last year and veterans day just the other week. If colleagues and friends want an extra bank holiday, rather than make it a nationalist type of day, why don't we have a day off to celebrate those who put their lives on the line for their country?" Let us have a veterans day when we can properly recognise and celebrate what those people did for the country. That would be a much better way of showing support and would mean that we had a day off when we could remember members of our own families who put their lives on the line and died. That would be much better than having a bank holiday for St. Andrew's day, St. George's day or St. David's day. That would be a much better way of making it a national day.

That brings me on to another subject relating to our armed forces personnel who lay down their lives. It does not matter what country they come from. Whether they come from Scotland, Wales, Northern Ireland or England, it does not matter one jot. They are not second-class soldiers. I believe that we in this House should not be second class either. We have just as much right to defend those people in the House as they have to defend us. I deplore people's attitude in trying to downgrade Members of this House.

I will move on to talk about the important matter of equipment for our armed forces. It will not surprise my right hon. Friend the Minister that I wish to talk about shipbuilding and, in particular, the Navy. I thank him once again for the work that he, his Department and others did to achieve the orders for the Type 45s, which are being built in my constituency as I speak. However, there is a question mark over the building of the seventh and eighth Type 45s.

Let me give hon. Members a little more insight into the Type 45s. They will defend the two new carriers that we are about to build. My informants in the Royal Navy tell me that four Type 45s are needed to defend a carrier because the Type 45s corner the carrier to cover the area all round it. As we are to have two carriers, it suggests that we will need eight Type 45s to do the job, so will my right hon. Friend tell me what is happening with Nos. 7 and 8? Our servicemen and women serving on ships deserve the best protection that they can have, so if the Royal Navy is correct and it needs those ships, I hope that my right hon. Friend will come forth with something that will make me and other hon. Members feel a lot better.

Dr. Julian Lewis (New Forest, East) (Con): I warmly endorse everything that the hon. Gentleman has said. To set his point in context, would he like to remind the House that there were originally supposed to have been 12 Type 45s in the programme?

John Robertson: I had not forgotten that, but I was trying to be party conscious and help my right hon. Friend the Minister. However, it would be nice if we got the other four as well, especially because at the moment the Scotstoun yard, which is the larger of the two yards on the Clyde, seems to be sending most of its workers over to Govan, which is where the steel cutting is done, because that is where most of the work is taking place at present. It is only once the fitting starts that we will get the work back in my constituency. I am sure that the local hostelries and shops will be happy when the fitting work starts to appear on the Clyde, which I am told will happen by the end of the year.

We have been especially quiet about the military afloat reach and sustainability project. We need either several new ships, or to upgrade or renovate a number of ships, so will my right hon. Friend the Minister give us an update on what is happening? The project is especially important to some of our smaller yards, such as Ferguson's in Port Glasgow, which is in the constituency of my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan). The yard is desperate for orders, and some of the smaller ships covered by the MARS project would be ideal for it.

We must ensure that Afghanistan and Iraq have security forces who are equipped and trained for the job in hand. Will my right hon. Friend the Minister give me an update on what is happening with the training of security forces in Iraq and Afghanistan? I read somewhere that my right hon. Friend the Secretary of State had said that he expected that over the next 12 to 18 months, the democratically-elected Iraqi Government and their security forces might take responsibility for security. May I deduce from that that the start of the withdrawal of our troops could coincide with that time period? I will be interested to hear whether that is on the agenda. I appreciate that, for security reasons, one does not tell one's enemy when one's troops are being withdrawn, but as the local Iraqi troops grow to sufficient numbers, I would expect the number of our troops to decrease, albeit not necessarily by the same extent.

May I raise a subject that I have raised in the debate on pensions for armed forces personnel and in other defence debates? My participation in the armed forces parliamentary scheme brought me into close contact with members of the armed forces and their lifestyle, so I was particularly pleased to hear from the hon. Member for Woodspring (Dr. Fox) that the morale of our troops is high. From reading media reports, however, one would think that they were holding their heads, a handkerchief in their hand, wondering what was going to happen to them. One would not think that their morale was high, they were doing a good job, or were successfully training the Iraqi security forces. It is important that we congratulate them on doing such a good job, and I congratulate the hon. Member for Woodspring on saying so. My right hon. Friend the Secretary of State has alluded to the subject, but it is unusual for the shadow Secretary of State to agree with him. It would be useful if we remembered that agreement in other debates, as it is important to give credit where credit is due.

A couple of years ago, we discussed the issue of soldiers who leave the armed forces, and it was drawn to my attention that 10 per cent. of soldiers who leave the services fail to find a job and are unemployed. I thought that it was deplorable that people who had served the nation could not find a job, and were not given extra help to do so. Can my right hon. Friend the Minister of State say whether the figure is still 10 per cent., or whether it is lower or higher? What extra things have been done in the past few years to ensure that our servicemen are assisted in their return to civil society? What has been done to ensure that they find a job and are helped to find accommodation and to return to the area where they came from?

I have made a number of points that my right hon. Friend probably did not expect me to make, but I hope that I have provided the House with food for thought. I congratulate the Government on providing us with an opportunity to debate this important issue, but I wish that it could have been debated when many more Members were in the House. I see that, once again, the nationalists are missing. That is not unusual—they miss many important debates—but I should like their absence to be put on the record. Although they are the first to mount campaigns, particularly in Scotland, on regiments, the closure of airfields and so on, they could not even be bothered to turn up to our debate.

2.43 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): May I warmly endorse the points made by the hon. Member for Glasgow, North-West (John Robertson), with whom I entirely agree? I am conscious that the subject of our debate is personnel, but I should like to say something later about Afghanistan and Iraq. However, in the spirit of our debate, I endorse the points made by my hon. Friend the Member for Woodspring (Dr. Fox), who spoke with great conviction and clarity, both today and after Monday's statement. I welcome, too, the Secretary of State's contribution. I am sorry that he is not here, because I wanted to tell him that I was robust about his absence from the House earlier this week. I have nothing personal against him—in fact, I like him very much—but I think that absence from the Chamber during a statement is disrespectful to the House of Commons and extremely disrespectful to the armed forces. If one is within striking distance of the House, one should attend. I believe the Secretary of State should have been present, although

[Mr. Nicholas Soames]

his hon. Friend the Under-Secretary of State made a very good fist of it in his place. I wanted to explain why I expressed myself in the manner that I did.

I start from first principles. The armed services exist to engage in war, to fight to achieve an end and to triumph over adversaries who will seek to exploit any weaknesses, particularly in our people's will to win. It is that function which distinguishes them fundamentally from all others—from society in general, from large businesses and from any other public body. The armed forces must be prepared to engage in battle where the consequences of winning or losing are profound to the nation and to the individual. That is ultimately what society pays them to do and what society expects from them.

In the light of that, I express my wholehearted sorrow, as have many on both sides of the House, at the loss of another brave British soldier. I do so to his family and friends with all my heart. I pay a profound tribute to our armed forces—the men and women of the Army, the Navy and the Air Force—and, as my hon. Friend the Member for Woodspring and the Secretary of State did, to their families, who have to put up with a great deal and who, by keeping the home fires burning, do so much more than is ever appreciated. I also pay a particular tribute to the men and women of the reserve forces, almost 14,500 of whom have served in Iraq with the greatest distinction.

I welcome the announcement by Lord Drayson about the intention to merge parts of the Defence Logistics Organisation and the Defence Procurement Agency. That was part of the Conservative programme at the last election, it is what we would have done, had we come to power, and it is the right thing to do. As the Secretary of State said, it is not being done for fun. It is part of the process of improving the delivery of the most important equipment to servicemen and women in the field. I am clear that that is the right way to proceed with a currently unsatisfactory bureaucracy.

I am extremely anxious to hear that the MOD has been warned by the Treasury to expect a cut of more than £1 billion in the defence budget. Even by the standards of the Treasury's baleful and contemptible record on defence, that is a cardinal act of folly and it says nothing for the Chancellor's worthless assurances given at the Mansion house about supporting our armed forces at home and abroad.

There is a view that the Government take the armed forces for granted. I do not accuse the Minister of State for the armed forces of that in the least, but generally the armed forces are taken for granted. It is not possible for the Government to go on saying how much they value our armed forces, when at the same time they are being starved of financial resources to enable them to carry out the commitments laid upon them by the Government. It was always taken as read that the Government would honour their pledge to fund the strategic defence review fully. At the time my hon. Friend the Member for North Essex (Mr. Jenkin) and others sought and received assurances that the strategic defence review would be fully funded, but that has never been done. The most important warning that I can give the Government is that many servicemen and women whom I talk to feel that they are indeed being taken for granted, and that their quality, efficiency and effectiveness are appreciated only at moments of high drama and crisis. I am afraid to say that there is, indeed, an element of that around. The process started rather well, but under relentless, continuous, baleful pressure from the Treasury, the Government have reverted to underfunding, the consequence of which is that the armed forces need a substantial injection of extra funds over the next few years if they are to carry out their current level of commitments.

I warn the Minister of State that if undermanning and overstretch continue, things will start to go wrong in the military field, and the Government will not be able to take for granted the almost guaranteed success and effectiveness from the armed forces that we have come to expect. Soldiers, sailors, airmen and their families now recognise that the Government are not matching their personal commitment by way of financial support to the defence budget, which will have to be put right.

I want to mention some very particular points. I want the Minister, if he would be so kind, to examine with care how we deploy our troops out of this country. The standard of service provided by the Royal Air Force is not nearly good enough. My noble Friend Lord Astor raised the matter in the Lords last week, and I know that my hon. Friend the Member for Aldershot (Mr. Howarth) has raised it with the Chief of the Air Staff. It is frankly inexcusable—I repeat inexcusable—that soldiers going to and from active duty should be treated in such a deplorable and casual manner. There is a form of insanity in the MOD that seems to permit that to happen.

Why should soldiers, who have been carefully vetted and highly trained and who are on their way to operational duties in extremely dangerous parts of the world, have to turn up at RAF Brize Norton 12 hours before they take off? It is absolutely absurd. How is it possible that young men and women, who, having completed the most arduous tours, may be back on brief periods of leave, should find themselves having to sit around Basra airport, sometimes for several days, in gross conditions and with inadequate facilities when they have a confirmed flight, simply because there is no seat for them? It is unacceptable, and the Minister has it in his power to fix the matter, which is what he needs to do.

Mr. Gerald Howarth (Aldershot) (Con): I am grateful to my hon. Friend for mentioning that important point, which I raised with the Chief of the Air Staff when he addressed the all-party Royal Air Force group earlier this week. The Chief of the Air Staff is fully seized of the concerns which my hon. Friend has rightly expressed. I hope that Ministers will give the Royal Air Force the necessary encouragement to bring about the changes that my hon. Friend rightly seeks.

Mr. Soames: My hon. Friend is right. He knows a great deal about the matter, and I confirmed with him this morning that my comments are correct. The problem is damaging for morale; it is thoughtless and feckless, and the Minister needs to get a grip on it immediately. Attitudes need to be changed, particularly in the Royal Air Force, in the most urgent and profound way, and I have no doubt that my right hon. and hon. Friends want to see a serious improvement.

I want to turn to the tricky question of service housing, which has been raised by the hon. Member for Colchester (Bob Russell)—who is never able to stay after he has spoken—and a number of other hon. Members. The Government have made some big improvements to service housing, which I applaud. I have visited Tidworth and think that some of the service accommodation is absolutely marvellous. It is unwise to expect young people to join up and live in the kind of accommodation that was used in the past, so the change is very good.

In the Lords last week, my noble Friend Lord Luke pointed out that too many British Army families still face housing problems at a time of increasing pressure. The Minister of State and I have wrestled with that intractable problem. My noble Friend quoted appositely from a speaker at the Army Families Federation conference:

> "Most families feel passionately about their homes, army families perhaps more than most, since they can sometimes be the only stable thing in their lives. Their husbands or partners might be on operations abroad but their home is their base, the one concrete thing in an otherwise turbulent existence."

This remains a very important matter in terms of retention and recruitment.

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The hon. Gentleman knows that I have great respect for him. When he was armed forces Minister, what role did he play in the major sell-off of all those assets, did he resist it, and what did he think would be its legacy, which we inherited and are having to deal with?

Mr. Soames: As some of my hon. Friends know, I was anxious about that when it happened. We were in a position where we had to do it—there was no alternative in terms of money. *[Interruption.]* I am disappointed by the Minister's reaction. I started by saying that I congratulate the Government on what they have achieved in service housing, and I am merely saying that it continues to be a problem. The sell-off to Annington Homes was inevitable, but I suspect that the consequences were not properly thought through. Even though the Government have made a big investment, things are not yet right, and a great deal more needs to be done.

Mr. Ingram: Will the hon. Gentleman give way?

Mr. Soames: No, I will not, because the right hon. Gentleman chose to ignore the spirit in which I made my remarks, and I am not going to risk it again.

The Army is too small. The Navy has been desperately ill-served by the Government's mad decision to cut the destroyer force by 20 per cent. a couple of years ago. The frigate is the workhorse of the fleet, and its deployability, reach and endurance is the absolute cornerstone of what I understand to be our defence policy and its expeditionary and global aspirations. The fact is that our force is spread too thinly. How can one ship sensibly manage to patrol the Caribbean, the west coast of Africa and the south Atlantic? The commitment of our joint helicopter operation is stretched almost to breaking point in Iraq and Afghanistan. I am afraid that it all comes down to a shortage of money and not enough kit. That is bad for the fighting effectiveness of the forces, bad for morale, and bad for training. One can only wonder, given the current pressure and intensity of operations, which is likely to continue for the foreseeable future, how tour intervals are to be managed, not only for the teeth arms but for the signals, logistics and medical services.

It is not well understood in this House that the people of our armed forces live under a very different code of rules and conduct from the rest of us. We heard earlier about the way in which the media report matters relating to defence. The press, barring one or two exceptions, are absolutely clueless about the armed forces. One of the most foolish things that the Government did was to get rid of the services public relations staff at the Ministry of Defence. That broke an invaluable chain of information and knowledge between the forces and a largely ignorant press. The media love to pretend that they are on the side of what they call our brave lads and then take every opportunity to shaft them. Other than the few remaining defence journalists, they have no idea how the armed forces work. That is very disappointing.

Sadly, few Members of this House take an constant interest in and are knowledgeable about the armed forces; most of them are probably here today. As the hon. Member for Glasgow, North-West said, the turnout for this debate on personnel in the armed forces, at a time when our armed forces have never been more committed and, in some places, in greater danger, is lamentable. It is a great pity that more hon. Members are not present. In the wider world, there is tremendous and profound misunderstanding and ignorance because of the reduction in the service footprint and the number of people who have served in the modern armed forces. As that number has contracted and as the geographic footprint has become smaller, there is less attachment to and understanding of what has gone on. That is not good for the armed forces or the country.

An extraordinarily high standard of personal conduct is required of our armed forces—exceptional respect for the law, teamwork, cohesion, trust and an astonishingly highly developed sense of duty, obligation and integrity. If the Minister has not already done so, I suggest that he read the guide to soldiers—"The Values and Standards of the British Army". It should be much more widely distributed. The problem for us all is that those qualities are almost unique to the traditions and institutions of the British armed forces and are increasingly not only not understood by but wholly alien to many of our fellow citizens.

However, it is encouraging that the comradeship and team spirit, loyalty and patriotism—understated but devoted patriotism—and the emotional, intellectual and moral qualities, which lead those young men to put their lives on the line, are still hugely and widely admired whenever people stop for a moment to think about those matters.

It is therefore imperative that, despite the Government's baleful politically correct bent, Ministers do not try to drag the armed forces into being a mirror image of the society that they serve. Ministers must be watchful that, for example, the capability and effectiveness of our forces are not seriously undermined by a lot of on-the-make

[Mr. Soames]

lawyers. The Government will never understand, but although the armed forces have no right to be different, they need to be different. What has happened in the recent past in Iraq and is happening at the moment in Afghanistan is living proof that, for the young servicemen and women of today, the fundamental nature of war, and all that they have to train for, remains unchanged.

The young men in the 16th Air Assault Brigade, and all those who are supporting them, are taking part in a terrifying contest of wills, which can lead—and has led—inevitably to death, terror, bloodshed and destruction. Just as for the truly formidable previous generations of servicemen, combat will continue to represent the ultimate physical and mental challenge.

The House and the people of this wonderful country should be deeply proud of and grateful to those young men and women, who will encounter a combination of extreme danger in rapidly changing circumstances, amid conditions of chaos and uncertainty. Their skills, the quality of their leadership, their weapons and their equipment are being severely tested.

Such operations can be sustained and undertaken only by highly trained servicemen, motivated by enormous pride in their traditions and institutions, a depth of comradeship unimaginable to anyone who has never experienced it, an exceptional level of team spirit and, most important, the ethos of their service. Their loyalty and patriotism are magnificent, as are their enduring belief in British values and an unshakeable determination to defend them.

So let us be clear: even with our armed forces as grotesquely overstretched as they are, nothing should be allowed to interfere with the exceptional quality of training that our troops need and that gives them the confidence to remain as they always have been—unbeaten.

I do not know how many hon. Members have read the truly wonderful book, "Dusty Warriors", by Brigadier Richard Holmes. He was the brigadier in charge of the Territorial Army at the Ministry of Defence, and he is an extremely distinguished military historian. The book is a history of the deployment to Iraq of the Princess of Wales's Royal Regiment. It was a rough but extremely distinguished deployment in which the regiment did brilliantly well. One of its young soldiers, Private Beharry, won the Victoria cross. I want to read two brief quotes from the book, because they are germane to a serviceman's life today and to what we ask of those young men. In a debate on armed forces personnel, it is important to say these things.

"Amongst the lessons that will be learnt from Iraq is that at times it was neither a conventional battle between two symmetrical adversaries nor a peace keeping operation, for the very phrase implies that there is a peace to be kept. It was instead a post-modern conflict comprising extreme violence and near normality, formally structured military operations and sheer terrorism, diplomatic negotiations and mafia-style power broking, all intertwined like the skeins of a rope."

The second quote comes from Colonel Matt Maer, who commanded the Princess of Wales's Royal Regiment. I shall quote what he said of the members of his battle group. I think that it is a wonderful thing to say and, my goodness, it shows the extraordinary skill and capabilities of the young men involved.

"Their restraint and compassion in recognition of the dangers and risks of getting it wrong were as equally matched by their willingness to risk their lives and mix it with those who wanted to take us on. At no time did I ever feel nervous that the lethal force entrusted to these young officers and men was being or was even in danger of being abused. It was not unusual for a patrol in Al Amarah to shift from the daily exchange of pleasantries with a shopkeeper or passer by, and within three hundred metres or a moment in time being entwined in mortal combat with a large heavily armed enemy and having to resort to every skill and piece of ordnance available to survive."

That is an astonishing tribute to the young men of the British Army, who are, in our cause, conducting the most vital operations.

I come back to the point made by my hon. Friend the shadow Secretary of State that we cannot afford to get this wrong in Afghanistan, and we absolutely have to make sure that it works. The House needs to realise with great humility how extraordinarily lucky we are in this magnificent country to have such exceptional armed forces. At every level of command in all three services—and, indeed, throughout all ranks—they are truly formidable in their standards, both personally and professionally. In their teamwork and in their highly developed sense of cohesion, duty and obligation, they are an institution that forms a priceless asset for Great Britain in the pursuit of our aims and interests both at home and abroad. It is of enormous credit to the quality of the services' leadership that, in a period of considerable upheaval, they have retained exceptional flexibility combined with great clarity of purpose and endeavour. They deserve our wholehearted support in every way that we can give it.

3.9 pm

Nia Griffith (Llanelli) (Lab): In this debate on armed forces personnel, it is important that we also remember the civilian personnel, who provide invaluable back-up and without whom we could not expect our front-line troops to operate. I would like to mention in particular the staff at Llangennech, who form part of the defence supply chain.

I want to make a few references to privatisation and ask a few relevant questions. Are we really getting value for money when we privatise our services? We all know that there has been waste and inefficiency in the past in many of our public services. However, the whole culture has changed in recent years—there is so much more evaluation, consideration of cost-effectiveness and questioning of what we do. Perhaps we need to think again about privatisation and consider what the public service can offer.

Staff in Llangennech have been at the forefront of evaluation work—improving their service, developing IT and making their service more cost-effective. Therefore, how do private organisations provide better value for money—supposedly—especially as they want to ensure a profit margin? Perhaps they cut down on management. The MOD, however, would still need management personnel to run the contracts for any privatisation. Perhaps private companies do less and have a tendency to cherry-pick profitable activities and to leave less profitable activities behind, skimp on them or not do them properly. Perhaps they have a tendency to work to minimum requirements or to offer lower wages, with subsequent difficulties in recruiting and retaining staff of the quality that we are used to in our current workforce in Llangennech.

My concerns about privatisation are that it will not provide value for money and that there may be lapses in the quality of service, which will only be uncovered when it is too late. I welcome the Minister's indication, however, that if the work is to be outsourced, the staff currently working in Llangennech would have the opportunity to form an appropriate organisation to bid for it. That is not an easy path to go down, however, as competing against big business and companies with whole departments dedicated to marketing and contract procurement can be very difficult.

The difficulty with bids and contracts is that some aspects are difficult to quantify—for example, the skills, expertise, loyalty and accuracy of the staff at Llangennech. Nothing is ever lost by them and appropriate requests are always met effectively and efficiently. Anyone who has not visited Llangennech would find it difficult to appreciate its facilities for storing publications and forms. One needs to imagine a storage facility as large as this Chamber, with steps that stretch up higher than the balcony, to about the level of the annunciator. You should imagine, Madam Deputy Speaker, that you are in a little chair, and that you are propelled along the floor to roughly where the Dispatch Box is, and then up in the air to the level of that balcony and beyond, just to collect some forms from the top shelf. The level of organisation is beyond belief, and that piece of equipment is unique and purpose-built for storing an enormous number of forms and publications—more than most of us can even imagine. Whoever plans to bid for that work in the private sector will have to think about how they could recreate such a facility.

The price quoted recently for taking over just one record at the facility in Llangennech—not running the service—is £4.5 million. If that figure is to be believed, and it relates to the work currently done by about a dozen staff, what figure would be put on the rest of the work done there, which involves some 200 staff?

All of us—even trade unions—can understand the need for restructuring, organisational change and efficiency savings. I am concerned, however, that we are not taking into account the tremendous quality of staff in Llangennech and the special facilities there. Will the Minister ensure that a really thorough appraisal is made of the potential to keep the staff and facilities at Llangennech as part of the MOD team? If that is not possible, and outsourcing is the chosen option, any bidding process should include a genuine appreciation of the quality of service that staff at Llangennech can guarantee to deliver.

3.14 pm

Mr. Bernard Jenkin (North Essex) (Con): We should think carefully about what was said by the hon. Member for Llanelli (Nia Griffith) about the difficulty of procuring some very complex services. She was right to say that we should value civilians in the public service and the Ministry of Defence, who provide extremely good value for money. I also pay tribute to my hon. Friend the Member for Mid-Sussex (Mr. Soames), who himself paid tribute to our armed forces on behalf of the whole House, eloquently and passionately.

As the Secretary of State pointed out in his opening speech, this debate is about how we support our armed forces. I do not wish to make any personal criticism of Ministers, but I think that as we see one operation after another unfold before us, we must conclude we cannot continue to support our armed forces in the present fashion.

I joined the hon. Member for Colchester (Bob Russell) at the memorial service for the two soldiers from the 2nd Battalion the Parachute Regiment who were killed in Iraq earlier this year. Talking to the men, one is aware that there is a long tradition of healthy contempt among the junior ranks for the senior ranks, particularly those wearing red tabs who seem to make decisions that are remote from the reality of the front line. That tension is inevitable, but, talking to soldiers on that occasion, I sensed that the gulf between the reality of the front line and those who make the decisions in high places in the Ministry of Defence was widening. As I will explain, I do not think that the chiefs of staff are entirely to blame. We are facing new circumstances which it is up to us politicians to address.

My hon. Friend the Member for Woodspring (Dr. Fox) spoke of the mismatch between commitments and resources. I wish to widen the debate and speak of the inability of the modern Ministry of Defence to task military operations in a way that minimises the risks and increases effectiveness. That goes to the heart of the relationship between our military services and the politicians. The Secretary of State spoke with passion, eloquence and a command of his brief, but I must tell him that in the opening exchanges, he also demonstrated irritation. That is in part forgivable, but I think it demonstrates the tension that is building up between the reality of the front line and the general understanding among those who are ultimately responsible for decisions—those who sit in the House of Commons and the other place—of what our armed forces are having to confront.

It is not possible for us to be effective armchair generals, and the Secretary of State was right to admonish us about the consequences of trying to be, but I submit to him that that is not what we are about. No one in the Chamber is doing that today. In my opinion, there is a problem with the grand strategy of the country's military policy, which is ultimately selling the personnel of our armed forces very short indeed. My hon. Friend the Member for Mid-Sussex said that sooner or later something would go wrong, and I suggest to him that something is already going wrong.

We know about overstretch. We know about cancelled exercises, cancelled training, shortened tour intervals and urgent operational requirements eating the value out of the following year's defence budget when equipment is purchased and the asset is kept on the MOD's books. The Secretary of State shakes his head. If he does not know that yet, he is in for a shock. If he orders equipment as an urgent operational requirement that becomes part of the general inventory of the armed forces, the Treasury will take the money out of the following year's budget. Therefore, following Operation Telic, when a large number of urgent operational requirements were put through, there was a serious row between the Ministry of Defence and the Treasury about the following year's budget. The Treasury's automatic assumption is that money will be pulled forward from the future year's budget. There may be similar sorts of problems on that score with respect to the present operations in Afghanistan.

[Mr. Bernard Jenkin]

The overstretch problem is a symptom of a much wider problem. I ask the House to reflect on the military tasks given to our armed forces in recent years. The first Gulf war was clearly a turning point. Then we had Bosnia in 1992, followed by Sierra Leone and Kosovo, where the optimism of the bombing did not really pay off until we showed ourselves prepared to pursue the possibility of a land war. Then, after 9/11 in 2001, we had Afghanistan and the fantastic success of the British-led international security assistance force, under General Sir John McColl, in Kabul. Then we had the Iraq war in 2003 and now Afghanistan again.

I put it to the House that we are seeing a steady deterioration in the way that those operations are approached and resourced. For example, Bosnia, with a population of about 4.2 million people, secured the resources of 60,000 NATO troops to rebuild the country. If we apply the same ratio to Iraq, with a population of approximately 19 million people, NATO would have committed some 300,000 or 350,000 troops. No wonder the occupation of Iraq has been such a failed challenge.

What we have seen is a constant evolution to higher and higher-risk operations, larger and larger tasks, larger and larger demands on more and more limited military capability and ever-increasing complexity. With 36 nations currently operating in Afghanistan, with 72 sets of rules of engagement and some extremely complex, almost byzantine command structures, no one can possibly pretend that military operations are not becoming more complex.

We have also seen an evolution from peacekeeping to war fighting, nation building and long-term counter-insurgency—the most difficult and complex operation of all, as my hon. Friend the Member for Mid-Sussex mentioned when he quoted from Professor Holmes's book. Counter-insurgency is the most long term and most manpower-intensive of operations, depending crucially on the number of boots that can be put on the ground at any one time.

I take the House back to planning for the Iraq war. I supported the Iraq war and I would vote for it again. I continue to support our operations in Iraq. I view the war as essential to remove Saddam Hussein. Anyone reading the Iraq survey report that came out after the invasion can see what Saddam Hussein was up to. Much of the press chose not to and no one ever talks about the cost of failing to take action against him. However, we planned for the invasion and not the occupation, and the failure of planning for the occupation has certainly cost the lives of many British and allied service personnel.

Why and how did that happen? I visited Umm Qasr and Basra just a few weeks after the cessation of invasion hostilities. There was calm and peace on the streets of Basra. There was no insurgency and there was an expectation that things would start to happen that never had happened. I had an exchange with the General Officer Commanding the British forces in Iraq at that time, and his response was, "Where the hell is DFID? Why isn't anything happening?" It was into that vacuum that the insurgency built up and we left ourselves with a far greater problem than we ever should have had to face.

Why did that occur? Was it poor intelligence? Both the British and the Americans were certainly reliant on far too few Iraqi sources in terms of what to expect after the invasion. There was a lack of understanding of what invading a country actually means. We had had it—dare I say it?—easy in Bosnia, and very easy in Kuwait. This was a very different challenge. I remember the right hon. Member for Ashfield (Mr. Hoon) joking on the Floor of the House about the liberation of regime assets as the invasion took place. Neither he nor—I confess—I truly understood what the looting presaged about the meaning of the complete breakdown of order and stability for the long-term future of the occupation of Iraq.

The planning also broke down because there was a collapse of collective responsibility in Her Majesty's Government before the invasion. The Department that might have been responsible for planning more effectively and for advising the Prime Minister more effectively on the future of Iraq failed to do so because the right hon. Member for Birmingham, Ladywood (Clare Short) was pursuing her own private agenda. I often ask myself what the Prime Minister and President Bush said to each other at that time about the post-invasion future of Iraq. I reflect that Baroness Thatcher might have taken President Bush rather more to task, insisting that there would not be an invasion of Iraq until such—

Madam Deputy Speaker (Sylvia Heal): Order. I remind the hon. Gentleman that this debate is about armed forces personnel; he has ranged rather wide of that.

Mr. Jenkin: I am suitably corrected by you, Madam Deputy Speaker. The point that I am trying to make is that the failure of planning, and the lack of appreciation of the scale of the challenge of what is sometimes mis-called the global war on terrorism, is having a devastating and intolerable impact on the long-term effectiveness of our armed forces personnel, and on their lives and families.

I will fast-forward to Afghanistan, where we are involved in another extremely complex operation. The planning for that operation has not fully provided for what our armed forces personnel are having to face. I agree with my hon. Friend the shadow Secretary of State for Defence that the price of failure would be intolerable and that it would have global security implications, but I am not at all sure that enough people back here understand what our armed forces personnel are having to face. They are fighting a counter-insurgency war. Afghanistan is not like Northern Ireland, which has 175 miles of open borders; it has 1,500 miles of open borders with Pakistan, and it is impossible to see how the unlimited supply of insurgents will cease pouring across the Pakistani border.

We talk about bringing democracy to Afghanistan, and I am lost in admiration for the ability of our armed forces—the people on the ground—to understand the complexities involved in dealing with a village in the dusty heat, to build relationships, to extend the hand of friendship between nations and to build confidence in the security situation, at the same time as dealing with the threats posed by the Taliban. But this is a country in which the armed forces have had a sporadic presence for more than 100 years, and its culture is not to rely on

outside forces. A 30-year commitment could be required to stabilise Afghanistan. Is there an appreciation in the Ministry of Defence, at the heart of Government or in this House of the fact that stabilising and building up security and using—dare I say it?—the blood of our armed forces to build that country is a very much greater commitment than was suggested when the then Secretary of State came to this House to announce this substantial deployment. I agree with my hon. Friend the Member for Woodspring that we need to match commitments and resources. We need to have our commitments matched by other countries, as he pointed out, which is clearly not happening. We need to support our armed forces personnel in the field, and that applies as much to the Royal Navy and the Royal Air Force as to the Army, about which I have been talking.

We need to develop a more comprehensive doctrine for combating international terrorism, weapons proliferation and rogue states. I suspect that that means, as my hon. Friend the Member for Mid-Sussex intimated, substantially increased defence spending. The present state of doctrine and policy sells our armed forces short and ill serves the personnel on whom we rely so much and whom we expect to be prepared to make the ultimate sacrifice.

What of the relationship between the military and the politicians? Ministers rely on advice from the service chiefs and it is the worst defence of Ministers to say, when something goes wrong, that they relied on the advice of the service chiefs. Do the politicians really want to hear the truth at all times from our most senior armed forces personnel? I recall that Admiral—now Lord—Boyce warned about putting our hand into the mangle of Afghanistan and embarrassed the Secretary of State by saying that our armed forces were overstretched. His term was cut short. I submit that the way we treat our service chiefs is just as important as the way we treat our armed forces personnel lower down the chain of command. We have to recognise that they are servants of the Crown and rightly loyal to the Ministers they serve. In the spirit of the armed forces, they are most unlikely to stand up publicly and say that this cannot be done and we will not do it—indeed, I question whether they should. That is not their job. But we are putting them in an impossible situation, loading the armed forces with new commitments. It is their spirit to say that they will do their best with what they have got, on any job the politicians give them to do.

I am reminded of what Admiral Sir John Woodward, the commander of the Falkland Islands task force, said when explaining what preparing for a military commitment actually means. He said that the first question one asks is, "What have we got?" That is because what one has now is all one has. I submit that the House needs to understand that to serve our armed forces personnel effectively, in the present global climate and the present commitment load, we have not got enough. It is the armed forces who will suffer the consequences of that the most, because we have hardly begun to understand the consequences of 9/11 or to appreciate the real nature of what must be done to defeat international terrorism in the modern world.

3.33 pm

Mr. David Anderson (Blaydon) (Lab): The debate about armed forces personnel is about real people. As with most other hon. Members, the real people that I knew in the armed forces were my relations, although I did not know my grandfather, who sadly died at the age of only 32 as a direct result of being poisoned with mustard gas on the Somme. I had two uncles, one of whom was a prisoner of war in Burma and made to work on the Burma railroad and another who, ironically, left the coal mines in 1928 because he hated working in them. He joined the Army and was taken prisoner at Dunkirk, fighting the rearguard action there. He ended up working in a Polish coal mine for four years. My father joined the RAF, but he was sent home after three days because, he was told, "You'll do more important work back home digging coal, Geordie, than flying aeroplanes."

I do not have any personal or professional experience in the forces, but in a debate about armed forces personnel, I have relevant recent experience of the impact that our forces are having on the lives of ordinary people facing massive, extraordinary problems in Iraq. We have not just sent our forces to Iraq to fight a battle for us and then leave. Would that we had done that—it might have been a different story.

Our armed forces personnel in Iraq have a very difficult job, as the local people recognise. In March, I was fortunate enough to lead a delegation of Labour movement people to Iraq. Most of us had been against the war, and I still believe that the debate on weapons of mass destruction was not a fair one. However, the people whom we met said that they did not want to talk about WMD, because they were worried about GRT—getting rid of a tyrant.

The Iraqis saw our Government and armed forces as forces for good, and we must listen to them. It is easy for us to be critical and to point the finger, but our armed forces went into Iraq to get rid of a tyrant who had spent the best part of 20 years trying to wipe out an entire race of people—the Kurds. In Sulaimaniya, we saw examples of the torture that had been inflicted. In a matter-of-fact building about the size of a supermarket, on the main street in the middle of town, people had been hung in chains and subjected to electric shocks. They had suffered almost every horror that one could imagine.

Thanks to the action taken by the British Government and their coalition partners in 1991 to establish the no-fly zone, and thanks also to the work that still goes on, the people in the Kurdistan area of Iraq have been able to build a fledgling democracy. They have a Parliament with 111 Members, and the fact that 29 of them are women puts our institution to shame. Without our intervention, that would not have happened: instead, 200,000 more people would have been killed, many thousands more would have been buried alive, tortured and persecuted, and many more villages would have been wiped off the face of the earth. That is what was happening, yet many in the world community were turning a blind eye.

I still have concerns about how we went to war, but people in the area believe that we did the right thing on their behalf. We must listen to what they say, and we should continue to do the right thing, which means that we should remain there.

The people of Kurdistan are very keen to develop links with the UK. They see us as their liberators and—

Madam Deputy Speaker: Order. I have allowed a degree of latitude in the debate, but I hope that the hon. Gentleman will now relate his remarks to armed forces personnel.

Mr. Anderson: Thank you, Madam Deputy Speaker. My point is that, without the continued involvement of our armed forces in Iraq, the situation there would not be starting to improve. The real-life experience is that our troops are having a huge impact on people's lives.

The people of Kurdistan want the UK to invest in their country. That is not happening yet, but we could use our military presence in a positive way. Our armed forces could protect UK businesses and investors, and provide security for people willing to put money into Kurdistan and work with the Government there. In that way, we could help spread democracy across the rest of Iraq. Our troops could play a very positive role in that respect. They could also help in our work with Kurds in this country, and thus provide more support for people in Iraq.

I have criticised Iraq's Government in the past, and I remain critical of the fact that trade union rights are still denied to Kurds and Iraqis. However, if our troops had not gone into Iraq, the debate about trade union rights would not be taking place at all. There was no such thing as a trade union movement in that country before our troops gave people there the scope to develop democratic institutions and have legitimate democratic arguments. The continuing presence of our troops in Iraq is allowing that process to go on.

There has been much discussion about whether our armed forces should stay in Iraq. Last night, the general secretary of the Kurdistan workers syndicate spoke at a meeting in this House. He was asked whether the time had come to withdraw British troops from Iraq, but his unequivocal answer was that that would be a catastrophe. Although he wants our troops to leave Iraq at the earliest possible moment, he made it clear that that moment has not arrived. The time to leave will come when the job is done. We should recognise that and continue to support the work of our troops.

We should help all the peoples of Iraq to rebuild their country, so that they can play their part in bringing peace and stability to the wider middle east. We must continue to protect them and their families from those who would destroy them or halt their progress along the road to democracy and the creation of genuine democratic structures. I did not see one British soldier when I was in Kurdistan, but their work and effort and their impact on the country was clear for all to see. It could be seen in people's confidence in the way forward.

My words are in no way an apology for the Government nor for the bad behaviour of individual members of the armed forces. We—the House—asked the armed forces to do a job on our behalf and on behalf of other people in the world. We should be proud of the job they are doing and support them in doing it.

3.40 pm

Robert Key (Salisbury) (Con): It is axiomatic that the Member of Parliament for Wiltshire—indeed, all Wiltshire Members of Parliament—should take seriously their responsibilities to the armed forces of this country, as well as the wives and families of those brave people and the civilian populations who support them.

Last Sunday, I was in the village of Fovant in Wiltshire at the annual drumhead service for the Fovant Badges Society. As we remembered the battle of the Somme, the Australian high commissioner reminded us of the part that Australia had played in the military history of our islands. In front of 34 Royal British Legion banners and about 300 veterans and their families, we sang our hearts out for the people who, on their way to and from the Somme, had carved in the chalk hillside their regimental badges, including the badge of the Anzacs.

That service brought home to me the continuity of military tradition in the county of Wiltshire. The memory goes much further back than the first world war and beyond the days when Salisbury plain was purchased by the War Department to be our primary training area: for 300 years, at 12 noon on the day after the poll, the Member of Parliament for Salisbury of the time has to ascend the balcony of the White Hart hotel in Salisbury and sing the marching song of the Wiltshire Regiment—[HON. MEMBERS: "Sing it now."] Sadly, I am not allowed to, although I should love to; I have successfully sung the song six times and look forward to doing so a seventh time, and who knows how many more.

The ceremony illustrates the relationship between the military and the agricultural communities from which it drew its forces. For 300 years, the old county regiment of Wiltshire has fought with the British Army all over the world. There is an ancient and tattered flag in the nave of Salisbury cathedral—the very flag that the Wiltshire Regiment took up the Potomac river to sack the White House. I remind my American friends of that and point out the flag with great pleasure—*[Laughter.]* They have a good chuckle, too.

We are talking about something much more important than mere history; it is living history. This is my first opportunity in a defence debate to recall with sorrow the passing into history of the Royal Gloucestershire, Berkshire and Wiltshire Regiment. We lament its passing, and I echo the words of those who have said that the geographical representation of the British regiments is important to our traditions and that we are losing something by further amalgamations. I hope that we shall stop them before we become just like any other old army. I remember, too, the Royal Wiltshire Yeomanry, which still exists but only as a company and not as a proud regiment.

We have talked much today about the strength of the regular forces. I note that on 1 April 2006 the naval service had a shortfall between trained requirement and strength of about 1,300 people, which is a decrease of 600 from the previous year. The RAF was 600 under strength in April 2006, and shortfalls have been recorded in four of the last five years.

At the same time, the Army needed 1,200 trained personnel to reach its requirements, which is two thirds of the shortfall recorded in the previous year. That is a move in the right direction and I am very relieved about it. After the Secretary of State's announcement on Monday about Project Hyperion and the other defence acquisition hub announcements, I look forward to hearing more about the proposal to create a new three-star command for recruitment and training, which will, I hope, make the Army even more effective in that respect than it is already.

I offer some praise and comfort in respect of recruitment in very difficult days. It is always easy for the military to recruit when unemployment is very high. Of course, without the foundations laid by the previous Conservative Government, unemployment would not have fallen in the past nine years or so, but civilian staffing is also very important indeed, particularly in my constituency. The Secretary of State for Defence referred to the vital work of civilian staff. They are hugely important in my constituency, and they range from the defence scientists at Porton Down to the administrative grades in Land Command at Wilton.

I am not at all surprised that the Public and Commercial Services union has briefed very thoroughly, efficiently and accurately the Members of Parliament involved in the recent announcements. We need to remember that the number of civilian employees in the military has declined by 23 per cent. since 1997. I should say for the sake of accuracy that it has decreased by 45 per cent. since 1990, before that argument rears its head again. The civilian work force supporting the military has continually declined over the past 16 years, and we need to remember that when we are listening to the unions and others.

It is therefore very important that we consider the role of the civilian work force, and I wish to pass on my own very grateful thanks to all the scientific, industrial and administrative civil servants who work at the Defence Science and Technology Laboratory at Porton Down—the constant butt of criticism and inaccurate reporting and sometimes of vicious and inaccurate comments, even from Members of Parliament, as happened quite recently. The way in which a Member attacked DSTL was disgraceful—its employees are the very people who provide the daily protection for our forces in Iraq and Afghanistan. They are working hard at Porton Down to protect our service personnel.

I also think of all the military and civilian staff at Winterbourne Gunner and the way in which they are training the military. Indeed, every police force in the country receives its chemical, biological and radiological training at Winterbourne Gunner outside Salisbury.

QinetiQ at Boscombe Down is a huge success story involving the privatisation of part of the old Defence Evaluation and Research Agency into DSTL, which remains public sector, and QinetiQ. I opposed that change not just because well over 1,000 people in my constituency were involved, but because I thought that it was wrong. I thought that something that Margaret Thatcher refused to privatise was likely not to be sensibly privatisable, but it turns out to have proved successful. QinetiQ at Boscombe Down now employs not 1,200 people, but nearly 1,800 people, and it is a hugely successful enterprise that provides an important part of the infrastructure of defence in this country.

I should also like to mention—I am not the first Member to do so today—the importance of Defence Medical Services. Ever since I first served on the Defence Committee, back in 1995, I have been very concerned about what happened to Defence Medical Services. There was not a glorious transition. Nevertheless, we have what we have. Unfortunately, pay and salaries have dropped substantially. Negotiations are in progress as we speak, but a settlement should have been reached for the new uplifts in pay for armed forces doctors.

Besides the regular doctors and consultants, I pay tribute to the reservists and Territorials who play an absolutely crucial part. This year, the district hospital in my constituency has had five consultants operating in theatre in Afghanistan and Iraq. They make an enormous contribution. They forgo quite a lot to do it, but their work is extremely important. I hope that the Minister will be able to tell us some good news on progress in that respect in his winding-up speech.

I served on the Armed Forces Bill Committee earlier this year—my third such engagement with an Armed Forces Bill and, I hope, my last because we might not need another one now that we have a tri-service Act—so I should like to comment on the work of the Chaplain General's Department. This is the first year in which the Army has provided for the spiritual welfare of men and women of faiths other than Christianity. I warmly welcome that and I am sure that it is a move in the right direction. I have seen Army chaplains at work in the field—in particular in the Balkans, but elsewhere too—and I have been hugely impressed by their professionalism and by the high regard in which they are held by the people in their charge. I wonder whether they are better out in theatre than perhaps they are sometimes in the garrison towns around Salisbury plain. I do not know.

What I do know, however, is that during the passage of the Armed Forces Bill, we took evidence from families whose young men had suffered from bullying and worse and it was distressing to hear that, to them, the padre was just another officer who could not really be trusted. That gets to the nub of the problem with Army chaplains: they have a duty of confidentiality in relation to the confessional, but they also have a duty of confidentiality to the chain of command. I wonder whether that circle can ever be squared. It might be slightly easier in the Royal Navy, where a chaplain is not an officer. I do not know.

Mr. Gray: May I correct my hon. Friend slightly? He is quite right that, in the Royal Navy, chaplains—my father was one—do not wear a badge of rank, but that does not mean that they are not officers. They bear the same rank as the person to whom they are speaking, so when they are speaking to a rating, they are themselves ratings. That is an important point.

Robert Key: That is crucial. It is a fascinating point and one that I would like to take up. Tomorrow, I will travel to York to the General Synod of the Church of England. It is interesting that the Chaplain General's Department is fully accredited to the General Synod of the Church of England and will be represented there. I can see some interesting discussions taking place.

I would like to say a few words about the Royal Military Police, who are hardly ever mentioned, except when things go wrong. I first came across the Royal Military Police in my constituency. Then, as now, five different police forces—most of them military of different colours and badges and so on—were operating in my constituency. The Royal Military Police were always around in their vehicles. Late on a Saturday night, if there was a spot of bother in the garrison towns at closing time, Wiltshire constabulary put a quick call through to the RMP and suddenly everyone calmed down and disappeared very quickly indeed, because the

[Robert Key]

disciplinary procedure is quite different. Someone who is picked up by Wiltshire constabulary is in the cells overnight, rapped over the knuckles by the magistrates and let out the next morning; someone who is caught by the RMP is up on charges in front of the commanding officer the next morning and is fined £700. That is a no-brainer.

I next met the RMP when I was in Sarajevo, Banja Luka and elsewhere in Bosnia and Herzegovina in 1996. We had close protection squads from the RMP looking after us. They were very dangerous days. I was full of admiration then—and now—for the work that they do. The strange thing is that, in battle, the RMP are always right out there at the front. They are in front of the armour and the artillery, staking out the forward route in their Land Rovers and so on. They are very lightly armoured, if at all, and they have no protection from mines, small arms or artillery. I know that that is being addressed. I have raised the matter before with the Minister of State. We know that there is a new stream of Panther vehicles coming to the Army later. However, what bothers me is that, in a parliamentary question, I asked who was going to get those vehicles first, and the answer was the training regiments. That is fine, but no mention was made of the RMP. I thought that we were talking about what was meant to be a front-line reconnaissance vehicle.

Mark Pritchard: Does my hon. Friend agree that, although it is important that those vehicles come on stream as soon as possible, it is equally important that there is forward planning by the Ministry of Defence when it comes to the training on those vehicles, so that there is no gap between training and deployment?

Robert Key: Yes, that is a natural consequence. I am sure that the Minister will have taken that on board.

Ann Winterton (Congleton) (Con): On the Panthers, which are feeding through soon, is my hon. Friend aware that the theatres and situations in which they can be used are limited? They were preferred to the RG-31s, which are much more flexible, have performed extremely well in Iraq and are used by the Canadians in Kandahar province.

Robert Key: I am well aware of both that and my hon. Friend's advocacy of the RG-31s.

Ann Winterton: They are cheaper and better.

Robert Key: Well, fine, someone must have evaluated them along the line. In any event, those out in the front with the Royal Military Police should have these vehicles, or some equivalent.

When peacekeeping, as we are seeing in Iraq, the RMP has the most difficult task of gathering evidence in terribly difficult circumstances. The special investigation branch has to go out in dangerous circumstances in inadequate vehicles. I hope that the Minister will be able to reassure me and say that the Royal Military Police will indeed have an early choice of the use of the vehicles for their vital tasks both in battle and in peacetime work.

I wonder what it is about the Royal Military Police, but the way in which other people in the military perceive its members is generally not very flattering, with a lot of references to coppers and so on. There is probably just old-fashioned, time-expired snobbery towards the "coppers". Talking of rank, can the Minister tell me why there has never been a Royal Military Police officer above the rank of two star? That is fascinating? Again, talking of rank, my colleagues on the Defence Committee and I wonder why no woman in the Army has ever exceeded the rank of brigadier. I suppose that there is a glass ceiling.

There was an announcement earlier this week about Project Hyperion, which is crucial to my constituency. I am talking about the future of 1,700 people who are being moved from Upavon, which is in the constituency of my right hon. and learned Friend the Member for Devizes (Mr. Ancram), and Wilton, which is in my constituency, to south Andover. My right hon. Friend the Member for North-West Hampshire (Sir George Young) thus has the good fortune of receiving those people in his constituency, but it will be very much our loss.

HQ Land Command and the Adjutant-General's department are being amalgamated, which is sensible. As in every other service, it makes good sense for the Army to have one headquarters. However, it is not as simple as that. We are talking about disruption to the lives of a lot of loyal civilian workers in the military. In fact, there will be 200 civilian job losses and about 100 military redeployments.

The process marks the end of a long and historic association. Owing to the generosity of the then Earl of Pembroke, Southern Command took over Wilton House in the dark days of 1940. It was in the famous double cube room of Wilton House that Generals Montgomery and Eisenhower planned the Normandy landings and the liberation of France and Europe. While the Army was there, it acquired land from the Wilton estate and built the Erskine barracks on the other side of the A36. That site is now the headquarters of the largest budget holder in the British Army, and there is a work force of 1,300 on that site alone. The fortunes of the military and civilian communities are intertwined economically and socially. We have married quarters at both Bulbridge, which is south of Wilton, and Erskine barracks itself.

I was grateful to the Minister of State, Ministry of Defence, for writing to me on 3 July to fill in the statement of the Secretary of State. He said that no future defence use had been identified for the Wilton or Upavon sites, but:

> "I do not rule out the possibility that a use will be identified, but at present our assumption is that both sides will close once the new HQ is fully operational at Andover. However, we will retain the married quarters at both sites."

That prompts some questions.

First, when will Ministers be able to rule out a further defence use? Sensible, rational planning is needed for a new future for the site, which is strategically important because it is on the railway and the A36. What is the relationship with Project Allenby? Will we be told at the last minute that the draw-down for Germany, the pressures of Project Allenby, the rebuilding of the military estate and the move from Aldershot towards Wiltshire will mean that extra accommodation is needed for the military?

That uncertainty should be ended as soon as possible. Who owns the site anyway? For two years, I have pursued the question of Crichel Down rules, which always come back to haunt us. The personnel who work at Land Command do not know whether they own the site. It is hugely important to decide whether the land will revert to the estate or whether the Treasury will sell it off.

We are delighted that the married quarters are to be retained, but what does that mean? Addington Homes owns the Erskine married quarters, but I do not know whether it owns Bulbridge. Civilians and military personnel have been consulted, and the Secretary of State has reinforced the importance of doing that. At both national and local level, the trade unions will be consulted, which is welcome. So far, however, the county council and the district council, which is the planning authority, have not been consulted. More importantly, the people of Wilton and their elected representatives on Wilton town council have not been consulted.

The town of Wilton is a proud and ancient community that pre-dates the city of Salisbury and gave its name to the county of Wiltshire. It has recognised the role of thousands of armed forces personnel for nearly 70 years, so the Ministry of Defence should not think for a moment that Wilton does not care about that momentous decision. On the contrary—the people of Wilton care passionately about their relationship with the military, the land that it has occupied for all those years and the married quarters that the town will continue to host. I hope that a team from Defence Estates or the most appropriate agency will meet the local authorities, particularly Wilton town council, to ensure that their voice is heard. That site must remain in the ownership of the local community, emotionally if not legally.

We must consider the security of armed forces personnel before they move to south Andover. The interface between the Home Office constabulary, Wiltshire police and the service police is crucial for both armed forces personnel and civilians. The patrolling of the married quarters estates at Bulbridge and Erskine barracks was undertaken by the Ministry of Defence police, but they have already moved from Erskine barracks to Tidworth on Salisbury plain. The military guard, the familiar Army security control vehicles and the Royal Military Police are all part of a sensitive security network that shields hundreds of armed forces personnel and the local community. We would therefore like to know more about the proposals. The leader of the district council has set up a taskforce on behalf of the planning authority, and I very much hope that there will be a matching commitment by the Ministry of Defence to work with the local community.

Finally, may I simply reiterate the admiration that I share with many right hon. and hon. Members on both sides of the House for the work of armed forces personnel, whether they are in theatre at the sharp end or are in the background providing the infrastructure to allow the country's soldiers, sailors and airmen to do their magnificent work on our behalf around the world? We can be proud of their role, and very proud, too, of all the civilians who support them.

4.3 pm

Ann Winterton (Congleton) (Con): I am always diffident about taking part in defence debates, as I have not served in the armed services, although I have relatively recent connections with the forces. My husband was a national service officer, and our elder son was a regular officer in the same regiment—the 14th/20th King's Hussars. As we speak, his second son is at a combined cadet force camp on Dartmoor, so perhaps there will be a third generation in the armed services in due course.

At the outset of my brief contribution, may I pay tribute to all our armed service personnel, who are the very best services in the world and serve with great distinction and valour? May I extend my deepest sympathies to families who have been bereaved, some very recently indeed?

It is an obvious thing to say but also true that without people who are prepared to join the Army, Navy and Air Force to serve our country, we would have no armed forces. One of the key problems being faced is the important issue of recruitment and retention, which has been mentioned in the debate. We are frequently told by Ministers that because the United Kingdom has enjoyed a successful economy for some time, difficulties in recruiting have been exacerbated. The only answer that the MOD has come up with to date to seek to solve the problem is to pour massive amounts of money into recruitment in the hope of attracting sufficient personnel for the future.

However, we all are aware that money is getting tight and the Chancellor will probably not be too keen on providing more, in spite of the United Kingdom's many and ongoing military commitments in various theatres. I believe that the problem is far more deeply rooted than just competition in the employment market place. The unemployment figures are beginning to creep up nationally, so in a relatively short time that reason will, perhaps, no longer be valid.

We should cast our minds back to December 1998 during the negotiations on the St. Malo agreement. It was at that time that the Prime Minister decided that the UK would not join the euro. In all matters relating to the European Union, there can never be a straight decision. There is always a trade-off—that is, a price to be paid. In this instance, the UK conceded and agreed that our forces would be integrated into a European Union defence force.

From that time onwards, the Ministry of Defence did not quite know in what direction it would have to commit our armed forces in the future. Would the first priority be to serve the interests of the UK, or to co-operate with the European Union or with the United States of America, or a combination of all three? If the MOD did not know in which direction it was meant to be going, how could members of the armed services second-guess the future? Subsequently, the problems have been exacerbated because the UK is engaged in conflicts in which our troops are committed in Iraq and Afghanistan.

It has been well understood that, moving on from the former cold war scenario, changes would have to be introduced and the concept of the future Army structure came to light with its objective of strengthening the medium sector. It is crystal clear that we are without a

[Ann Winterton]

whole category of vehicles suitable for counter-insurgency work, and this lack has been shown in both Iraq and Afghanistan. The focus and direction of policy has been to prioritise the future rapid effect system, which is an integral part of the European Union rapid reaction force, but which realistically will not be in operation until possibly as late as 2020. Moreover, the whole project falls into a world of fantasy in which the total package requires airlift, electronics, future technology and state of the art communication at a projected overall cost of £6 billion initially, which ballooned almost overnight to £14 billion.

Those sums are all beyond our financial means and are almost just a wish list, but these plans have resulted in us taking our eye off the ball. Rather than concentrating on what is needed now and for the immediate future to enable our armed forces to meet the challenges of fighting insurgents in Iraq or Afghanistan—insurgents who are highly mobile and armed with cheap but deadly weaponry—we are left in a virtual vacuum. We are expecting our forces to operate Snatch 1 armoured Land Rovers from Northern Ireland, which are clapped out and always overheating and breaking down. The No. 2s are just about acceptable, with a little life left in them yet, while the No. 3s are very few on the ground.

The problem is that we are forced to use these old vehicles because there is no alternative, and because of ongoing long-term commitments the MOD is now virtually broke. We heard a little earlier in the debate that there are to be further cuts of at least £1 billion. The Chancellor has judged that there are more important things on which to spend taxpayers' money, so is it any wonder that the strength of our armed forces is under pressure—by "strength", I mean the number of personnel who are currently serving in the armed services? The answer that the Government have arrived at is to keep moving the establishment—the number of service personnel who are actually needed to fulfil our present commitments—downwards. By that neat mechanism of fiddling the figures, the MOD can claim that we are "nearly up to strength".

I have still not been able to acquire the reserve forces figures, which were due to be published on 1 April this year, in spite of my tabling more than one written parliamentary question. The present figures are 15 months old, which makes one wonder what is going on in the MOD. If I may make a suggestion, it is much better to publish and be damned rather than to make people think that it is sheer administrative incompetence, or that the Government are trying to keep the truth from hon. Members and from the public who have an interest in these matters. If the figures are not provided before the recess, one can only assume that they are being deliberately withheld.

Recruitment of the Territorial Army and the regulars is now being merged, which will, in my view, be disastrous if it is not handled professionally and with a great deal of thought and planning. The recruiting teams will have to be made to understand that they are dealing with two completely different animals. The regulars operate in what might be described as a military bubble, but the TA personnel are, first and foremost, civilians and come from a totally different background and experience, although they have a considerable amount to offer the armed services.

While our armed forces are placing their lives on the line each and every day on behalf of us all, which they are now doing in Afghanistan as well as in Iraq, it is essential that the Government, through the MOD and Parliament, concentrate on providing what is necessary for the present and for the immediate future. The Prime Minister has spent too much time placing European Union integrationist policy first, rather than ensuring that present day servicemen and women have appropriate and adequate resources and equipment.

If we do not provide our forces with the best that money can buy, rather than some of the present outdated equipment, which is hardly fit for purpose, will it be any surprise if we cannot recruit or retain sufficient high-calibre personnel? By spending too much time and energy on the future creation of forces which will eventually be totally integrated within the European Union rapid defence force, the Prime Minister and his Chancellor have sold the pass and limited the choices for the future.

Many commentators believe that the Army of today is being starved of resources in order to feed a fantasy army of the future. I hope that they will be proved wrong, and I trust that the MOD will provide the appropriate equipment for our armed services to allow them to perform their valuable and vital duties.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. I remind hon. Members that there is a limited amount of time left for this debate. If more hon. Members are to catch my eye, brief contributions would be helpful.

4.13 pm

Mr. James Gray (North Wiltshire) (Con): My hon. Friend the Member for Congleton (Ann Winterton) started her remarks modestly by being self-deprecating about her knowledge of defence, which she belied by the depth of knowledge and detail in her speech. Hon. Members will have been astonished to hear that someone so young could possibly be married to someone who did national service. I am glad that the cavalry arrived in time to hear the best part of her speech.

As always happens on these occasions, today's debate consists of three main strands. First, all hon. Members—this is probably true of all hon. Members throughout history—have been unanimous in paying tribute to the courage, professionalism, discipline and dedication of our armed services, both in times of peace and in times of war, which is the case at the moment in both Iraq and Afghanistan. The job that they do is not a job that many of us sitting in this air-conditioned Chamber would willingly do, although some of us sometimes pretend otherwise, and we pay tribute to all that they do and to the support provided by their families. That is an enormously important strand in this annual personnel debate.

The second strand that recurs in these debates concerns the kit and equipment with which our armed forces are sent to war. There are always discussions about whether there is enough body armour, whether there are enough bullets, and whether the equipment could be improved in one way or another. For my part,

I am proud that 9 Supply Regiment, the Royal Logistics Corps is based in my constituency; it does an outstanding job of ensuring that equipment gets to troops on the front line. However, improvements could be made in the computer systems that enable it to get that equipment through to the boys on the front line. During Telic 1, for example, a significant amount of equipment, particularly body armour, was stored at Umm Qasr but should have been issued. Nevertheless, we should be proud of the fact that the British armed services have the highest standards of equipment issued to any armed services anywhere in the world. Of course, it could always be improved or used more effectively. It is also true that soldiers will always go out and purchase their own equipment. Before any deployment or operation, the boys will go out and buy their own stuff, but that is not to say that the stuff that they have is not first class. It is worth paying tribute to the quality of the equipment supplied to them.

I have particular concerns about the foam flame retardant that is being fitted to the wing tanks of the Hercules fleet. Having heard in this House only last week that the first plane will be completed by August, I understand that that has slipped at least to September and possibly to October. I do not want the Minister to give away any secrets that would help our enemy, but I hope that he will take on board the fact that the community around Lyneham in my constituency is desperately keen that that retardant should be fitted as soon as possible. Leaving aside such details, broadly speaking the equipment with which our troops go to war is first class.

The third strand—the one that has most preoccupied us and is perhaps the most important at a time like this—is the question of whether the things that we are asking our armed services to do are matched by the numbers of people and the quality of the equipment that they are given to do them with. In that context, I am glad that this debate follows our debate on defence policy a couple of Thursdays ago. What are our armed services for? Are we always going to support the United States in everything that it does? Are we to go around the world as a kind of world police force? Are we engaged in home defence and crisis management on our own shores? We have a whole variety of roles in the Balkans, the Falklands, Northern Ireland and Germany—the list goes on and on. As my hon. Friend the Member for North Essex (Mr. Jenkin) said, we are being asked to do more and more. There seems to be a global strategic mission creep. The Government are very free about saying that we will do these things—"We must do something about it: let's send some troops"—but less free with the supply of people to do them.

Mr. Eric Joyce (Falkirk) (Lab): Will the hon. Gentleman give way?

Mr. Gray: I will not, if the hon. Gentleman will forgive me, because he has only just arrived, unlike those of us who have sat through the debate for the entire afternoon. We are short of time, and I want to allow some of my hon. Friends to speak.

During the Conservatives' time in office, there was something called MARILYN, which stood for manning and recruitment in the lean years of the nineties. At that time, it was predicted that a drop-off in population numbers would prevent us from recruiting enough people into the armed services. Perhaps that should now become MARTINET—manning and recruitment in the now even more terrible years of the twenties. Some serious manning and recruitment problems are coming our way. With 103,000 Army personnel, we now have the smallest Army there has ever been. If that figure falls below 100,000, we will no longer able to call it an army in normal nomenclature. We have the smallest Army since the battle of Waterloo, yet it is being asked to do more and more. The same applies to the Royal Navy and the Air Force.

I am especially concerned about the Territorial Army and the reserve forces in general because they were significantly cut in the strategic defence review. At the time, it was said to be a good thing but we have subsequently discovered that we could not have carried out operations in Iraq or Afghanistan without our reserves. I suspect that current figures for the number of reserves available to us are probably substantially misleading. My hon. Friend the Member for Congleton made an interesting point about that.

When a soldier returns after serving six or eight months in Iraq, it is unlikely that any other than the unemployed Territorial Army soldier will volunteer to go a second time. The nature of the TA soldier deployed on operations has changed significantly since the day when I had the honour of serving in the TA. I suspect that several people will return from operations overseas, remain a member of their regiment for a time—especially, I am ashamed to say, to collect their annual bounty, which provides important financial help—and move on. I therefore suspect that the number of people available to the services from the TA and the other reserve forces is significantly smaller than the figures suggest. The Government must, therefore, consider carefully how we can increase the number of soldiers, sailors and airmen in our reserves and how we can prevent that number from falling further.

If a truly fundamental strategic defence review were to take place again and we were to set out our purposes and how our armed forces would carry out those tasks, the number of servicemen available—from memory, it is 185,000 in the three services—would be too small. If we are to undertake the war against terror alongside the United States, the world's policing and the homeland defence tasks that face us now, any sensible and dispassionate observer will say, "The number is too small." The elastic is stretched to its limit. Can it be stretched further?

One former Prime Minister of our great nation told me that when he was Prime Minister he went to see the teachers and they listened to him, but, after a time, they told him to get lost. He visited the doctors and nurses and they, too, listened carefully, but again, after a time, they told him to get lost. Then he went to see the generals and, time and again, they turned to the right, saluted and got on with what they were told to do. All Prime Ministers and Governments increasingly love the military because the military carry out their instructions in a way that no other public servants do. In a sense, the trouble with the British forces is that they have a can-do mentality. No matter what they are asked to do, they will get on with it—and they have been doing that in spades in recent years.

[Mr. Gray]

At what stage will British forces be asked to do too much? When will the elastic snap? Several of us are worried that, at this moment in our strategic outlook on life, we are very near to that point. I hate the thought that something might happen, around the world or onshore—let us suppose that, heaven forfend, three explosions take place in different towns simultaneously—and our armed forces have to say, "I'm sorry, Secretary of State, but we cannot do it." I am horrified at the thought that a point may come in the history of our nation when that happens.

The debate is, therefore, important. It is vital that the Government—no one else can do it—consider carefully what they ask our armed forces to do and the resources that they give them to do it. My instinct tells me that they will conclude that the resources are woefully inadequate. The Chancellor of the Exchequer must face up to it and spend significantly more on our defences.

4.23 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I am grateful to be called to speak and happy to follow the hon. Member for North Wiltshire (Mr. Gray). I apologise for not being present throughout the debate.

I want to bring to hon. Members' attention a responsibility that the Ministry of Defence has shirked for too long—the Bevin boys, who were conscripted miners between 1943 and 1948. The Ministry's responsibility is clear. Those men were conscripts, called up to serve their country, who, through luck or lack of it, ended up underground, mining coal to keep our war effort going. Let me explain the process whereby someone ended up as a Bevin boy. Every month, as conscription proceeded, Ernest Bevin, Minister of Labour, put in his bowler hat the numbers zero to nine and his secretary pulled out two numbers. Every conscript whose national registration number ended with those digits was posted to the mines. Those who refused to be posted were dealt with under the wartime emergency powers legislation, and often had to serve a jail sentence, as well as time down the pit on their release.

If it had not been for the process devised by Bevin, those conscripts would have served in our armed forces. The Ministry of Defence has rightly honoured armed forces veterans in recent years in an increasing number of ways, and it also has a responsibility to honour the Bevin boys.

Why was there a need for conscripted miners? The Government had allowed experienced coal miners to join the armed services, and to transfer from pit work to more highly paid jobs elsewhere in industry—and, with all due respect, who would not make that choice? It was hoped that the gaps in mining numbers would be taken up by the unemployed. However, by mid-1943, more than 36,000 miners had left the industry, many for better jobs, and the move by the Government to make the industry a reserved occupation was too little, too late. Coal production slumped dangerously low and, by the end of 1943, it was estimated that Britain had only three weeks' supply in reserve. So, in December 1943, Bevin hatched his plan, and 48,000 men ended up serving in the system until 1948—long after many of their military counterparts had been returned to civilian life. Bevin boys therefore assisted not only with our war effort, but in our reconstruction process.

The return to normality for the Bevin boys after their service was a return to nothing. Their pre-conscription employment was not protected, and there were no pensions for those injured during their service. Armed service conscripts were rightly allowed to keep their military uniform, given a demob suit and paid leave, and received war and campaign medals. They could also return to their pre-war employment. Not so the Bevin boys. So, in many ways, the Bevin boys suffered during their conscription and continued to suffer after the end of their national service. To my mind, the memory to them continues to suffer today.

Many of those young men wanted to do what they saw as their duty and fight the Nazi tyranny that was engulfing the world at that time. Many therefore felt that their status as Bevin boys was not given just recognition. Many Bevin boys were also subjected to a range of taunts, humiliating attacks and unpleasant behaviour. As they wore no uniform when off duty, they were often believed to be avoiding their military service, promoting suspicion that they were draft dodgers, deserters or even enemy agents. Many were regularly challenged by the police.

Those conscripts were not well looked after in the 1940s, and they are not well recognised 60 years later. It was not until the 50th anniversary of VE day and VJ day during May and August 1995 that they received any recognition at all. Speeches made by the Queen, the then Speaker of this House and the Prime Minister acknowledged their value in words, but now is the time for deeds, not words.

This is not a contest between those who served in our armed forces in that period—or, indeed, in any period—and the Bevin boys. It is about an overdue recognition that, without their effort, we might well not be having this debate today. I tabled early-day motion 1417 earlier this year, calling on the Government to recognise the Bevin boys officially with an award similar to that available to military veterans. I am very happy to tell the House that that motion has attracted 173 signatories, including members of all parties except, sadly, the Scottish National party, none of whose members is here today. I urge all Members who have yet to sign the motion to do so—even members of the SNP—to show their solidarity and support for those veterans of world war two.

I have already raised this matter in the House with the Prime Minister, and with the then Leader of the House, my right hon. Friend the Member for Ashfield (Mr. Hoon), now the Minister for Europe, who informed the House that his constituency predecessor had been a Bevin boy. I have written to the Prime Minister twice, but I am still waiting for a formal reply. I have also written to the Ministry of Defence and Department of Trade and Industry, and I would like to take this opportunity to thank the present veterans Minister for his understanding approach. However, all the time the MOD is deliberating whether to acknowledge the Bevin boys, their numbers are falling. They are now old men, and some are very ill.

I have had support on this matter from UK Coal, Scottish Coal, NUM Scotland and a host of other mining-related organisations, in addition to letters of support from families all round the UK. Those letters display something other than support; they display hope that the MOD will have the conviction to acknowledge the service of those conscripted veterans in a personal way, and that is what I believe the MOD has a moral obligation to do.

The Bevin Boys Association exists today to keep their memory alive and to fight for their cause. I pay tribute to Warwick Taylor for his commitment to the more than 1,800 men who are members of the association, and to my constituent, Fraser Neil, who was responsible for raising the issue with me in the first place.

Some Bevin boys are household names—Jimmy Savile, Eric Morecambe and Brian Rix, to name but a few. I must take the opportunity to applaud the *Sunday Express*, which has worked with me in the campaign for recognition of the Bevin boys' effort. More than 1,000 readers have returned coupons to the *Sunday Express* calling for the Government to do the right thing, and that is what I call on the MOD to do today. I know that I mentioned that Jimmy Savile is a former Bevin boy, but I hope that we do not have to rely on Jim to fix it. The MOD should fix it, and the sooner the better.

4.30 pm

Mark Pritchard (The Wrekin) (Con): I, too, pay tribute to our armed forces throughout the world.

I also want to put on record my thanks to all military and civilian staff serving our armed forces in Shropshire. I pay tribute especially to the excellent work of the Army Base Repair Organisation. Earlier this year, the Government announced that ABRO was to close. I thank the Minister of State for rethinking that decision and giving ABRO a stay of execution, certainly for the next three years. I also pay tribute to the Defence Committee and its Chairman, my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), for highlighting in their Afghanistan inquiry the role that ABRO needs to play and is playing. I hope that the Minister might today throw a further lifeline to ABRO and say that, given the possible three-year deployment in Afghanistan, and the possibly longer commitment in Iraq, ABRO's life will be extended beyond three years and into the next decade and beyond. I hope that we can be encouraged on that.

I also pay tribute to the Defence Logistics Organisation in my constituency and to all those who work at Sapphire house in the neighbouring constituency of Telford. Of course, the Minister will know that an announcement was made this week that might see 400 job losses at the DLO. Notwithstanding the points made on both sides of the House about whether the merger of the Defence Procurement Agency and the DLO is right or wrong—and I question whether it is right—one must ask whether the timing is right. The Secretary of State said earlier that the timing of any decision to change things can never be right. To return to the Afghanistan inquiry, one of the key reasons for the ABRO decision being changed was the timing of the troop deployment to Afghanistan, where vehicles suffered attrition due to rough terrain and needed to be repaired more frequently and quickly to be redeployed to the front line. The same logic applies to the DLO.

We have rightly paid tribute to our armed forces in Iraq and Afghanistan, but let us not forget those in Gibraltar, Cyprus, the Falkland Islands, Congo and many other places around the world. All those forces require logistical support. I therefore hope that the Government will rethink the decision about the DLO, as it rethought the decision about ABRO, which I put on record that I welcome. There is time to do so. There is no shame in the Government saying that they have concluded during the consultation that the timing is wrong, and that the principle of whether the DPA and DLO should be merged can be discussed later.

I may be in a minority among Conservative Members on this matter, but perhaps Parliament needs to debate at some point whether privatisation of our defence sector has gone too far. Do we now just want to outsource responsibility without establishing that output will be better than it is in the public sector? The public sector contains both military personnel and civilians who have served in the forces and have a military ethos—a public service ethos. Such people are often reluctant to go into the private sector, and not just for reasons to do with pay, terms and conditions and TUPE arguments about the protection of employment. They joined a military organisation because they wanted to be part of a military organisation.

That leads me to the defence training review and RAF Cosford. As I said here earlier today, unemployment in Shropshire rose by a whopping 30 per cent. between May 2005 and May 2006. With manufacturing outflow and the retail sector under threat in some of our market towns, there has never been a greater need to protect Shropshire's defence sector, and that includes the 2,200 personnel, both military and civilian, at RAF Cosford. I hope that the review will be objective, measured and non-political, and will conclude that the experience, dedication and commitment required in defence training is best provided by the personnel at Cosford—and, indeed, throughout the west midlands technology corridor and supply chain, and in the aerospace cluster in Shropshire and surrounding counties.

I am proud that Combat Stress has a facility in my constituency. The staff at Audley court in Newport, Shropshire, do a marvellous job. I have been there several times, met staff and clients and listened to many of their stories, which are varied. The people there have been involved in different conflicts, some recent, some dating back to the Falklands, and some even dating back to the second world war. Those stories are extremely moving. It is absolutely right for the Government to consider improving mental health services for our armed forces personnel.

We know that without early intervention, post-traumatic stress becomes post-traumatic stress disorder, which is far harder and more costly to treat. I think that those who are currently in the armed forces receive the message that people with mental health problems are not being treated well, and that that lowers morale. I think it also causes people to wonder whether they should join up if our veterans are not treated properly.

[Mark Pritchard]

That in turn leads me to the issue of the joint forces payment agency and the Armed Forces Personnel Administration Agency. A number of constituents have contacted me over the last few months about late payments, lost documents and redundancy settlements that have not been given to them in time. That has caused them real financial hardship. I hope the Minister will ensure that those agencies abide by their duties and fulfil their obligations to those who have served the country and Her Majesty's armed forces over many years. It is absolutely right for them to be treated as well when they leave as when they arrived. Perhaps if they are treated better when they leave, more will join.

It strikes me as a tragic paradox that while our armed forces are fighting for democracy overseas, when in theatre they are unable to exercise their own democratic rights and vote over here. I hope that the Minister will give us some assurance that when the next general election comes along, everyone who serves in Her Majesty's armed forces, whether military or civilian, will be given plenty of time to register their votes so that they can exercise their democratic rights and choose the Government whom they want to serve this country.

Some months ago, I raised the issue of the haemorrhaging of special forces personnel to private security companies. The then Secretary of State for Defence said that a statement on the matter, either written or oral, would be presented to the House. It may have passed me by, but I am not aware of any statement on how the Government are dealing with the ongoing haemorrhage of special forces, such as members of the Special Air Service, the Special Boat Squadron, the close protection trained Parachute Regiment and, as my hon. Friend the Member for Salisbury (Robert Key) mentioned earlier, the Royal Military Police. Retention of such personnel is a problem and I hope that the Minister will give us some idea of how the Government are dealing with that important matter.

Mike Penning (Hemel Hempstead) (Con): May I say to my hon. Friend that this does not involve only the elite groups that he mentioned? Experienced non-commissioned officers from the front-line infantry units are also leaving to join security companies. When I visited the Scots Guards in Amarah, the commanding officer told me that he was very worried that, when he returned to Germany, many of his senior NCOs would purchase their discharge and go back to Iraq to gain a massive increase in their salary, thus diminishing the regiment's ability to train.

Mark Pritchard: My hon. Friend makes a very good point, as he always does. He is absolutely right to say that not only are members of the elite regiments attracted to the private security sector, but people from the Guards and other infantry regiments are interested as well. That is absolutely understandable given the professionalism and training of Her Majesty's armed services—*[Interruption.]* Yes, senior NCOs are particularly in demand by private security companies—and understandably so. It will be interesting to hear what the Minister has to say about that.

Expenditure is a thorny issue in this place, but I am a Back Bencher and I can speak freely, but with caution. Are the pay levels for our armed forces personnel right? I believe that I am right to say that UK armed forces are the only service personnel who have to pay tax on their income while serving in foreign fields. I hope that the Minister will look further into that and see whether some exemption or tax relief can be made for our armed forces while they are serving in foreign countries.

The cadet forces have already been mentioned and I declare an interest as president of Telford and Wrekin air cadets and as a former, albeit junior, air cadet in the Herefordshire squadron. I welcome the Government's commitment to expand the cadet forces, but I note that it applies specifically to the combined cadet forces. That is fine, but I appeal to the Minister not to overlook the fine work of all the civilian and military voluntary staff of the Air Training Corps and our marvellous cadets throughout the country. Please do not overlook the Army Cadet Force and certainly do not overlook the marvellous work of the sea cadet corps. Many of these groups are struggling for funds. The Government are right in what they are doing, but it would be a shame if concentrating on the CCF meant that the Air Training Corps, the Army Cadet Force and the sea cadet corps lost out.

Mr. Gray: I think I am right in pointing to a strange anomaly whereby the sea cadets are not funded by the Ministry of Defence, but entirely charitably—*[Interruption.]* I note that the Under-Secretary is shaking his head and he will no doubt correct me if I am wrong, but it might be an occasion for the MOD to consider whether the sea cadets should be put on the same footing as the Army and air cadets.

Mark Pritchard: My hon. Friend makes an excellent point. From memory, I believe that the current position is that the sea cadets have 60 per cent. funding from the Ministry of Defence and 40 per cent. charitable funding through the excellent work of the Sea Cadet Association. It is unique in receiving less money than the other cadet forces and perhaps has less access to facilities as a result of naval bases being on the coast while sea cadet units can be far inland, as in the case of landlocked Shropshire. I hope that the Government's move towards supporting certain youth services and cadet forces does not lead to others being overlooked.

The Commonwealth War Graves Commission was mentioned earlier. I congratulate it on doing an excellent job, and I hope that the Government will ensure that it is looked after in any future spending review. It is absolutely right that our war graves be maintained, and that our fallen heroes are honoured in the way that befits their sacrifice. However, I hope that the Minister will ensure that the history of our wars continues to be taught in schools, and that there is not a slippage into political correctness. I hope that it is not decided that some of the sacrifices that have been made on our country's behalf are too horrific for young people to hear about. I encourage the Minister to speak to his colleagues in the Department for Education and Skills, and to see whether it and the MOD can co-operate to enable children to visit war graves in continental Europe. If that is too costly, perhaps they

could visit places such as Brookwood, in Surrey, and war graves in Cambridgeshire and throughout the country. Indeed, they could even visit their own local first and second world war memorials.

Does the Minister know whether the Prime Minister has found time to visit the sick and injured personnel—if he has such knowledge, it has passed me by thus far—wounded in recent wars such as those in Afghanistan and Iraq? Many people would be very surprised to hear that the Prime Minister, notwithstanding his busy diary, had not found time to visit those personnel, given their sacrifice and the fact that it was pretty much the Prime Minister's lead that resulted in our troops being sent to the front line. I should be interested to hear the Minister's answer to that question.

Finally, I want to pay tribute to all colleagues present in the House today. This has been a good-spirited debate, and let us remember that we are all in this together. It is important that we succeed in both Iraq and Afghanistan—*[Interruption.]* Oh yes—we are all in this together. The personnel about whom we have spoken today deserve everything that we are able to give them in terms of kit and equipment, financial support and, most of all, moral and political support.

4.47 pm

Mr. Brooks Newmark (Braintree) (Con): Like my hon. Friends the Members for Mid-Sussex (Mr. Soames) and for North Essex (Mr. Jenkin), I begin with a tribute to the men and women who serve in our armed forces. Even when they are properly resourced—I hasten to add that I am still not convinced that they are—they work day in, day out in the most challenging circumstances imaginable.

I recently had the opportunity to visit the headquarters of the Ministry of Defence police in Weathersfield, in my constituency. Whether they are guarding the UK's nuclear arsenal or other critical defence establishments, the MOD police do not live in the limelight. They stand apart from the other armed services, but, like those services, they are quietly efficient and utterly vital to this country's interests. I mention the MOD police not only because they are headquartered in my constituency, but because I suspect that they are typical of much of this country's defence establishment, in that they do an essential job that goes largely unnoticed and unappreciated.

In his contribution to the armed forces debate in another place last week, Lord Drayson was adamant that there was no public relations crisis facing the military. As evidence, he cited a MORI poll that confirmed that 80 per cent. of the population regard our armed forces as among the finest in the world. I have no doubt that they enjoy even greater support among the general public than that poll suggests, but my point is that, when most people think of the armed forces, they think, on the whole, of past services rendered. They are less quick to think of those who are on active service today, using sub-standard equipment, waiting hours or days for a flight home for deployment or worrying about their families living in inadequate accommodation back at home.

I congratulate the Government on instituting veterans day. It is right that we remember our veteran servicemen and women, but it is time that we placed greater emphasis on those serving today, and on the need to ensure that they will continue serving our country. We also need to look ahead and take action to ensure that generations of new recruits will want to follow them into the services. Recruitment relies on good public relations and, although I do not doubt the very high esteem in which the services continue to be held, we must admit that there is a difference between respecting an organisation and wanting to join it.

I was struck by the example of Field Marshal Sir William Robertson, who served as Chief of the Imperial General Staff during much of the great war. In 1919, he became the first man in the British Army to rise all the way from the rank of private to the rank of field marshal. But despite that conspicuously successful career, his working-class mother was horrified when he enlisted. He records her saying in his autobiography:

> "I will name it to no one; I would rather bury you than see you in a red coat."

That late 19th-century distrust of the military is something to which we would not wish to return.

As we all know, steady recruitment is the lifeblood of all our services. It depends, in no small measure, on the families of potential recruits trusting that they will be looked after and not placed in unnecessary danger because of inadequate equipment or operational overstretch. The issue of trust is central to this debate because there are increasing signs that servicemen on active duty no longer trust that they will receive adequate support from the Government.

My father-in-law, Sir John Keegan, is a distinguished military historian, which, I must admit, is something of an advantage when it comes to preparation for a debate on the armed forces. As we are commemorating the 90th anniversary of the battle of the Somme, I would like to quote briefly from one of his books, "The Face of Battle", which contains an analysis of that campaign from the perspective of the ordinary soldiers who fought in it. He says of the British Army of 1916 that

> "it was a trusting army. It believed in the reassurances proffered by the staff. It believed in the superiority of its own equipment over the Germans'. It believed in the dedication and fearlessness of its battalion officers—and was right so to believe. But it believed above all in itself."

Some 90 years later, the essentials remain the same. The armed services are still trusting and that human quality sometimes does them a disservice. I hope that we do not have a military catastrophe in Iraq or in Afghanistan to shake the foundation of that trust, as happened on the Somme.

I have already said a little about recruitment, but the need for it would be minimised by focusing more on retention. There are many factors affecting retention but some of the most significant are easily identifiable and must be addressed. Indeed, I ask the Minister when he will give a commitment to serving soldiers that they will not be hauled through the civil courts for actions undertaken while on deployment and operating under the most difficult circumstances.

Another R is for reserves—also lacking, both in the strategic sense of having some ability to adapt to changing circumstances which require an increased commitment, but vital in enabling our forces to sustain their current level of commitment. What are the Government doing to tackle that overstretch? Several hon. Members have already asked that question.

[Mr. Brooks Newmark]

Overstretch should be a transient fault to be regretted and avoided wherever possible. But when overstretch becomes systemic, it is not really overstretch at all—it is underinvestment. If our armed forces are stretched too far they will lose their elasticity and ability to react quickly and decisively. Eventually, they will snap. For example, the 1st Battalion the Light Infantry is currently on its third tour of Iraq in three years, and there can be little incentive for the men in that battalion to remain in the Army. What are the Government doing to ensure that the interval target of 24 months between deployments is met for all our troops?

The lack of resources is the biggest threat to retention. The Government have reassured the House repeatedly that commanders in the field will be given what they need to succeed. I am not reassured, especially when Ministers quote senior commanders such as Lieutenant General David Richards, who said:

"Bottom line, I am content with what I have and I have the resources to carry out the mission".

I am not reassured because it is hard to imagine a military officer admitting that he or his men are not up to the task in hand, however justified that might be by the lack of resources. Soldiers just get on with the job, whatever resources are at hand, but the persistent lack of resources is not the only problem facing the services.

The extended deployment of soldiers often interferes with another R—rehabilitation. Professor Guy Chapman was a young officer during the Somme campaign. He wrote:

"If you start a man killing, you can't turn him off again like an engine."

Civilians take it for granted that their employers will offer them training, career management, counselling and a range of other services. In our cash-strapped armed services, those are the first things that are cut, and even medical care is now threatened. The net result has been that a tide of service personnel have left the forces as ill equipped to deal with civilian life as they were on active service.

Mr. Soames: I agree with much of what my hon. Friend is saying, although it is to the MOD's credit that resettlement training in the Army is brilliant. However, does he agree that the big problem faced by people leaving the forces is that of adjusting to a civilian life?

Mr. Newmark: My hon. Friend brings me to my very point. The shameful statistic is that between one quarter and one fifth of rough sleepers have served in our armed forces. That is the point that I tried to make when I intervened earlier on my hon. Friend the Member for Woodspring (Dr. Fox).

The Government's duty of care to service personnel does not rest on a narrow legal definition, nor does it end when people leave the services. What are they doing to ensure that personnel receive more than just combat experience when they enlist?

My final R is retirement. It is the final stage of the through-life cost of service personnel—or, I should say, it is the final stage of the through-life duty owed to them by the Government. The Government must do more than honour veterans in spirit, or by giving them a badge. Veterans deserve more than our intangible respect: they need continuing support, medical and psychiatric but financial too—by which I mean better pensions.

I have spoken briefly about the five Rs—recruitment, retention, resources, rehabilitation and retirement. Unless we address each of them, we will not have armed forces that are, to use the Government's mantra, fit for purpose.

I conclude by quoting Lord Garden, who warned in the other place that a renewal of the duty of care owed to servicemen is needed urgently if we want to avoid finding ourselves

"with a great deal of shiny equipment but nobody to operate it."—[*Official Report, House of Lords*, 29 June 2006; Vol. 683, c. 1369.]

It seems that much of our equipment is not in fact all that shiny, but I urge the Minister to pay heed to the warning.

4.59 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I congratulate my hon. Friend the Member for Braintree (Mr. Newmark) on an interesting and powerful speech. He covered some important issues. I also congratulate my hon. Friend the Member for The Wrekin (Mark Pritchard) who covered myriad subjects, which broadened the debate and reflected the wide range of topics that we have talked about today.

My first point was to have been my congratulations to the Secretary of State on staying in the Chamber throughout the entire debate. Unfortunately, he has just sneaked off, but I am pleased that he could participate in much of the debate. I realise that he has many other commitments.

In his opening remarks, the Secretary of State said how proud we all are of what our armed forces do. He talked of their high reputation across the world. He then warned us to be careful when trying to analyse or quantify what our military are actually doing. I take heed of those words, but it is our duty in the House to make sure that we understand what is happening. The Army, Navy and Air Force do not have union representation to give voice to their concerns. There is no one they can run to, so it must be an objective of the House—certainly for those of us who have worn a uniform—to make sure that if our Government task our military anywhere in the world, there is correct scrutiny in this Chamber. Our loyalty to our armed forces should not be questioned if we raise awkward questions about them.

I turn to our commitments and our defence personnel. Sadly, there have been cuts of up to 40,000 in our armed forces since 1997. Since the Labour Government came to office, the Army is down by 9,000, the Navy is down by 10,000 and the RAF is down by 16,000. Sadly, it would now be possible to fit every member of the British Army into Wembley stadium—if it were ever finished. That is a sad indictment of the size of our forces. This year, spending will be 2.2 per cent. of gross domestic product—the smallest proportion of national wealth since 1930. We have more commitments and fewer people to do the job, which equals overstretch. As anybody in the military can tell us, experiencing overstretch and cost cuts at the same time leads to the demise of morale.

Many of our current operations around the world are with NATO, whether in IFOR, the implementation force or ISAF, the international security assistance force or others. NATO is the cornerstone of Europe's protection and defence and has served us well for the past 50 years. The target is that all participating nations spend 3 per cent. of their GDP, but we are not doing so—nor are other countries. That illustrates the problems that we and other countries face at a time when we expect so much from our armed forces.

We are gaining experience, however. NATO forces went into Bosnia and Kosovo and they are now in Afghanistan. However, much co-ordination work remains to be done—whether in respect of equipment or troop operations. NATO is searching for a new role. During the cold war, its mission and its objectives were clear; today, things are not so clear. NATO was designed to defend Europe but it is now going to areas such as Afghanistan, into which one would not expect it to wander. Work could be done in Brussels to consider how ISAF and NATO-operated forces could be used not so much for peacekeeping but for the next step—reconstruction. NATO is an organised and effective body with a chain of command, but there is a limit to its involvement and Ministers in Brussels should consider such things.

I served in Bosnia and, when peace could be maintained, our troops did not simply carry out guard duties; we helped to rebuild schools. It was not part of our mission, but we decided that it was the right thing to do to help win over hearts and minds. Unfortunately, that is not happening in Afghanistan because it is not part of the remit—it would be almost a step too far.

My hon. Friend the Member for Woodspring (Dr. Fox) referred in his opening comments to the impressive number of countries involved in Afghanistan: 37 is the latest total—more than there are in NATO. However, the caveats for those forces—the limitations placed on them by their Governments—affect overall command and mean that their effectiveness is limited. There are varying rules of engagement that prevent soldiers from particular nations from going out on patrol, engaging with the enemy or even getting into a vehicle. That makes it difficult for the ISAF commander to mobilise his troops in a unified fashion.

On paper, 37 countries looks effective, but in fact there are only four soldiers from Austria, 10 from Luxembourg, four from Switzerland and 106 from Denmark. The numbers are small when we consider what those countries could be contributing and when compared with what Britain, the United States and other countries are doing. Again, I urge the Minister, when he goes to Brussels, to ask if they cannot contribute more troops, what they are actually contributing. The participation of 37 nations looks very impressive, but the reality is far different.

Mr. Gray: I agree with my hon. Friend to a degree, but does he accept that the central truth of all modern defence thinking is that there are only two main players in NATO—the United Kingdom and the United States—in terms both of defence spending and other capabilities? The notion that, somehow or other, we will persuade some of those very small European nations to play an important role in NATO operations is pie in the sky. In fact, the future peace of the world depends on the US and the UK, together with France to a lesser degree, operating in concert.

Mr. Ellwood: My hon. Friend makes a valid point, but that is where we get into the detail, which is beyond the scope of the debate. For example, the huge shortage of heavy airlift could be easily covered by participating countries, but it is too late now. We should have been thinking about that five or 10 years ago. Countries such as Denmark could then say, "This will be our thing." The Czech Republic went down that route and became nuclear, biological and chemical warfare specialists. That is what it focused on. Poland has trained a lot of people to help with UN peacekeeping operations. That is the thing that it focused on. We could be doing that, but we need to get the heads around the table and review it. When we are on the battlefield in Afghanistan, it is too late to discover the limitations of the troops sent out there. That affects the rules of engagement that we are working under.

I reiterate the calls—we have heard them today, and they were acknowledged by the Minister—for more troops in Afghanistan. If we look at the map of Afghanistan and the areas that NATO is covering, we see that an entire province next to Helmand does not contain a single international soldier. That shows the desperate need for more participation, which is vital. I look forward to hearing the statement from the Secretary of State for Defence. I presume that it will come in the next few days. I hope that there is no delay, because lives are at risk in Afghanistan.

Turning to Afghanistan proper, there are few crises in the world today that are as complex. It has been wrecked by three decades of war and the organs of state are few and fragile. The nation's authority is limited only to a few cities. In fact, it is too soon to call it a country. It is a patchwork quilt of ethnic groups, tribes and communities, thrown over a hostile and often barren land. That is the perfect existence for a nomad or a very small community, but also for a terrorist outfit as well, and it is a complete nightmare for those who are trying to go there to form an overall authority to link control.

In an effort to expand his authority, President Karzai has developed unholy alliances with all those who can enforce order in the provinces in return for turning a blind eye to their misdeeds, past and present. The biggest challenge for Afghanistan is the fact so many people have been corrupt, but we are now trying to make them turn over a new leaf. We talk about Helmand province's governor as though he is somehow in direct communication with Kabul. Helmand is a long way from the regional headquarters of Kandahar, which is another country away from Kabul. They are so remote from each other that it is a monumental challenge to get any form of authority, even at local community level. The power bases are in the town halls and the local assemblies—the jirgas—and the local tribal centres.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I must remind the hon. Gentleman that this is not the appropriate debate in which to have an in-depth analysis of the strategic situation in Afghanistan. The debate is about armed forces personnel, and he must

[Mr. Deputy Speaker]

relate his remarks directly to that. There might be other days when one can consider the strategic and political aspects of the Afghanistan situation.

Mr. Ellwood: I am grateful to you for your guidance, Mr. Deputy Speaker. Given the effect that the situation is having on British personnel, I felt it relevant to bring it into the debate, but I understand your instructions and will endeavour to stay on the right side of your guidance.

Some 3,300 British troops—16 Air Assault Brigade—are based in Afghanistan, in Helmand province, and I want to analyse the thinking of those of us who were in the forces when the brigade was created. We are talking about a rapid reaction force that was put together. It packs a mighty punch, but it is designed to be lightly armoured. It now finds itself not only doing counter-insurgency work, but guarding villages halls, protected only by sandbags. That is improper. That is not the way in which 16 Air Assault Brigade was designed to be used.

We have heard a number of examples of British equipment that could be used. The Warrior tank was mentioned. The Canadians are using the Bison, which is a four-wheeled very tough armoured vehicle. It is much better than the Land Rover that we are currently using. The RG-31 is a South African vehicle designed to cater for being hit by or running over land mines. That is the sort of equipment that we need to be thinking about. I hope that, when the Secretary of State for Defence makes his announcement, he will consider the lessons that were learned in Bosnia. Once a general peace was created, we went out in Warrior tanks to do the guarding, which meant that if there were problems, we had something to protect us, rather than simply hiding behind sandbags, which, as we sadly saw at the weekend, is wholly inadequate. We need to review the strength of the forces in Afghanistan. Some 3,300 troops simply with Land Rovers and 12 helicopters is not enough. I will be grateful to hear what the Secretary of State has to say on that matter.

What is our mission in Afghanistan? Is it designed to deal with insurgency or to help with peacekeeping? Or is it more of a G5 task? Does it involve the building of schools and so forth? It has ended up being a mixture of all those things. There is nothing wrong with that in one sense, but our forces have to match each of those separate missions and at the moment that is not happening. That is why I believe that a review of what we have out there is so important.

I will not go into what is required in relation to the provincial reconstruction teams. I simply question who is actually in control of those teams. Do they eventually answer to the Secretary of State for Defence, the Foreign Office or the Department for International Development? There is an overlap and confusion of responsibility that will prevent us from making an impact.

The umbrella of security that our troops—our personnel—are trying to create there is fundamental, but we will succeed in Afghanistan only if the reconstruction operation is able to lift Afghanistan off its knees. Our troops will eventually leave. I hope that they will also eventually defeat the Taliban, but when they do, they must make sure that there is not a vacuum left behind. If they do not do that, the Afghani tribes will continue what they are doing, we will leave, and then the Taliban will come back in a few years' time. That is not what we want. There must be an infrastructure and a local economy. Afghanistan is a country that—*[Interruption.]* I can see Mr. Deputy Speaker moving, so I will move on to my conclusion.

I pay tribute to my local regiment, the Devon and Dorsets, which is now based in Basra, under the leadership of Colonel Chris Burtie. I am grateful to the Minister, who managed to organise a visit for me to see the regiment in Basra. Sadly—it is a sign of the times—I cannot really call the regiment the Devon and Dorsets any more. It is shortly to be merged with the Light Infantry and, before the dust has settled on that piece of paper, it is being merged with my own regiment, the Royal Green Jackets, to be called the Rifles. That is a huge transition. That has been a veneer for another slice off the size of our armed forces. It is something that we could well do without.

It is odd that we are seeing cuts in the infantry, because arguably the infantry in the Army is one of the main reasons why we have the international reputation that hon. Members have mentioned a number of times this afternoon. As I said, our military does not have a union. It does not have a voice with which to shout out and say, "I don't like what I'm doing." People end up voting with their feet if conditions get bad, which is why it is important that this Chamber scrutinises what is going on. That is reflected in the fact that, out of 43 battalions in the British Army, only one is fully manned. The other 42 are short of strength. The Territorial Army's target figure from the Government is 41,000. Currently the figures stands at 35,000. We must examine the reasons why there is such a shortfall and try to correct it. I hope that the Secretary of State has received the clear message from the debate that our armed forces are overstretched and undermanned. The success of our overseas missions will suffer unless those problems are addressed.

5.14 pm

Mr. Mark Harper (Forest of Dean) (Con): We have had an excellent and wide-ranging debate.

I will start by referring to one of the first points that my hon. Friend the Member for Woodspring (Dr. Fox) addressed: the overall background of funding for the armed forces. He identified the fact that we are spending only 2.2 per cent. of gross domestic product on our armed forces, which is the lowest amount since 1930. It is interesting that in the other place yesterday, Lord Drayson admitted that

"as a percentage of GDP, UK defence expenditure has gone down."—[*Official Report, House of Lords*, 5 July 2006; Vol. 684, c. 229.]

There was also an interesting exchange in the other place about whether defence expenditure had gone up in real terms. My noble Friend Lord King of Bridgwater noted that although there might have been an increase in expenditure in real terms, it has happened at a time of sustained increase in defence commitments. That is perhaps how we square the circle when some Labour Members point to an increase in resources, while many hon. Members on both sides of the House draw attention to areas of overstretch.

Although there have been real-terms increases in defence expenditure, despite the fact that it has fallen as a percentage of GDP, we are asking our armed forces to do more and more at the same time, which is why problems are arising.

My hon. Friend the Member for Woodspring reminded us that the armed forces have been operating above the assumptions in the strategic defence review. Indeed, the National Audit Office military readiness report that was published in June 2005 highlighted the fact that the armed forces had been operating consistently over the planned level of activity during 2002, 2003 and 2004. That has continued, but it cannot continue for ever.

The Minister of State will know—if he does not, the Secretary of State, as the former Chief Secretary to the Treasury, will—that the Government will soon undertake their comprehensive spending review. Will the Minister tell us whether the Secretary of State is planning to conduct a new strategic defence review ahead of the comprehensive spending review? If not, will Ministers at least examine the assumptions that underlie what we ask our armed forces to do? Given the number of the years for which we have been operating above those assumptions and the fact that there is no sign that the dangerous world that we are in will change in the future, it would seem sensible to take account of the tempo at which we have been operating and ensure that the Chancellor delivers in his settlement for the next few years. The Chancellor is trying to create a reputation for himself as a friend of the armed forces, but he will be judged on that military settlement.

I was disturbed to note from several of my hon. Friends' contributions that the Ministry of Defence has been warned to expect a less than generous settlement, although I hope that that will not prove to be the case. If anyone knows how to negotiate well with the Treasury, I am sure that it is the Secretary of State.

Des Browne *indicated assent.*

Mr. Harper: The Secretary of State confirms that my assumption is correct. I know that he will be content to be judged on the success, or otherwise, of those negotiations.

Several Conservative Members pointed out that we will have to make a clear choice by considering both the commitments that we are undertaking and the resources that we have. We must ensure that the resources match the commitments, and if we are not prepared to put the resources in place, we will have to reduce the commitments accordingly.

Mr. Gray: One of the most worrying rumours that is circulating in several areas of the defence force is that the Chancellor of the Exchequer is planning to cut the manpower of the Army to some 80,000 in his forthcoming comprehensive spending review. That figure has been repeated to me from several sources. Although such a cut would be absurd, ridiculous and unworkable, we must remember that the Chancellor is a clever fellow and could come along at the time of the comprehensive spending review and say, "The figure of 80,000 was nonsensical and I am delighted to be able to announce to the House today that we are going to keep it at 90,000." Would not that be even more worrying?

Mr. Harper: My hon. Friend has alerted the House to a tactic that the Government might consider. They might make it sound as if the situation will be desperate so that we will all be relieved when it turns out to be slightly less desperate. However, we have been warned.

My hon. Friend the Member for Woodspring spoke about health services, and drew attention to the excellent medical care that our armed forces receive in theatre. It would be helpful if the Minister, either now or in future, addressed the exit process for armed forces personnel who are discharged for medical reasons. The Royal British Legion and other service charities have told me that sometimes the Ministry of Defence does not alert them to individuals who could benefit from their services on discharge. The traditional data protection argument is deployed—I accept that some armed forces personnel have legitimate concerns about personal security—but with sufficient willpower the problem can be fixed so that personnel who leave the forces can receive those services if they need them. Those charities should be able to work in partnership with the Ministry of Defence so that the transition to post-service life is as seamless and painless as possible.

My hon. Friend the Member for Woodspring dealt extremely well with the issue of mental health, so I shall not attempt to repeat his arguments. However, as I have said before, concerns have been expressed about the armed forces compensation scheme. While it works extremely well for personnel with physical injuries there are anxieties about the way in which the tariff structure works for mental health conditions. Does the Minister of State intend to evaluate the scheme every year to see how it is working, particularly for mental health conditions, as that would be welcomed by organisations that work in the field?

May I draw attention to another issue raised by my hon. Friend the Member for Woodspring? Given the challenging security situation in Afghanistan, is it not time to consider merging Operation Enduring Freedom and the international security assistance force sooner rather than later? We need, too, to look urgently at American plans for force deployment to make sure that resources are available so that our forces can operate successfully at minimum risk to themselves. Several hon. Members drew attention to the families of service personnel, and it is worth repeating that we owe a debt to them as well as to those who serve. Soldiers in the field are much more effective if they know that their families are well looked after, and it is the families who bear the brunt and suffer pain and anguish when soldiers lose their lives. Our hearts go out to everyone who has suffered over the years, particularly those who have suffered recently.

Some hon. Members mentioned housing. I accept that the Government have done a great deal. However, to use their own phrase, much has been done but there is still much to do. No doubt the Minister of State will refer to that in his winding-up remarks.

I want to say something positive about kit. The Defence Logistics Organisation at Caversfield, which procures military clothing, has been swift in responding to changing demands for body armour and in transporting it to theatre. The Secretary of State mentioned the Kestrel and Osprey designs, but I understand that another design—according to my hon. Friend the Member for

[Mr. Harper]

Aldershot (Mr. Howarth), it is known as the Elvis outfit because it has a high collar—is critical for personnel undertaking top-cover sentry work. The original design was not particularly comfortable, but the DLO quickly changed it to provide a much more wearable version. That is a good example of the way in which logistical organisations can respond swiftly to concerns in the field.

One topic that has not been raised, which I hope will not become a big issue in the future although I fear it might, is the roll-out of the joint personnel administration system. We are asking our people to do important and difficult jobs, and the very least that they expect from the Ministry of Defence and the Government is to ensure that we pay them on time. When the JPA was rolled out in April, initially for the Royal Air Force, more than 6,500 servicemen had pay inaccuracies, which is over 15 per cent. of the relevant work force. From written answers we know that the situation has improved in the second pay run, but still more than 1,000 people are affected. By next April the system is due to be rolled out to the whole of the armed forces—over 250,000 people—and it would be helpful if the Minister gave us some idea of how those plans are progressing and whether he is confident that the right steps will be taken.

I know from my experience in business that in payroll systems very little inaccuracy, if any at all, is tolerable. We must deliver a system that works 100 per cent. of the time. Servicemen, particularly those in operational theatres, should not have to spend any time at all worrying about whether they will be paid or whether their families will be able to pay the mortgage. That is critical. I know that the roll-out to other parts of the armed forces has been delayed once. The Opposition would prefer the system to be made 100 per cent. accurate before it is rolled out, rather than allowing it to cause grief to our servicemen. The Minister will get our support if that is necessary.

In the debate there were 13 contributions from the Back Benches, five of which were from the Government Back Benches. Several of those Members were doing their duty and holding the Government to account, probably more firmly than the Government would have liked. There were eight Opposition Back-Bench speeches, which, strangely, were all from the Conservative Benches. There were no Liberal Democrat Back Benchers present at all, as was the case in the last debate on defence policy on 22 June.

I congratulate the hon. Member for Islwyn (Mr. Touhig) on his elevation to the Privy Council. He drew attention to veterans day. When we discussed that at Defence questions, I was pleased that the Minister for Veterans confirmed that he wants to work closely with the Opposition next year to try to make veterans day as successful as possible, especially with the anniversary of the Falklands approaching.

The hon. Member for Islwyn also discussed issues relating to medals. Freed from the constraints of office, he has become rather more liberal about wanting to dish out medals than perhaps he was in office.

The hon. Member for Colchester (Bob Russell), who spoke from the Liberal Democrat Front Bench, with his well known interest in defence both for wider reasons and for his constituency interest, drew attention to the tremendous contribution in the armed forces of personnel from overseas—from the Commonwealth and other countries—to whom we owe a great debt.

I thank the hon. Member for Glasgow, North-West (John Robertson) for his comments about my hon. Friend the Member for Woodspring. He noted that my hon. Friend had been exemplary in the way he spoke about the difficult operational theatre in Afghanistan, and I thank the hon. Gentleman for that generous tribute. He held the Government to account very effectively about the Type 45 destroyers. We managed to bid him up from six to 12 in the time that he was speaking. I hope the Minister of State will tell us what progress has been made.

The hon. Member for Glasgow, North-West was keen that veterans day should be a bank holiday. Knowing as we do from the Minister for veterans that the Chancellor is all-powerful, perhaps we can have an update on whether that is likely to happen.

Ann Winterton: Many veterans in my constituency and elsewhere believe that the only real veterans day is Remembrance Sunday.

Mr. Harper: I thank my hon. Friend. That point has certainly been made. When we have raised the matter, the Government have made a clear distinction. Remembrance day is very much to commemorate those who have given their lives. They wanted veterans day to be more of a celebration of those who have served. One of the important features of Remembrance day is that it is a day for the whole nation. It is non-partisan and all parties work together to make sure that we can all unite on that day. We must ensure that the same is true of veterans day.

My hon. and gallant Friend the Member for Mid-Sussex (Mr. Soames) made a powerful contribution in which he spoke about the exceptional and formidable servicemen and women who serve our nation and drew attention to the first principles that underlie what we ask them to do, which was a valuable reminder of the magnitude of the commitment that we ask of them. He was the first to raise the issue of finance, about which I hope he is wrong, but fear he might be right. He pointed out that we are operating beyond the assumptions in the strategic defence review and that the strategic defence review has not been fully funded. He also pointed out that the performance of the RAF in moving our troops to theatre leaves rather a lot to be desired. My hon. Friend the Member for Aldershot said that the matter had been drawn to the attention of the Chief of the Air Staff, so it is in hand.

The hon. Member for Llanelli (Nia Griffith) discussed privatisation and value for money, which is an important issue for her constituents in Llangennech. She also mentioned the importance of the civilian work force, and her constituents will be grateful for her effort in speaking up for them.

My hon. Friend the Member for North Essex (Mr. Jenkin) drew attention to the MOD's inability to task operations adequately. He ranged widely in a thoughtful contribution, and also pointed out that we must match our commitments to our defence spending. At the end

of his remarks, he discussed the increased threat that we face from global terrorism and other security challenges.

The hon. Member for Blaydon (Mr. Anderson) talked about Iraq and focused on the positive aspect of removing the tyrant from that country and the better life that many in that country, particularly in the north, are already experiencing. He also drew attention to the role that our forces and forces of other nations could play in protecting that part of the country and ensuring that the people experience economic development and a better life.

My hon. Friend the Member for Salisbury (Robert Key) drew attention to a wide range of issues that were not mentioned elsewhere in the debate, such as Army chaplains and the Royal Military Police. He spoke up powerfully for his constituency interest, the Defence Science and Technology Laboratory at Porton Down. He pointed out that Qinetiq is a successful privatisation and discussed Defence Medical Services. He also talked about the issues arising from the important merger of headquarters. Given his constituency experience and his important work on the Defence Committee, we listened to him with great interest.

My hon. Friend the Member for Congleton (Ann Winterton) raised the issue of equipment. She discussed our reserve forces and the number of personnel available for operations. She also expressed her concern about how successful recruitment will be now that regular and reserve forces are going to be recruited together.

My hon. Friend the Member for North Wiltshire (Mr. Gray) made a powerful speech, for which I was sorry not to be in the Chamber—I had to go and obtain replenishment. He pointed out that if there were a new strategic defence review, it would conclude that the number of servicemen and women available today is far too small. Whenever we have asked our armed forces to perform a task, whether it was a completely military task or even a civilian task, such as during the foot and mouth outbreak, we have always been able to count on them to deliver, but my hon. Friend pointed out that, if we continue with current policies, one day the forces may have to report back to Ministers that they cannot perform a requested task. I hope that we never reach that point. He also said that we need to face up to the need, given the world in which we live, to spend more on defence.

The hon. Member for Ochil and South Perthshire (Gordon Banks) made an elegant plea for recognition of the wartime efforts of the Bevin boys, which is a plea that other hon. Members have made, too.

My hon. Friend the Member for The Wrekin (Mark Pritchard) ranged widely over a number of issues, particularly those that are very important in his constituency. In case the Whip is taking notes, I add that he also said that we are all in this together.

My hon. Friend the Member for Braintree (Mr. Newmark) highlighted veterans day. He also talked about the importance of the views of families as regards recruitment. When someone's son or daughter signs up for the armed forces, they must have confidence that their son or daughter will be as well looked after as they can be, and that if things go wrong they will continue to be looked after when they have left the services.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) highlighted the role of NATO and drew attention, from his own experience, to the importance of forces winning the hearts and minds of local populations. He also expressed one or two of his concerns about our operation in Afghanistan, again based on his personal experience.

Yesterday, at Prime Minister's questions, the Prime Minister said in response to my right hon. Friend the Member for Witney (Mr. Cameron) that our troops in Afghanistan

"are doing the most extraordinary and heroic job."—[*Official Report*, 5 July 2006; Vol. 448, c. 805.]

It is my profound hope that when those brave men and women look at those whose duty it is to provide political leadership, they will feel that that duty has been discharged with the same level of commitment and dedication as they show to our nation.

5.35 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): As the hon. Member for Forest of Dean (Mr. Harper) said, this has been an interesting and wide-ranging debate. He touched on most of the points that were made, but, unlike me, did not have to respond to them but merely recount them. I have the responsibility of trying to deal with the complexity of the debate. I relish that, however. Having spent 10 years in opposition, I realise how easy it is: being in government is much more difficult. The hon. Gentleman rightly referred to the number of Members who spoke, all of whose speeches were substantial and thoughtful and, in sum, added to the greater understanding of what we are trying to do as regards the defence of this country.

I thank the hon. Members for Colchester (Bob Russell), for Mid-Sussex (Mr. Soames), for North Essex (Mr. Jenkin), for Salisbury (Robert Key), for Congleton (Ann Winterton), for North Wiltshire (Mr. Gray), for The Wrekin (Mark Pritchard), for Braintree (Mr. Newmark) and for Bournemouth, East (Mr. Ellwood) for their contributions from the Opposition Benches.

I thank my hon. Friend the Member for Glasgow, North-West (John Robertson), who is not in his place. I understand that he has gone off to do a television interview, so he is gainfully employed. I do not know precisely what he is saying; I hope that he is not criticising me. I also thank my hon. Friends the Members for Llanelli (Nia Griffith), for Blaydon (Mr. Anderson) and for Ochil and South Perthshire (Gordon Banks). I particularly thank my hon. Friend the Member for Islwyn (Mr. Touhig), who is now to be my right hon. Friend. [Hon. Members: "Hear, hear."] I wanted to be the first to congratulate him on that from the Dispatch Box. It is a rightfully deserved honour and I know that he will carry it with pride. I hope that I get the opportunity to be at the Privy Council when he is sworn in, because I would be very pleased to do so.

In opening the debate—

Dr. Julian Lewis: What about the Liberals?

Mr. Ingram: I did mention a Liberal in passing; the hon. Gentleman may have missed it. I am not doing any political knockabout at this stage—maybe later on.

[Mr. Ingram]

In opening the debate, my right hon. Friend the Secretary of State set out to highlight the importance of our people in everything we do. Ultimately, unless we have well trained, properly resourced, highly motivated and dedicated personnel, we cannot deliver on the arduous and difficult tasks we set ourselves, whether they be in Iraq, Afghanistan, sub-Saharan Africa or elsewhere. I shall touch further on that in response to some of the points made in the debate.

In paying tribute to our front-line personnel, it is right that we recognise at the same time the essential and vital role played by civilians in the many and varied functions they undertake. My hon. Friend the Member for Telford (David Wright) and the hon. Members for Mid-Sussex and for The Wrekin referred to the announcement that we made on Monday, which was a major announcement affecting thousands of those civil servants. I want to comment further on that before dealing with the other issues that were raised in today's debate.

The Defence Logistics Organisation and the Defence Procurement Agency are two major organisations, which employ between them a staff of some 24,500, with a combined budget of £11 billion. Given their importance to the provision and support of our front line, it is right to try to put in place an effective, efficient and properly focused organisation, which is dedicated to the acquisition and through-life support of the battle-winning equipment on which our armed forces depend.

I do not hide from the fact that our announcement is radical and ambitious. I appreciate that it will mean major change and upheaval for so many of our loyal and hard-working staff, who have given sterling service over the years, especially over the recent period. It is not an easy decision to make, knowing that it will result in the closure of facilities, thus adversely affecting many hundreds of our personnel and their families.

However, I fundamentally believe that what we are doing is right. At the end of this process, we will have a new organisation, which will employ fewer staff than were employed by the DLO alone in 2004. Alongside that, as the hon. Member for Salisbury pointed out, we will have a new combined Army headquarters based on one site at Andover North. We will have released resources through base and facility closures at Telford, Andover South and subsequently at RAF Brampton, Caversfield and Sherborne between now and 2010-11. The efficiencies achieved from that will be reinvested to meet our front-line requirements.

With my noble Friend Lord Drayson, the Minister responsible for defence procurement, I spoke on Monday to more than 700 of our personnel in Bristol and Bath. That is why I was not here for the urgent question and response. I know that many questions remain unanswered about the detailed implementation of our new proposals, but what struck me most was the staff's willingness to accept the need for another period of change. I do not claim that that is true of everyone who is affected, but members of that large part of the DLO-DPA structure were markedly up for the change, even though they knew that it was going to be difficult.

It is now up to Ministers and the senior management responsible for those changes to ensure that our objectives are achieved and that those members of staff whose jobs will go are properly treated. As ever, all that has been announced will be subject to full and proper consultation with the trade unions and staff interests.

The hon. Member for Mid-Sussex rightly said that the Conservative manifesto at the previous election proposed doing exactly what we are now doing—co-locating the DLO and the DPA. The argument of the hon. Member for The Wrekin was a wee bit like angels dancing on the head of a pin. He tried to say that he understood the justification for the change but that it should not happen now. My right hon. Friend the Secretary of State said that there is probably never a right time for change because one can always find good reasons for putting off making the right decision. I know that, having driven through some significant change in the Ministry of Defence in recent years, I believe that all our changes have proved successful so far. They have been handled with skill by the management and, more important, they have been absorbed by the staff.

The hon. Member for The Wrekin also mentioned the announced closure of a part of the Army Base Repair Organisation that affected his constituency. The background to that was that the work flow had disappeared. We could not keep part of an organisation going if the work had gone. That forced those who were considering what they needed in the form of support and armoured vehicles—in this case, the Army, through Commander-in-Chief Land Command—to examine the matter. They determined that there was a further requirement and found the resource. Consequently, we reconsidered the matter and a change was made accordingly. Flexibility has to be built into all those processes. It is why we have consultation and why we have to be careful when we move forward with complex changes. However, the sound principle of what we are trying to achieve will bring us great benefits in defence in the years to come.

Mark Pritchard: The Minister says that change is never welcome but nevertheless needs to be introduced. He also said that the timing is never right. However, would not a better time be when we were not faced with two major conflicts? Would not it be better to introduce those changes to the DLO and the DPA when the Afghanistan and Iraq conflicts are over?

Mr. Ingram: I can see why the hon. Gentleman is a Conservative; he wants no change other than at some future point that will never come.

We have driven through some fundamental changes, all of which were criticised at the time. None of the criticism was founded, however. I am not saying that everything has gone 100 per cent. smoothly; nothing is perfect. However, where we have had to adjust, we have adjusted. That will apply equally in this case. We have also undertaken a major transformation of our armed forces during a period when we are asking so much more of them. If we had not done so, the RAF, the Navy and the Army would not be best placed to be expeditionary. The transformation is still under way; not all the Army has been "Bowmanised", because of long lead times and the high amount of investment in

network-enabled capability necessary to ensure that we have the best integrated tri-service approach and delivery for the commanders, wherever they are, to have the proper effect in the field. However, all those changes are being driven through, because those who have to deliver at the sharp end—I include civilians in that—realise that there are better ways of doing things.

This transformation is not being driven by some kind of political lexicon; it has not been lifted off a shelf, or out of a book called "Let's Have a Go at Defence". The very opposite is the case. It is happening organically. There are better ways of doing things, and Ministers are heavily engaged in the definition as well as in the engagement and delivery of the transformation. That will remain the case throughout this complex and important change.

The hon. Member for Woodspring (Dr. Fox) made a solid and effective contribution, and one or two of his points need to be addressed. I do not think that he was in the Chamber when my hon. Friend the Member for Glasgow, North-West made his speech, but it was interesting to see the realisation of the enormity of what we are seeking to do, and the skill with which we are trying to work through some of the difficult points of difference.

I shall deal with some of the issues that the hon. Member for Woodspring raised. He mentioned the level of spending. These points are becoming a bit old hat, but they none the less need to be repeated, because there are different versions of how they are to be viewed. As a percentage of gross domestic product, defence spending is sitting at 2.2 per cent., and that will be the case for the next two years. That is higher than the European average, so we are actually spending a considerable—*[Interruption.]* Well, hold on. In relation to what our allies are spending, we are above the average. Interestingly, we have a big and successful economy, so let us look at how this figure comes out in real terms. The £3.7 billion more in the last spending round was the largest sustained real-terms increase for 20 years. We are asking people to do more with all that money, and it will all then have to be balanced as we go into the next spending round.

The hon. Gentleman also mentioned recruitment and retention. In regard to retention, people are always asking whether we are haemorrhaging staff, and if so, what is the scale of the problem. In regard to recruitment, people worry whether we are hard up against targets that we are nowhere near to achieving. Neither of those characteristics applies. By dint of a lot of very hard effort, we have been able to work against some of the difficulties that we have faced in that area.

As of 1 April 2006, the tri-service manning level stands at 182,980, which represents 98.4 per cent. of the requirement target of 185,920. That is the average, but as we look at the different services, we find that they are all sitting on or around that high level. Indeed, the RAF's strength stands at 46,900, which represents 99.2 per cent. of the requirement. That is a shortfall of only 390. We cannot be complacent, however; we need to recognise that these are issues.

The same applies to the voluntary outflow rates. We hear a lot of stories—they turn out to be no more than that—about haemorrhaging taking place. The reality is somewhat different, however. By comparison with the previous year, voluntary outflow rates have increased slightly, by 0.3 per cent. for officers and by 0.1 per cent. for other ranks. That is not as dramatic as many would lead us to believe. That does not mean that we do not have issues to address; unquestionably, we do. However, the situation is not as many people try to present it.

Mr. Soames: I accept entirely what the Minister says, but does he understand the real worry in the Army about the number of senior warrant officers leaving, whose families cannot maintain their equilibrium at the current rate of deployment? That is a very serious matter for the Army.

Mr. Ingram: The real core strengths lie in those groups with more than 10 years of experience, in all the theatres in which we have engaged, whether Northern Ireland, Sierra Leone, Iraq or Afghanistan. Yes, there may be issues, and we must attend to those. In relation to the similar point made by the hon. Member for Woodspring, a hard logic must be applied—if people are leaving because we are busy, we must be less busy, which means that we should not be in certain theatres—*[Interruption.]* There may be other answers, and I would be interested to hear what they are. Given that warrant officers or sergeants cannot be recruited—they have to grow—we must do our best to encourage them to stay. We have applied various solutions at other pinch points over the years, such as golden handshakes or handcuffs, depending on our approach. That might become an issue in future. Such people are very dedicated, but we understand that there are family problems, to which I shall refer later.

We have had to address the pinch points, because it is not just a question of that cohort of sergeant-majors or warrant officers but of the enabling trades. Part of our approach to the Army's future structure was to reconfigure, to examine where the pinch points were and to reinvest what came out of one end of that structure in those pinch points. We said that we would reinvest about 3,000 posts, and we are making progress—we have cut the shortfall by 600. We are still some way short, but that is not because of lack of effort or determination. There are other problems that we need to address. We must address the harmony and pinch point issues and the specifics of certain groups of voluntary leavers. There are no easy solutions, but we must address the issues before we can find solutions.

Mr. Jenkin: The Minister implies that the only way to ensure that commitments and resources are matched is to reduce the commitments. He could return to the original strategic defence review, consider the tour intervals and cycles planned in that document, and extrapolate the commitments into that calculation. He would probably come up with an Army of about 130,000, which is what he needs to meet the Army's current level of commitment. That is the choice facing the Government—whether to cut the commitments or increase the resources.

Mr. Ingram: It is not just a case of increasing resources. For any spending Department, increasing resources is always welcome, but we must ensure that resources are properly spent and balanced. That is why other fundamental changes are taking place, which are

[Mr. Ingram]

strongly resisted. I have said previously at the Dispatch Box that we must drive through £2.8 billion of efficiency savings as part of the last settlement, and that if we do not do so, that will hit the front line. We are well on the way to achieving that, because we have been determined to do it. With everything that we have done, it has been a case of, "Fix this, Minister and Secretary and State, but don't do it if it affects me." We must face up to some harsh realities.

I have given the figures for the manning level. We have reduced requirement levels, but we are still not hitting 100 per cent. We have thrown millions of pounds at recruitment campaigns, and we are still finding recruitment difficult. That is because other job opportunities in the marketplace out there are much more attractive. Moreover, imminent demographic change in some parts of the country means that we will not be able to recruit from a population of the size to which we are accustomed. There is also the fact that more young people are choosing to undertake further and higher education. If we do not manage to attract the 9,000 people under 18 whom we are required to recruit each year, we may lose that recruitment source. Those are the issues that the human resources planners must tackle.

I am aware of the problems. This has been a good debate, which has featured agreement on and understanding of certain issues. Let us now understand the complexity of what Ministers, indeed all of us, must address.

Dr. Fox: Given the recruitment campaigns that have taken place and the market position that the Minister correctly described, why has recruitment to the Royal Air Force plummeted far more than recruitment to the Navy or the Army?

Mr. Ingram: I have no easy answer to that question, but anyone who deals with manpower planning must follow the curve. A bit of prediction and analysis is possible, but sometimes things happen before we are prepared for them. Is the problem caused by our having changed the nature of the RAF, which is now expeditionary rather than static? There is a different understanding of its purpose now. It may be remembered that it used to stand in bases in Germany and elsewhere, waiting for the Russians to come. Indeed, the same applied to large parts of the Army. Because the requirement has changed across the three services, the tempo and the demand have greatly increased, which puts pressure on key personnel.

I could make more guesses. Perhaps people are no longer encouraging their families to join the services. We know that there are problems with gatekeepers. The absence of members of the Scottish National party was mentioned earlier. Not so long ago, a member of the SNP said that we should ban visits by recruiting teams to schools in Scotland. That is outrageous and disgraceful, but we must accept that it is a currency and we must take it on.

It is easy for Ministers and others to pay tribute to the exceptional men and women who serve in the armed forces, but we need to work in the community to ensure that every part of it is seized of the enormity of what we face. If we do not have the strength that we need in the armed forces, we cannot defend the interests of this country. I do not think that anything divides us on that issue. We have not been in party political point-scoring mode today.

Sadly, I have had time to deal with only two or three points. I could not give all the responses that I wished to give, but no doubt I shall be able to return to them. I am conscious of the time; let me end by referring to two vital parts of the armed forces community—the families who stand by our front-line personnel, and the legions of veterans and their families.

Given the intensity of recent campaigns and the tragic loss of life that we have experienced, we have sought to give more recognition and support to families. I must be honest: much more needs to be done. I know that the Under-Secretary of State for Defence, my hon. Friend the Member for West Bromwich, East (Mr. Watson), is dedicated to tackling the shortfalls—whether in proper housing provision or in the overall welfare package—that affect our service personnel and their families. A major effort has been made to deliver in many of those areas.

I have given this example before, but I shall do so again. During a recent visit to 7th Armoured Brigade—otherwise known as the Desert Rats—I was struck by how much more we are doing. The Desert Rats established a "home rat" system, which involves a "wraparound" enabling the young wives and children of men serving in Iraq to keep in touch with them. I know that 20th Armoured Brigade is doing the same, as will 16 Air Assault Brigade and the Parachute Regiment. We have now realised that so much more needs to be done.

We have all commented on the veterans and it is very humbling to listen to what they tell us at the various events that my right hon. Friend the Secretary of State, the Under-Secretary and I have attended over recent weeks. It is very humbling indeed—

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Deputy Speaker. I have listened with great interest to what Mr. Speaker and the Leader of the House have said about providing hon. Members with accurate and speedy responses to parliamentary questions. On 12 June, the Leader of the House stated to me in relation to written questions:

"I have discussed at Cabinet with my ministerial colleagues the importance we attach to proper accountability to Parliament."—[*Official Report*, 12 June 2006; Vol. 447, c. 885W.]

On 3 May, I tabled 10 questions to the Home Secretary, specifically relating to Wellingborough prison. Today—I should say, this afternoon—I received three answers from the Home Secretary, all dated 29 June but not delivered to me until 6 July.

I do not understand why an already delayed answer took seven days to reach me. Unfortunately, the three answers were identical. It was a standard reply, issuing me with a copy of a letter from the director general of the immigration and nationality directorate, which had been issued to the public. It did not refer in any way to Wellingborough prison.

There are only 11 sitting days left until the recess. It is impossible for hon. Members to scrutinise the Government properly if answers are both delayed and totally irrelevant to the questions asked. Are you able, Mr. Deputy Speaker, to direct Ministers to give hon. Members' questions more attention and to treat them with urgency?

Mr. Deputy Speaker: To answer the specific question whether the Chair is able to direct, the answer is obviously no. However, Mr. Speaker has put it on the record that he expects the best possible standard of service to Members in this respect. He cannot be responsible, however, for the content and quality of replies to specific questions and he is not responsible for administrative hold-ups in the delivery of an answer to a parliamentary question. The hon. Member has had his chance to put his latest complaint on the record and I am sure that it will have been noted. Members have to pursue these matters through the available means, and I hope that that will have a favourable impact on the performance of various Departments of State.

Bob Russell: On a point of order, Mr. Deputy Speaker. In a debate that lasted five and a half hours, every Minister and every Opposition Front Bencher took a comfort break, as, indeed, did I. I make no complaint; clearly such breaks are necessary. Unfortunately, however, in my absence, the hon. Member for Mid-Sussex (Mr. Soames) criticised me for not being in my place for about 30 minutes. I recognise that he needs ample time for a lunch or three and he was not in his place for one hour and seven minutes. Is there any procedure whereby I can raise that matter and put it on the record?

Mr. Deputy Speaker: I think that the hon. Member has found his method of putting the matter on the record, but whether it was tasteful on his part to do so is another matter.

PETITION

Draft Education (Northern Ireland) Order

6.3 pm

Kate Hoey (Vauxhall) (Lab): I wish to present a petition on behalf of 15,000 citizens of Northern Ireland, representing the majority of people in Northern Ireland who want the House to understand their anger at the changes to the education system embodied in the draft Education (Northern Ireland) Order 2006. The petition:

Declares... that there has been no infrastructural audit or costing by Government relevant to the changes that are to be proposed...

Further declares that it is undeniable that, were the Northern Ireland Assembly to reconvene, legislative proposals on the lines of the Draft Order would not command majority support, let alone the cross-community support required for controversial measures under the Belfast Agreement of 1998...

Further declares that the decision to bring the Draft Order before Parliament rests with a governing party unwilling to seek the franchise of a single voter in Northern Ireland.

Further declares that while efforts to restore the Assembly continue, it would be an extraordinary step to pre-empt that happening by effecting this fundamental change within an area of devolved responsibility.

Further declares that we citizens residing in Northern Ireland wish to be governed with the same respect as citizens residing in Great Britain, and are unable to reconcile the proposals herein referred to with the Prime Minister's recent decision to avoid any confrontation with areas in England choosing to retain their grammar schools.

The Petitioners therefore request that the House of Commons revoke the proposals for radical educational change in Northern Ireland embodied in the Draft Education (Northern Ireland) Order 2006.

And the Petitioners remain, etc.

To lie upon the Table.

Institute of Grassland and Environmental Research

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

6.5 pm

Mark Williams (Ceredigion) (LD): Thank you, Mr. Deputy Speaker, for allowing me to raise this important issue on the Floor of the House. The Institute of Grassland and Environmental Research, which is based near Aberystwyth, in my constituency, has rightly been described as a "Welsh national institution". This is not the first time that the future of this research facility has been debated at Westminster. In 1984, Lord Prys-Davies introduced a debate on the future of the then Welsh Plant Breeding Station. He remarked in that debate that the Welsh Plant Breeding Station was the only agricultural institute in Wales that was grant-aided by the then Agricultural and Food Research Council, and he noted by way of comparison that there were seven such institutions in Scotland. In 1984, the WPBS was facing the loss of 25 scientific posts, and Lord Prys-Davies was quick to point out the effect that those staff cuts could have on key aspects of the station's research capacity, notably its research into dairy systems and pasture quality.

Some 22 years on, the WPBS is now the Institute of Grassland and Environmental Research, but the theme of today's debate is depressingly familiar. IGER remains the only agricultural institute in Wales, and the Government have seemingly done very little to counteract the concentration of the science base in the south-east of England. Figures from the Office for National Statistics for 2003 show that Wales's share of the UK Government's research spend on Government research establishments is 2.1 per cent. That is surprisingly low, given that 5 per cent. of the UK's population lives in Wales. By way of comparison, Scotland has five agricultural research institutes and 8.6 per cent. of the UK's population, yet it gets 13.5 per cent. of the UK's research spend on Government research establishments. The Government should look long and hard at ways to redress that balance, and I hope that they will grasp the opportunity offered by the new national institute of energy technologies—NIET—announced by the Chancellor, to which I shall return.

People in Ceredigion and across Wales are justly proud of the work undertaken at IGER. It is unique in Europe in carrying out a coherent research project that links programmes in crop improvement, forage conservation and ruminant nutrition and behaviour to system studies that emphasise land, landscape, soil, water and manure management. It uses its expertise, skills and unique field resources to do that, carrying out research in related areas such as amenity grassland, environmental management and growing crops for energy, the most notable example being its biomass project.

IGER's influence in sustainable farming extends well beyond Wales. It has a site near Okehampton, in Devon, and an upland site at Bronydd Mawr, near Brecon. It also has a structured knowledge transfer system, through which it shares its knowledge and expertise with some 285 associates. They include the National Farmers Union, the Farmers Union of Wales, grassland farmers, the agricultural supply industry, "downstream" livestock industries, national and local government and agri-environment agencies.

The Minister will be fully aware of the drastic effect that reform of the common agricultural policy has had, and will continue to have, on farming. It has resulted in the abolition of direct production subsidies, and continued support for land use projects. That has radically altered the environment in which farmers now work. It has necessitated a different style of research on land use systems that deliver both economic and environmental goods, that promote rural sustainability and a multi-functional landscape, and that develop options to meet the challenges of climate change.

As that sea change in agriculture occurs, farmers need the kind of support IGER is able to offer more than ever before. Much of IGER's research is cross-cutting. One project, for example, is a red clover breeding project that aims to increase the amount of omega-3 fatty acids in meat and milk, which are said to help children's development. Another seeks to manipulate animals' diets to reduce the amount of methane produced—a major factor in climate change. A third is investigating growing crops for energy use.

All of those research projects, and many more undertaken at IGER, are directly relevant to the challenges that DEFRA and the Government face today. However, this year, DEFRA reduced its sustainable food and farming research spend by 11.5 per cent., which for IGER has translated into a shortfall of some £2 million. Difficult and painful decisions have already been made that were forced on IGER's management by DEFRA's funding decisions. In April, 29 redundancies were announced. The loss of those highly skilled jobs is obviously a major blow to the individuals, but it is also a blow to the local economy.

Widespread concern remains about the future funding arrangements, and about IGER's future in general. Ministers have stated that the 11.5 per cent. cut is necessary for DEFRA to refocus its research and development strategy on climate change, and I hope that the Minister will tonight explain why the cuts in the sustainable farming and food research sector across England and Wales are justified. DEFRA has a specific responsibility under the devolution settlement for research and development in Wales and the cuts will have a significant knock-on effect on pastoral agriculture, especially dairying, which is still significant in rural Wales where agriculture still employs 7 per cent. of the work force.

I had the privilege of meeting Lord Rooker and his officials at DEFRA on 12 June. At that meeting, tribute was paid by the Minister and senior civil servants to the quality of work carried out at IGER. But it was made depressingly clear just how DEFRA views its relationship with IGER. DEFRA is IGER's major funder or, in other words, its major customer. It provides 52 per cent. of IGER's income—some £5.5 million. But DEFRA recognises no current obligation to sustain IGER—or any other contractor—apart from any views that it might have about its own future needs. DEFRA sees itself as little more than a "customer" of IGER's. In a written answer to me, a Minister stated that DEFRA had made

"no direct assessment of the socio-economic implications of its decision".—[*Official Report*, 18 May 2006; Vol. 446, c. 1200W.]

That decision left IGER with a £2 million shortfall.

The latest newsletter from RIPSS, which is the research institute and public sector research establishment sustainability study, states:

"Investment in someone else's long-term strategic research capability can appear expensive alongside more immediate policy concerns.

However, any property-owner knows that, while money can be saved in the short term by neglecting such investment, bigger financial problems are stored up for the future, and so access to the facility may be lost at the time most needed."

That articulates very well the basis of concern about IGER's funding. I hope that today the Minister will acknowledge the significant impact that DEFRA's funding priorities have on IGER and the surrounding community.

Several years ago, the Office of Science and Technology carried out the research institute and PSRE—public sector research establishment—sustainability study known as RIPSS. The RIPSS recommendations deal with the relationships between institutes and the Departments that are their major funders. The recommendations are yet to be implemented by DEFRA, and I strongly urge the Minister to state today how his Department will address those recommendations, which would strengthen the relationship between DEFRA and institutes such as IGER, and to outline what part DEFRA will play in the acknowledged need to get major funders to work together. Will he acknowledge that there has to be a degree of sustainability, and of security for their high-skilled research jobs, if research establishments are to function properly?

I received a letter from the Under-Secretary of State for Wales on 23 May, which stated that

"DEFRA is working with IGER so that they are able to match their skills to DEFRA's needs both now and in the future."

That suggests that DEFRA may be able to offer some continuity of funding in exchange for a role in strategic management and planning. Is the Minister able to elaborate on that?

The creation of a national institute of energy technologies was announced in the Budget. With funding of £1 billion, it is designed to further the climate change reductio programme, but we have heard little about how it will work. I hope that we will hear more today, as there is concern that its creation will cause existing skills and centres of excellence to be overlooked. Will some of that funding come to Wales?

I welcome the new institute but, as I said earlier, there is a feeling in Wales that we are losing out and getting less than our fair share of research spend. Will the Minister give me an assurance that some of NIET's research capacity will be designated for Wales?

At present, IGER is at a fork in the road, with two possible options for its governance. The first is closer collaboration with Rothamsted Research, which is based in Hertfordshire. There is some overlap with the research that is undertaken there, but there are concerns that IGER would pay a big price for closer alignment. There is a feeling that it would have to sacrifice its independence, and become merely an outreach of a bigger institution over the border.

Sentiment also plays a part in that. Earlier, I mentioned the importance of the perception that IGER is a Welsh national institution, but there is also some concern about future funding from the Biotechnology and Biological Sciences Research Council. Funding for both Rothamsted Research and IGER has been guaranteed until 2011, but there is a feeling that IGER would suffer after that, becoming the weaker and more junior partner. Moreover, some people believe that that would lead to some administrative activities being transferred to the BBSRC, and the consequent loss of more jobs and status for IGER.

The second option is to build on IGER's strong historic links in Wales and forge a partnership between the BBSRC, DEFRA and institutions in Wales. There is a genuine hope that we can achieve greater collaboration between IGER and the university of Aberystwyth—which is in my constituency—and Bangor university by means of a single funding stream. I was privileged to have an opportunity last month to discuss that possibility with Wales's Minister for Environment, Planning and the Countryside, Carwyn Jones. This second option would allow IGER to retain its financial integrity and independence.

Under the devolution settlement, the National Assembly for Wales has a duty to promote sustainable development. There is a fear that if control of IGER passed out of Wales, it would be less able to assist the Assembly with its sustainable development agenda. I hope that the Government and relevant officials will do all in their power to encourage talks between the Welsh Assembly, higher education institutions in Wales, and IGER.

It should be noted that IGER is Wales's only agricultural research institute, and that it employed 300 people before the cuts were made. The comparison with Scotland could not be more stark. There, there are five agricultural research institutes, and a total staff well in excess of 1,000. There is a perception that Wales is being short-changed when it comes to research and development.

The challenges of globalisation mean that our economy inevitably will undergo a shift, moving from the labour-intensive sector to more knowledge-based industries. The quality of Welsh research and development will be integral to the strength of our economy. In real terms, that means that we need to bring quality jobs to Wales. The 29 jobs that have gone already at IGER represent a major loss to the local economy, and I was disappointed that the Government did not consider the socio-economic impacts of their funding decisions.

Globalisation, reform of the common agricultural policy and the overwhelming power of the supermarkets mean that the Welsh farming industry is under immense pressure from all sides. Since 1997, full-time employment in Welsh agriculture has halved. If farming is to have a sustainable future IGER has a vital role to play in identifying cutting-edge ways for farmers to modernise and to operate more effectively and efficiently. Reducing funding for agricultural research means abandoning the farming community to face a hostile market without vital research assistance. If the Government are serious about giving Welsh agriculture a sustainable future, they must give our farming research bodies the support and funding they need, and I urge the Minister or one of his colleagues to visit IGER to see the valuable work that is undertaken there.

IGER has a proud history; it is a talisman for Wales's excellence in science and research. I hope that when the Minister responds he will agree that it needs and deserves a sustainable future in Wales.

6.21 pm

The Minister for Trade (Mr. Ian McCartney): I thank the hon. Member for Ceredigion (Mark Williams) not only for bringing the subject of the debate to the attention of the House but also for a well-researched speech that set out, from his point of view, the intellectual and economic case for funding IGER. My noble Friend Lord Rooker is the Minister directly responsible for the issue and I will ensure that he receives a copy of the debate. If there are points that I cannot answer this evening, I am sure that they will be followed up with the hon. Gentleman.

As a Scotsman who is a Member of Parliament in England talking to an Englishman who is a Member of Parliament in Wales, I point out to the hon. Gentleman that there is no discrepancy in respect of the access of Wales as a nation to research and development. Research council remits cover the whole of the United Kingdom and research is funded on the basis of scientific excellence and the judgment of peer review groups. It would not be proper to allocate funds on an individual country basis.

The Department for Environment, Food and Rural Affairs, too, has a country-wide policy for R and D, and prioritises funding on the basis of scientific excellence. In addition, the Welsh Assembly has a budget of about £50 million for R and D to be spent exclusively in Wales, which is not the case for the English regions.

I must also point out to the hon. Gentleman that agricultural research carried out in Scotland is available to the whole UK agricultural industry. Similarly, research in biosciences and medical science is available to all the medical teaching and research institutes in the UK. It is a UK effort, based on investment, according to the remit, and judged by peer review.

I want to set out the relationship between the Department of Trade and Industry's Office of Science and Innovation and the research councils. The Department provides funding to the eight research councils for them to support research, training and knowledge transfer, as well as promoting public engagement with their research. In accordance with the long-standing Haldane principles, decisions on the funding of specific scientific research are taken by councils independently of Ministers. That also applies to research council institutes. It is for individual councils to determine the appropriate level of support for their institutes in accordance with those principles.

Councils have responsibility for determining the precise role of each of their institutes. Typically, institutes have distinctive missions, which include scientific excellence and knowledge transfer, supporting the knowledge-based economy, providing crucial UK capability and offering the Government independent research and advice.

The Biotechnology and Biological Sciences Research Council is funded from the DTI science budget to support research and related postgraduate training in the life sciences. The Institute of Grassland and Environmental Research is one of seven research institutes sponsored by the BBSRC—my goodness, what a mouthful—which was responsible in 2005-06 for 38 per cent. of its funding. That core funding provides the resources for the basic scientific research carried out at the IGER and enables the institute to enter into a contract with DEFRA and others to carry out the research that they commission.

The Biotechnology and Biological Sciences Research Council's science budget allocation has more than doubled since 1997, from £183 million to about £380 million for this year. The hon. Gentleman's tenet of a lack of resources is not the case. The huge increases across the field of research and development demonstrate the Department's commitment to maintaining the quality of life sciences research in the UK.

The council recently published a consultation paper on bio-energy research, based on advice from an expert panel. IGER has the skills relevant to that research, which presents it with new research opportunities for the future. I hope that the hon. Gentleman and DEFRA colleagues can look at that possibility when they meet again.

Investment in institutes will evolve and change over time to reflect emerging science challenges and priorities. The hon. Gentleman reflected that in his contribution when he said that, some 20 years ago, there was a debate in the House about changing priorities, as a consequence of which the institute evolved. We are now 20 years on, and it is seeking to evolve again. If institutes do not evolve, they die. That is the reality. Research and development priorities change, the nature of what we need to do as a country changes and globalisation changes that again. However, those changing priorities do not mean the end of the institute: it can and should adapt.

Significant investments have been made or will be made across the piece. For example, the Biotechnology and Biological Sciences Research Council is increasing funding for animal health and welfare with a £35 million investment in a new building to house the world-renowned Roslin Institute and Institute for Animal Health neuropathogenesis unit, in partnership with the university of Edinburgh, focused on the veterinary school.

I could give a whole range of other examples. For example, the partnership with the Department for Environment, Food and Rural Affairs and the Veterinary Laboratories Agency is providing consistent additional resources by investing £27 million in a range of projects. The Department of Trade and Industry has invested £27 million. I understand that the total figure is £67 million in those areas.

Across the piece, in other regions throughout the country, a range of world-class facilities are being provided and constructed to ensure that we as a country are at the leading edge of research and development in a range of key areas. The Laboratory of Molecular Biology in Cambridge is another example.

In the UK, grassland occupies about 70 per cent. of the land area and supports natural plant and animal communities, as well as farmed ones. IGER's research programme focuses on grassland-related sustainable agriculture, with strands impinging on production, environment, amenity and biodiversity.

I understand that the Biotechnology and Biological Sciences Research Council commended the overall quality of the basic and strategic research at the institute. According to its 2005 assessment exercise, eight out of 10 assessed programmes were scored as "high international/international" or "outstanding/good". The issue is one of shifting priorities, not one of saying that the institute cannot make a contribution in the future: it can, but it may well be a different contribution.

IGER has an annual budget of about £18 million, and 38 per cent. of its funding currently comes from the council, with 40 per cent. derived from external contract income. The council has demonstrated its continued commitment by awarding the institute a 3 per cent. increase in core funding in 2006-07, to £5.3 million—not a reduction, an increase.

The increased funding provided by the research council contrasts with the declining trend in income from the Department for Environment, Food and Rural Affairs. Although the Department is a major investor in research at the institute, income received for contract research from the Department declined from approximately £6.4 million in 2004-05 to £5.8 million in 2005-06. IGER expects to receive only some £5.5 million during 2006-07. That was confirmed on 6 June in a written reply from DEFRA in the *Official Report*, column 116W. That decline in contract income reflects DEFRA's refocusing of its research needs in line with its Ministers' strategic priorities. It is in the process of a well-publicised shift in science programmes towards environmental objectives, and in particular climate change and energy. That is affecting all DEFRA's land-based science contractors, not just the institute.

The institute is, and will continue to be, a very important research partner for DEFRA. The institute's facilities and expertise provide a strategic scientific resource for the Department in understanding the environmental footprint of agriculture, in particular in relation to livestock and grassland management. The institute is contributing to all DEFRA's sustainable farming and food cross-cutting research programmes.

The Biotechnology and Biological Sciences Research Council will make decisions on the future sustainability and the capacities required in its sponsored institutes, including IGER, in the light of available resources, and is discussing funding over the next few years with DEFRA. The institute is in close discussion with the Department over how it can meet the Department's changing research needs. The reason for that discussion is to see whether IGER can take on a new role in the years to come.

Mark Williams: From the outset, I apologise for my overt nationalism. My nationalist colleagues who are usually on the Benches behind me are not here. I appreciate what the Minister said about the UK-wide, global attitudes to research and access to that research. Will the Minister clarify things more in relation to the RIPSS? I appreciate that there has been a lot of misinformation about the issue—in talking about cutbacks rather than the effects of renegotiating or reconfiguring contracts. Will the Minister elaborate on his understanding of the Government's responsibility to research institutes? Our figures are slightly at odds. He mentioned 38 per cent. My figure was somewhat larger. But 38 per cent. is still a huge chunk of any institute's income. What are the Government's responsibilities, as part of the RIPSS programme, to such institutes?

Mr. McCartney: I will ensure that the hon. Gentleman gets a detailed written reply. The responsibility is well met in the following sense. There has been a huge and sustained increase in income from two sources. First, there is direct income in terms of the overall increase in the research and development budget across the piece. Alongside that, according to the priorities of the various Departments—whether it is DEFRA, the Department of Health or the Department of Trade and Industry—there has been a significant increase in direct funding in terms of project work.

Even with those two consistent facts, there are occasions when priorities and needs change. If that did not happen, we could waste resources on research that did not meet our objectives or the long-term needs of our country. Change is inevitable in many ways. The issue is, in making those changes—difficult as they sometimes are—are we prepared to continue relationships with institutes such as IGER? The answer is yes. Are we prepared to work with them to find a way of utilising their skill base? The answer is yes. Are we prepared to work with them to find other ways of assisting the transition? The answer is yes.

I understand the pressures of somebody losing a job, but the hon. Gentleman ought not to be so pessimistic as to write off the institute on the basis that there is a need for transition and change because the priorities have changed. I hope that he will recognise that what I am saying—difficult though some of it is—is that there is a proactive and positive approach from my colleagues in DEFRA. There is also a proactive approach in relation to the overall increase in budgets and research. Additional funding is already being received from the research council. The institute is not being cast aside or cast off on its own. It is going through a period of transition, as other institutes will inevitably do, and are doing, because of changes in the priorities that they have to meet. That is a challenge that has to be met. It was met 20 years ago and I am sure that it will be met this time too.

The institute needs to continue to develop its business plans. I understand that the research council has developed a strategy for sustainable agriculture and land use and that the research conducted by the institute is in line with those goals. I am pleased to note that the collaboration with higher education institutes, including the university of Wales, Aberystwyth—I think that the hon. Gentleman also mentioned Bangor—is a critical element of that strategy. I also—

The motion having been made at five minutes past Six o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at twenty-five minutes to Seven o'clock.

House of Commons

Monday 10 July 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Incapacity Benefit

1. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What interim targets have been set in relation to his target to reduce the number of people on incapacity benefits by 1 million by 2016; and if he will make a statement. [83298]

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): No interim targets have been set but, as with our successful pathways to work pilots, we will continue to monitor and publish our progress on a regular basis.

Mr. Crabb: As a result of demographic changes, and without any policy change or special initiatives, the forecast incapacity benefit case load will fall from 2.7 million today to about 2.36 million in 2015-16. Does not that rather handy head start of 340,000 make the Minister's promise to cut the incapacity benefit count by 1 million both unambitious and a little misleading?

Mr. Murphy: That is an entirely unfounded claim. Recent changes have resulted from the introduction of the new deal, the policy to make work pay through the national minimum wage and new, more flexible working arrangements in the workplace. All those policies have two things in common—first, they have successfully enabled more people to enter the labour market and, secondly, they were all opposed by the Conservatives. It is therefore an ambitious target and we are determined to achieve it so that people should no longer be written off and consigned to a life on incapacity benefit, which was all too common under the previous Government.

Mr. Terry Rooney (Bradford, North) (Lab): My hon. Friend will know that there is a very low employment rate among people with mental illness. Undoubtedly, there is a problem with employer attitudes to that client group, so what are his Department and other Departments doing to try to take that agenda forward?

Mr. Murphy: My hon. Friend, as Chairman of the Select Committee on Work and Pensions, has worked tirelessly on that agenda and rightly identified the fact that the biggest single factor that leads people to claim incapacity benefit is mental illness. The new personal capability assessment and the new employment support allowance will focus on that emerging trend and seek to address it. The roll-out of pathways has provided encouraging evidence about how we can support people with mental illnesses and give them the chance to return to work. I look forward to discussing those matters in more detail when I visit my hon. Friend's constituency next Monday.

Mr. David Laws (Yeovil) (LD): The Minister said last week that, for every £800 spent on pathways, the taxpayer is saved some £8,000 as a result of people returning to employment. If that is the case, why have Ministers briefed that they do not have enough money to roll pathways out for all claimants and may even have to ration them? Is it not bizarre that the Government can find billions of pounds of additional finance for benefits and tax credits, which can keep people in dependency, but they cannot find the money to get people back to work in this way?

Mr. Murphy: I do not know whether that is another of the endless spending commitments from the hon. Gentleman, whom I had previously thought was on the moderate wing, if there is such a thing, of his party's spending commitments. The roll-out of pathways has been shown to be the single most successful initiative ever in supporting people while they leave incapacity benefit and take up the chance to work. However, we have to go much further, which is why, last week, we announced the national roll-out of pathways throughout the country by 2008, so that everyone on incapacity benefit and the new employment and support allowance will have the chance to participate in that very successful initiative.

Mr. Frank Field (Birkenhead) (Lab): Does the Minister accept that the fact that a number of Labour Members wish to question him is a sign of our support for the Government's strategy of trying to give opportunities to work to people who are on benefit? Does he realise that, over the period in which the Government aim to reduce the numbers on incapacity benefit, over 1 million claimants will either retire or die? Can he set out the net effect of the new Government policies?

Mr. Murphy: I have set out a 1 million net reduction in the numbers on incapacity benefit, and I take the comments by my right hon. Friend and others as offering support in principle for our ambitious agenda. Through other initiatives, we have already ensured that there is a reduction of one third in the number of new claimants receiving incapacity benefit since 1997, but we must go further. We look forward to a conversation with him and my hon. Friends to discuss what more we can do so that people are no longer written off, as they were throughout the 1980s and 1990s.

Hywel Williams (Caernarfon) (PC): Does the hon. Gentleman accept that psychiatrists in my constituency

have serious doubts about the capability test? *[Interruption.]* It is a serious point, as they have serious doubts about the capability test in respect of mental illness. Will he look at that test again to ensure that it is properly standardised and has a basis of scientific rigour?

Mr. Murphy: Unusually, the hon. Gentleman makes an entirely reasonable point. We are looking at how we can review the personal capability assessment, which is so crucial to ensure that every individual is treated as just that: an individual, so that an assessment can be made of their learning disability, mental illness or other injury. If the hon. Gentleman has specific ideas about how we get that right, I am happy to listen, but we are spending a huge amount of time and effort working with disability organisations such as Mind and Mencap to make sure we get personal capability assessment exactly fit for purpose.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): Does my hon. Friend agree that the huge increase in the number of people receiving incapacity benefit was purely a result of the policies of the Conservative Government and their attempts to hide the unemployment figures and that, to get people on incapacity benefit back into work, we need to provide more encouragement and capacity building for them so that they have the necessary self-esteem to get back into employment?

Mr. Murphy: My hon. Friend is right. The pathway back to work will be taken in a series of small steps. Importantly, that involves rebuilding self-confidence and self-esteem, refreshing skills or learning new skills, and then receiving support in the completion of CVs and preparation for interviews, which many may not have undertaken since they left school. The package of measures through pathways will be important in helping to transform the life chances and job opportunities of many who have been neglected in the past.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): Conservative Members are keen to see the benefits of the pathways roll-out being achieved not only by diverting new claimants into work as soon as possible, but by engaging existing IB claimants. In his statement to the House on 24 January, the Secretary of State said:

"Over the next few years, we will ask existing claimants to attend a work-focused interview and agree an action plan to take steps to return to work."—[*Official Report*, 24 January 2006; Vol. 441, c. 1307.]

Will the Minister confirm that that is the Government's policy and that a requirement for existing claimants to attend an interview and agree a plan will be introduced as soon as sufficient resources are available?

Mr. Murphy: The hon. Gentleman invites me to agree with my Secretary of State, and I am happy to do so. We are piloting ways of ensuring that the pathways scheme supports current incapacity benefit claimants. As we set out in the Green Paper and subsequent statements, we will look to migrate the existing case load of about 2.6 million across to be supported by the employment and support allowance. Of course, in the interim, individuals currently on incapacity benefit can volunteer, if they so wish.

Mr. Bob Blizzard (Waveney) (Lab): I received a letter from my hon. Friend's Department last week, informing me that pathways to work would start in my constituency next year. Based on the pilots that we have had so far, what impact can I expect that to have on the number of people on incapacity benefit in my constituency?

Mr. Murphy: Based on the roll-out of pathways across about 40 per cent. of claimants, we anticipate continuing reductions in the number of those on inactive benefits, particularly those with more complicated multi-dimensional needs in terms of the support that they require to get a chance to work. The evidence is that about 25,000 people have entered the job market as a consequence of pathways thus far. We can learn from the best experience of those pilots and roll that out across the country as a much more substantial contribution towards our target of reducing the number of those on inactive benefits by 1 million.

Mr. Hammond: With reference to the Minister's response to me earlier, the reason I asked him to confirm the Secretary of State's statement to House is that the Green Paper says something slightly different. The Green Paper states:

"As resources allow, we will, over time, consider extending work-focused interviews".

That is a nuance on what the Secretary of State said. If the only constraint on extending the work-focused interview to existing claimants is resources, why does not the Minister negotiate with the voluntary and private sector providers who are to roll out 60 per cent. of the pathways programme to see whether they will include the interview stage in their package and accept a full transfer of risk—effectively, a no success, no fee basis—so that the resource constraint evaporates and the benefits of the pathways to work programme can be rolled out to existing benefit claimants as well as new claimants with the scheduled roll-out of the overall programme?

Mr. Murphy: That would not be the most effective way in which we could roll out pathways support across the country. The evidence is that, if someone is on incapacity benefit for two years, they are more likely to die or retire than ever to find a job. As a priority, we will focus on those who are newest to incapacity benefit or employment support allowance, but we will not neglect those who were placed on incapacity benefit as a matter of public policy by the Opposition when they were in government. We know that it is an ambitious target to change incapacity benefit numbers by 1 million, but it was achieved in the 1980s and 1990s by the Opposition. We intend to achieve the same level of change in incapacity benefit numbers, only in the opposite direction.

Civil Servants (Gershon Review)

2. **James Duddridge** (Rochford and Southend, East) (Con): What head count reductions there have been in his Department since the Gershon review; and if he will make a statement. [83299]

The Secretary of State for Work and Pensions (Mr. John Hutton): Since 2004, staffing levels in my Department have fallen by 19,385 full-time equivalents. As a result, we are now two thirds of the way to meeting the target reduction of 30,000 set out in the Gershon review.

James Duddridge: Will the Secretary of State guarantee that movements from the Department to sort out the mess in the Child Support Agency will not negatively impact on the service delivery in those departmental areas from where the staff originally came?

Mr. Hutton: We certainly do not want that to be the result. We are recruiting additional staff to the CSA to deal with some of its problems, but overall it is right and proper that we pursue these efficiency measures in my Department. If we can carry them out successfully, it will save £1 billion a year for the taxpayer by March 2008, and that is the sensible way forward.

Keith Vaz (Leicester, East) (Lab): In welcoming the fact that the Secretary of State is on target to reach the necessary reductions, and echoing the point made by the hon. Member for Rochford and Southend, East (James Duddridge), is my right hon. Friend satisfied that there will be no reduction in services to our constituents? Many people still come to my constituency surgeries, and those of other hon. Members, who are concerned about the delay in processing their claims. Will he give us that assurance? By all means rationalise and simplify the service, but keep the front-line services as efficient and effective as possible.

Mr. Hutton: That is absolutely the main focus of our objective in making these changes. I acknowledge that there have been times when we have not provided the level of service that we would have liked, but we are working hard with the front line to improve service delivery. Part of the reorganisation in the Department will see an extra 10,000 staff moved into front-line responsibilities, dealing directly with my hon. Friend's constituents and those of other hon. Members.

Sir Paul Beresford (Mole Valley) (Con): The Secretary of State mentioned savings to the taxpayer. I would like an assurance that that will be the case, because many Departments are recycling the savings, so they do not appear in the taxpayer's pocket.

Mr. Hutton: This will be a saving.

David Taylor (North-West Leicestershire) (Lab/Co-op): In other Government departments—the Rural Payments Agency springs to mind—departmental heads, in pursuit of Gershon targets to reduce the head count, have got rid of some of the most experienced, talented and productive people and replaced them with low-cost, inexperienced staff from agencies, with all the consequent problems that we have seen in that and other departments. Will the Minister reassure the House that we shall not go through that bogus process in achieving any head count reductions in his Department?

Mr. Hutton: We will not go through any bogus process. I believe strongly that it is possible to make such efficiency improvements without reducing the quality of the service that we provide to the public. Despite the fact that there have been problems in one or two parts of the country, overall customer satisfaction levels remain incredibly high for the service delivered across the Department, and we need to remember that and ensure that it is our No. 1 priority.

Mr. Tim Boswell (Daventry) (Con): Of course we welcome sensible use of technology to sustain and even improve services to vulnerable people. However, it is clear that many of them will have experienced—the Secretary of State has tacitly acknowledged this—serious declines in service delivery, including the initial meltdown of the service to jobseeker's allowance claimants last autumn, continuing dysfunction in the CSA and continuing poor morale and industrial relations problems in the Department itself. In the light of all that, does the Secretary of State acknowledge that Gershon emphasises the maintenance of service quality as much as head count reduction, and does he share Gershon's view that they are of equal importance?

Mr. Hutton: Yes, I do, as would all hon. Members. The problems that arose last autumn have been addressed, and we have moved on since then. In making all these changes, it is of course essential that we keep as our No. 1 priority the service to the public and the customers whom we are here to serve. That will always be the Department's priority.

Unemployment (Shropshire)

3. **Mark Pritchard** (The Wrekin) (Con): How many people were unemployed in Shropshire in June 2005 and June 2006; and if he will make a statement. [83300]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): The latest claimant count in Shropshire is 2,604, as opposed to 2,010 a year earlier. Employment in the county continues to expand, as it does right across the country, where it is up by 270,000 over the same period. Our employment rate is one of the highest on record and the highest in the G7.

Mark Pritchard: I can understand why the Minister does not want to talk about unemployment rates in Shropshire and would rather talk about the county's employment rates. Is he aware that the Office for National Statistics says that between May 2005 and May 2006 unemployment rose by an astonishing 30 per cent.? I am not blaming the Minister, but will he and his colleagues liaise with the Secretary of State for Defence about the defence training review and safeguarding 2,500 much-needed defence sector jobs in Shropshire?

Mr. Plaskitt: The hon. Gentleman is right to point out that there have been some unfortunate increases in unemployment and redundancies in his constituency recently; of course, we all regret that. His constituents will need to know from us that the Government are pursuing the right economic policies to help those people back into work as quickly as possible and that

my Department is pursuing the right policies in terms of giving them individual assistance back into work. He may be aware that there are 1,400 vacancies in Shropshire and that eight employers in his area have recently made 440 job announcements. His constituents will want to be sure that we are not going to return to the claimant levels that they experienced before—2,600 now, as opposed to 4,300 in 1997 and 12,500 in 1986.

State Pension

4. **Mr. Jamie Reed** (Copeland) (Lab): What steps he is taking to increase the number of women of pensionable age who are eligible to claim a full basic state pension. [83301]

The Secretary of State for Work and Pensions (Mr. John Hutton): The pensions White Paper set out a series of measures that will increase the number of women qualifying for a full basic state pension, including reducing the number of qualifying years, introducing a new carers credit for those caring for at least 20 hours a week and moving to a more generous system of weekly credits. As a result, we estimate that around 70 per cent. of women reaching pension age in 2010 will be entitled to a full basic state pension instead of about 30 per cent., as now.

Mr. Reed: I welcome the emphasis that the excellent White Paper places on pensions provision for women. That was urgent and overdue. Will the Secretary of State consider the importance of the so-called grey pound on the local micro-economies of areas with increasing ageing populations such as Cumbria, which he knows well? Would it be feasible to help the economies in those areas by prioritising Government policy towards women pensioners?

Mr. Hutton: We should prioritise the needs of women pensioners everywhere, including in my hon. Friend's constituency. I am glad that he signalled his support for the pensions White Paper, which, in relation to women, is probably the most radical shake-up of the pension system since 1948. I hope and believe that the reforms that we have announced, which will have a big impact on improving equity for women in the state pension system, will have the support of hon. Members on both sides of the House.

Mr. Nigel Dodds (Belfast, North) (DUP): In genuinely welcoming the measures in the White Paper for women and carers from 2010 onwards, may I ask the Secretary of State about today's women pensioners—the 3.8 million who are already retired and the 1 million who will retire by 2010? What is he doing for them? How will he help them in increasing their ability to achieve full pensions?

Mr. Hutton: The hon. Gentleman will be aware that the changes that I have described will operate from 2010. Between now and 2010, my right hon. Friend the Chancellor and I will be considering the position of existing women pensioners. One of our announcements in the pensions White Paper confirms that pension credit will increase in line with earnings from 2008. That will deal with the situation of many of the people to whom the hon. Gentleman refers. It will not affect entitlement to a full basic state pension, but it will ensure that we prioritise the needs of women who do not have a full pension and do what we can to ensure that they do not retire in poverty.

Mr. Wayne David (Caerphilly) (Lab): The Secretary of State mentioned the importance of the carers credit. How will the new system compare with the current system of home responsibility protection, which already benefits women?

Mr. Hutton: We are consulting on some issues, but I hope that my hon. Friend welcomes the announcement in the White Paper that we will convert the home responsibility protections into a new system of weekly credit, which will make a significant contribution to extending entitlement to the full basic state pension to many more women.

John Bercow (Buckingham) (Con): As the Secretary of State is a noted humanitarian, does he agree that the moral case for retrospective assistance is compelling?

Mr. Hutton: The injustice that many women have experienced with the basic state pension needs a proper solution and we have proposed one. Lord Turner proposed a series of changes, which would also have taken effect from 2010, because he and the Government were considering long-term reform of the pension system. I strongly believe that reforms to the contributory principle will have a much more immediate impact than the introduction of a residency test, which, by its nature, would only build up a series of future accruals. It would not affect the position of women retiring in 2010, especially that key cohort of women aged 45 and over, who basically have no time left to acquire a full basic state pension.

Pension credit will largely cover women who retire now without a basic state pension and, from 2010, we will move to a system whereby more women retire with a full basic state pension in their own right. I believe that that strikes the right balance between equity and affordability.

Pensions

6. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What further discussions he plans to have with employers on the pensions White Paper. [83303]

The Minister for Pensions Reform (James Purnell): We plan detailed discussions with employers. We are holding a summit on the design of personal accounts on 17 July, followed by a programme of seminars with employers on the implementation of the proposals in the White Paper.

Mr. Love: Employers have a critical role to play in persuading their employees to take up the national pension saving scheme. Is my hon. Friend in a position to inform hon. Members that, in his discussions with employers, he can tell them that there is a consensus in the House on compulsory employer contributions?

James Purnell: My hon. Friend makes a good point. It is important that we build a consensus on those

proposals. When people put their money in pension schemes, they lock it away for 20, 30 or 40 years and that will be easier if the policy remains stable. I am happy to say that all the main parties support compulsory pension contributions from employers.

Mr. Nigel Waterson (Eastbourne) (Con): Has the Minister seen the Aon Consulting survey, which shows that only a third of final salary schemes remain open to new members and that more than 70 per cent. expect to close in three years? Has he, like me, received representations from employers' organisations on behalf of responsible employers who want to keep their final salary schemes going by amending their conditions yet feel undermined by the Government's sweetheart deal with the public sector unions?

James Purnell: I do not believe that there is a link between those issues. We rightly want to work with people on a review of the regulatory costs of occupational pension schemes. If we can find methods of reducing those costs that balance employee protection and the cost to employers, we will do that. That will encourage people to keep occupational pension schemes open, and we would like to work with them on that, too.

Welfare Reform

7. **Mr. Desmond Swayne** (New Forest, West) (Con): If he will make a statement on his plans for the Welfare Reform Bill. [83304]

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): We published the Welfare Reform Bill on 4 July. That marks the next stage in our plans to modernise the welfare state and break down the barriers to work. Electronic copies of the Bill are available and I am sure that the hon. Gentleman will be reassured to know that they are readily e-mailable.

Mr. Swayne: How will the Minister respond to an amendment to include on the face of the Bill the provisions that the Prime Minister e-mailed to the former Secretary of State last summer, calling for time-limiting and means-testing incapacity benefit and naming and shaming doctors who, in the Department's view, have been a soft touch?

Mr. Murphy: The hon. Gentleman asked how I intend to reply. I am tempted to say that I shall do so by e-mail, but that might be taking things too far. For a man who spends so much time with modern technology, he is sadly out of date so far as our proposals are concerned. We have published our Bill, which builds on the Green Paper, and is about no longer writing people off to a life of inactivity on benefits.

Jane Kennedy (Liverpool, Wavertree) (Lab): It is a pleasure to follow the hon. Member for New Forest, West (Mr. Swayne) in this question, particularly as he has expressed his disappointment in the Conservative party being unable to maintain its regeneration initiative that was launched in Liverpool. I have seen the lives of many hundreds of my constituents transformed by the reforms that this Government have introduced. Will my hon. Friend meet me and representatives of the voluntary and charitable sector in Liverpool—who are working exceptionally well with some of the hardest to help groups—to look at how the employment zone initiative is structured and to talk about innovative ways in which we could improve how it is working?

Mr. Murphy: I would be happy to do so. The innovative city strategy, of which we will publish more details later this month, is one of the further opportunities that Liverpool and some of our other big cities will be able to use to lift their employment rates. I would be happy to meet my right hon. Friend to discuss what more can be done in Liverpool and our other great cities.

Mr. David Heath (Somerton and Frome) (LD): Whether we look at the Bill in electronic form or on paper, there are key areas that we cannot read simply because they have not been included. Examples include the proposals to withhold benefits from those who do not comply with its conditions, and the regulations that will follow in statutory instruments. Does the Minister agree that, if the House is to understand fully what the Bill is about, it is important to publish those regulations—at least in draft form—before the Bill's Second Reading?

Mr. Murphy: The hon. Gentleman is right to say that an awful lot of the detail of the Welfare Reform Bill will, rightly, be set out in regulations. We intend to publish many of the key regulations in time for its Committee stage, as has been common practice with many other important pieces of social security legislation.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): The Government have included some welcome reforms to the housing benefit system in the Bill, but, for 3,000 of my constituents who are in temporary accommodation, the housing benefit that they receive for their exceptionally high temporary accommodation charges represents a real disincentive to work. In areas such as mine, those charges can be between £400 and £450 a week. The Government are piloting changes to housing benefit arrangements in east London. Does the Minister recognise that it is essential to roll out those pilots into high-value areas so that my constituents who want to work in order to turn their lives round will have the opportunity to do so, and will not be deterred by those excessive rents?

Mr. Murphy: My hon. Friend is well regarded in the House for campaigning on behalf of her constituents, particularly those in the position that she mentioned. The pilots for the local housing allowance are part of our wider agenda of financial inclusion. The additional financial responsibility, the sense of flexibility and the opportunity for financial independence that the reform of housing benefit will provide are a key part of our wider reforms. Of course, if my hon. Friend has specific concerns, other Ministers in the Department and I will be happy to discuss with her how we can roll the programme out around the rest of the country.

Unemployment

8. **Mr. Rob Wilson** (Reading, East) (Con): What assessment he has made of the latest unemployment figures; and if he will make a statement. [83305]

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): There are now many more people in work in the UK than ever before, and the Organisation for Economic Co-operation and Development has confirmed that we have the highest employment rate and the best combination of employment and unemployment in the G7.

Mr. Wilson: I thank the Minister for that answer. According to the House of Commons Library, unemployment has risen by 23 per cent. in my constituency. The right hon. Member for Birkenhead (Mr. Field) suggested last week that, if the number of unemployed people was added to the number on incapacity benefit, the resulting inactivity rate would be worse than that of France and about the same as that of Germany—that is, pretty dire. Is not that an indictment of a Chancellor who has blocked reform while spending billions of pounds on keeping millions of people in the grip of state dependency?

Mr. Murphy: I know that the hon. Gentleman is relatively new to the House, but that is a ridiculous claim for him to make about this Government's economic record. For him to compare today's unemployment levels with the time when 3 million unemployed was "a price worth paying" is utterly ridiculous. There are now more people in work in the United Kingdom than ever before. In the last quarter, 10,000 more people found work every week, and there are still 600,000 vacancies in the economy. Of course, we have much more to do before we reach our 80 per cent. employment target, but we are now a million miles away from the position that we inherited, with its vast, grotesque and indefensible levels of unemployment throughout the country.

Mike Penning (Hemel Hempstead) (Con): One area of the country in which unemployment is rising is Hemel Hempstead. It is no fault of the businesses or people seeking work in the area, but is the result of the Buncefield explosion. An inquiry is taking place behind closed doors, which does not aid the local community's confidence at this time. Will the Minister tell me what his Department is doing to encourage work back into the Hemel Hempstead area after that terrible disaster?

Mr. Murphy: Jobcentre Plus and other Government agencies of the Department for Work and Pensions will, of course, play their full part in supporting people who want the chance to get back into work in Hemel Hempstead and elsewhere. In a wider sense, we are also continuing our review of the skills agenda to ensure that those who do not have the skills to be actively involved in the labour market at the moment do so in the future. It is a particular problem for people who are over 50, where the skills gap is markedly different.

Council Tax Benefit

9. **Ms Diana R. Johnson** (Kingston upon Hull, North) (Lab): What progress is being made on improving the take-up of council tax benefit by pensioners. [83306]

The Minister for Pensions Reform (James Purnell): Since last December, people applying for pension credit have been able to get housing benefit and council tax benefit at the same time via one phone call to the Pension Service. As a result, 14 per cent. more pensioners now request these benefits and the resulting number of successful claims through pension credit has gone up by 39 per cent.

Ms Johnson: I thank the Minister for that helpful reply. Will he join me in congratulating agencies in Hull such as Age Concern and Carers' Centre Hull, which spend considerable time assisting people with the quite complicated application process?

James Purnell: That is a very important point, as organisations such as Age Concern and Help the Aged play a key part in helping to deliver the service and finding people who are not claiming their benefits. It is important to remember that those benefits are not a privilege, but an entitlement, and we should do all we can with those organisations to help people to get them. I would like to join my hon. Friend in congratulating Age Concern and the local service on the nearly 1 million face-to-face contacts that they made last year to encourage people to take up their benefits.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): It is excellent news that more pensioners are gaining access to this support, which is vital to them, but will the Minister look further into the use of call centres and dedicated call lines for people applying for benefit assistance? Frankly, in some instances, it is causing real difficulties.

James Purnell: Many people find it easy to claim over the phone, but if my hon. Friend knows of any constituents who are reluctant to use the service, they can, of course, request a visit from the Pension Service locally, which will either visit them at home or find a setting such as Age Concern where they might feel more comfortable about making their claims. I would be happy to write to my hon. Friend with more details.

Affordable Credit

10. **Rosie Cooper** (West Lancashire) (Lab): What steps he is taking to extend access to affordable credit for low-income families. [83307]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): In addition to the help that the Department gives via the social fund, we are now delivering the £36 million growth fund, which will increase the amount of affordable credit available via credit unions and community

development financial institutions. That will help tens of thousands of people to avoid having recourse to doorstep lenders and loan sharks.

Rosie Cooper: I thank the Minister for his reply. In my constituency, people do have problems with expensive credit deals, loan sharks and a credit union under severe pressure. What assistance can West Lancashire residents actually expect from the growth fund to promote affordable credit and assistance with credit unions?

Mr. Plaskitt: The first growth fund contracts have been signed in the last few weeks and terms have been agreed with a further 20 organisations, including five in the north-west. Negotiations continue with all other organisations that were successful at the evaluation stage, including a further 12 in the north-west. I think that my hon. Friend can her tell constituents that the situation should improve, once the growth fund contracts begin to come into operation. They will lead to many more affordable loans being available to them, so they should be able to avoid the extortionate interest rates levied by the doorstep lenders and the loan sharks.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Minister agree that one of the biggest problems is that arising from inaccurate information contained in many of the adverts that promote credit and other cards? Quite often, the technical terms disguise the actual annual credit and interest figure.

Mr. Plaskitt: The hon. Gentleman knows that I have got previous on this—I campaigned very hard on the subject in my previous capacity, when I served on the Treasury Select Committee—and he will know that the Government have responded to some of the issues that the Committee raised and some changes were made under the Consumer Credit Act 2006, which has improved the situation. In my personal view, although this is no longer my ministerial responsibility, a great deal more is still to be done.

Alison Seabeck (Plymouth, Devonport) (Lab): The recent Joseph Rowntree Foundation report on child poverty highlighted the importance of the availability of affordable credit. The three credit unions in Plymouth make their services known largely by word of mouth, and there are real concerns that they are not reaching all the people who are at greatest risk from loan sharks. Does the Minister intend any of the growth fund moneys to be specifically directed at publicising the services available and offered by credit unions nationally?

Mr. Plaskitt: I can help my hon. Friend. What we are doing through the growth fund, of course, is receiving bids that come from credit unions and groups of credit unions, including some in her own part of the world. Many of them are including publicity campaigns in the bids that they put to us and in the contracts that we are negotiating with them. She is quite right to identify the problem, and I hope that the money we are investing with the growth fund will go a long way to improve the situation.

Incapacity Benefit

11. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What assessment he has made of the effectiveness of pathways to work for people whose primary reason for being on incapacity benefit is mental ill-health. [83308]

The Secretary of State for Work and Pensions (Mr. John Hutton): Pathways to work pilot schemes have currently helped at least 6,130 people with mental health problems back into work.

Danny Alexander: I am very grateful indeed to the Secretary of State for that reply, but he will be aware of the evaluation of the pathways to work scheme carried out by the Institute for Fiscal Studies, published in research report 354, which states:

> "There is no statistically significant evidence that the policy has any impact on those who report having one health problem that is mental illness."

To what does he attribute that poor performance? Given that people with mental ill-health now form the largest single group of new claimants of incapacity benefits, what steps is he taking to ensure that that important group can benefit further from welfare reform?

Mr. Hutton: The data that I have seen indicate that about one in 10 people with mental health problems who are participating in a pathways pilot scheme have found a job. That is significantly better than in those areas without a pathways scheme. The hon. Gentleman has expressed his view, and I take it that he is lending his support to the view of the Institute for Fiscal Studies. The Organisation for Economic Co-operation and Development has said of pathways:

> "The pilots have been successful, showing a large increase in participation in re-integrating programmes and a marked increase in exits from incapacity benefits."

If the choice is between the hon. Gentleman's view of pathways and the OECD's, I am afraid that I prefer the OECD's view.

Miss Anne Begg (Aberdeen, South) (Lab): There is no doubt that the cognitive behavioural therapists who work in the pathways to work areas and help people with mental health problems into work have been very effective. How confident is my right hon. Friend that enough of those people will be properly trained when the pathways scheme is rolled out to other areas, especially as mental health is one of the big issues and obviously requires a different approach from that for people with other disabilities and especially as the most recent research shows that employers are even more prejudiced against employing someone with a mental health problem?

Mr. Hutton: There is no doubt that people with mental health problems face an issue of stigma, and we

must tackle that. Specifically on pathways to work, my hon. Friend is quite right to refer to the positive impact of cognitive behavioural therapy. For example, I have visited a scheme in Derby with a significant success rate in employing CBT services from the private sector, where, I am afraid, the NHS did not have the necessary capacity. Together with the private sector and the NHS, I hope that there is a way to ensure that we have sufficient capacity. Like my hon. Friend, those of us in the House should go out and meet people who have benefited from the programme. That is the way to test the scheme's value, rather than relying on reports from the Institute for Fiscal Studies.

Jo Swinson (East Dunbartonshire) (LD): What is the Secretary of State's opinion of "The Depression Report", published last month by the London School of Economics, which suggests that huge savings could be made on incapacity benefit if cognitive behavioural therapy was made available to those suffering from depression or anxiety disorders, as recommended by the National Institute for Health and Clinical Excellence? If he has not yet read the report, will he do so and give serious consideration to its proposals, along with his colleagues in the Department of Health?

Mr. Hutton: I have read the report, and we agree with it. We are extending pathways to work to every part of the United Kingdom, so that everyone will have access, where appropriate, to CBT.

Disabled People

12. **Mr. Jim Devine** (Livingston) (Lab): What further assistance he plans to make available to people with disabilities who live independently in the community. [83309]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): Independent living is at the heart of the Government's strategy for disabled people. The life chances report, published in January last year, set out a range of measures to enable more disabled people to lead independent lives. The Department for Work and Pensions and the new Office for Disability Issues are working closely with the Department of Health and the Department for Communities and Local Government to test individual budgets and, in all, 13 pilot sites will be on stream by the end of this month.

Mr. Devine: I am grateful to the Minister for that answer. There will be some individuals in that category with learning difficulties and chronic mental health problems who, 30 years ago, could have been in a long-term institution. What assistance are we giving to such people to ensure that they can live independent lives in our communities?

Mrs. McGuire: One reason we are testing this approach through the pilots is to ensure that people such as those to whom my hon. Friend referred have far more control over their lives, and we are pulling together some of the resources available to them, including access to work. We look forward to seeing the outcome of the pilots, so that they can underpin the development of a far more individual and "in-control" approach for disabled people in Britain.

Incapacity Benefit

13. **Simon Hughes** (North Southwark and Bermondsey) (LD): If he will make a statement on the Department's progress towards reducing the number of people on incapacity benefit by 1 million by 2016. [83310]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): We have already made significant progress. New claims are down by a third since 1997 and in the year to November 2005, the number of people on incapacity benefits was down by 61,000. We are building on that success through the national roll-out of pathways to work and the measures announced in our Welfare Reform Bill. That will make a significant contribution to making a reality of our aim to reduce, over a decade, the number of those claiming incapacity benefits by 1 million.

Simon Hughes: I watched the exchange about the general picture between the Minister for Employment and Welfare Reform, the hon. Member for East Renfrewshire (Mr. Murphy), and the hon. Member for Preseli Pembrokeshire (Mr. Crabb), who asked Question 1. May I ask the Minister a specifically London follow-up question? Just over 250,000 people in Greater London are claiming invalidity benefit or getting other disability benefit, which means that they are not working. Can the Minister tell me, either now or later, what proportion of them—excluding those who will have died or retired—will be in work by the target date of 2016?

Mrs. McGuire: I can assure the hon. Gentleman that the earlier exchange between the Minister for Employment and Welfare Reform and Members was far better live than it was on the monitor. As the hon. Gentleman has asked a specific and detailed question, it would be appropriate for me to give a written response at a future date, but he will doubtless be delighted to know that the number of incapacity benefit recipients in his constituency has already fallen by 5 per cent.

Mesothelioma

14. **Paul Rowen** (Rochdale) (LD): If he will make a statement on compensation for people with mesothelioma. [83311]

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): We were disappointed by the House of Lords decision in respect of the Barker case. The Government announced that we will amend the Compensation Bill to restore the position and to offer some comfort to sufferers of mesothelioma.

Paul Rowen: I thank the Minister for that answer, and for the commitment that the Secretary of State gave earlier this year to taking such action. Does the Minister plan to extend the compensation, particularly to those people—mainly women—who come into contact with such fibres, perhaps through washing their husband's clothes at home?

Mr. Murphy: The hon. Gentleman, along with my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham), raised this matter in an Adjournment debate a week or so ago, and I can confirm today what I confirmed in that debate. The industrial injuries disablement benefit scheme is under review and we will publish a discussion document later this year, on which all interested parties, including the hon. Gentleman, can comment. We are looking for additional ways to provide the support that people in this dreadful situation need in order to make their life with that terrible illness at least in some small way more acceptable.

Chris Bryant (Rhondda) (Lab): Many of us are delighted that the Government are moving to overturn the decision in the Barker case, but do we not need a swift and simple compensation scheme—unlike the miners' compensation scheme, which is over-burdensome—for mesothelioma sufferers? Many such sufferers may have only 18 months from the moment when they know that they are ill with the disease to the moment when, sadly, they die. Will the Government move swiftly on this issue?

Mr. Murphy: My hon. Friend takes a close interest in this subject and has done so for some time. He is right to say that the current situation is unacceptable. I understand that the average time taken to process and pay a claim is longer than the post-diagnosis life expectancy of mesothelioma sufferers, which is clearly unacceptable. The Government are working hard with the insurance industry, trade unions and others, and we will make a statement on this matter before the summer recess.

Child Support Agency

16. **Ben Chapman** (Wirral, South) (Lab): If he will make a statement on reform of the Child Support Agency. [83313]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): In February 2006, the agency published its operational improvement plan, which sets out how it will make significant improvement to performance over the next three years. In the meantime, Sir David Henshaw is developing a redesign of the child support system for the longer term and has been asked to deliver his findings to my right hon. Friend the Secretary of State before the summer recess.

Ben Chapman: Will my hon. Friend confirm that any future child maintenance system will have at its core an assumption that parents can settle differences between themselves without the intervention of the state, backed up, if necessary, with some form of mediation?

Mr. Plaskitt: My hon. Friend is right that all such problems arise because of relationship breakdown, and it would assist the families and children involved were such intervention avoided. Mediation has a role to play, and while I do not want to prejudge anything that the Henshaw report will bring forward, my hon. Friend makes a perfectly valid point.

HOUSE OF COMMONS COMMISSION

The hon. Member for North Devon, representing the House of Commons Commission was asked—

Dining Rooms

21. **John Mann** (Bassetlaw) (Lab): What recent representations he has received about the use of House dining room facilities for party political fundraising. [83318]

Nick Harvey (North Devon): No such representations have been received. As I explained to the hon. Gentleman in written answers on 24 May and 14 June, regulations prohibit the use of House private dining rooms for party political fundraising.

John Mann: But will the hon. Gentleman carry out an investigation into the practice of constituency associations forming a club, which charges a large annual membership fee, part of the benefit of which is a complimentary dinner in the House of Commons? In so doing, will he publish the list of all Members who have booked private dining facilities in the House since the election?

Nick Harvey: This is not primarily a matter for the House of Commons Commission. If the hon. Gentleman believes that there has been misuse of any facility provided by the House, including its refreshment facilities, that is a potential breach of paragraph 14 of the code of conduct. Allegations of that nature should be drawn to the attention of the Parliamentary Commissioner for Standards and will be considered in accordance with the procedures for investigating complaints, as agreed by the House.

LEADER OF THE HOUSE

The Leader of the House was asked—

Official Report (Corrections)

22. **Andrew Selous** (South-West Bedfordshire) (Con): If he will make a statement on how corrections sought by Ministers to matters recorded in the *Official Report* should be implemented. [83319]

The Leader of the House of Commons (Mr. Jack Straw): The ministerial code makes it clear that Ministers must give accurate and truthful information to Parliament, correcting any inadvertent error at the earliest opportunity. It is obviously helpful if any correction necessary to anything said on the Floor of the House is made clear, for example, through a written ministerial statement. In the light of my correspondence with the hon. Gentleman and his suggestions, I am currently considering the terms in which guidance should be given to Departments on how corrections might best be put on the record, taking into account how high profile the original error was. I am also in touch with the editor of the *Official Report* as to how corrections might be noted and cross-referenced in *Hansard*.

Andrew Selous: I hope that it is not old-fashioned to believe that being inaccurate at the Dispatch Box is one of the cardinal sins of British politics. If that is still the case, should not corrections be made at the Dispatch Box at the same time of day as the original error, in order to gain the same publicity as the original words received on "Today", "Yesterday in Parliament", or anywhere else?

Mr. Straw: Were a deliberate error made at the Dispatch Box, having to come back to the House for a further oral statement would probably be the least of the retribution to be meted out to the individual. As for inadvertent errors, unless such an error was grossly negligent, it would be slightly over-the-top for the Minister concerned to have to come back to make a further oral statement. I agree with the hon. Gentleman, however, on his basic principle, that the way in which a correction is implemented should take account of the circumstances in which the original error was made. I also understand his concern about the use of letters from Ministers, which are then placed in the Library and cannot be properly cross-referenced.

Mr. Peter Bone (Wellingborough) (Con): Let me give an example. On 30 November 2005, the Prime Minister said that no one waited longer than six months for an NHS in-house operation. That was untrue, and it was repeated by other Ministers. How could it be corrected?

Mr. Straw: The first question to ask is whether it was untrue, or whether there was an argument about the statistical data.

Mr. Bone: There was no argument.

Mr. Straw: I have seen other data which suggest that what the Prime Minister said may well have been entirely accurate. Let me say, however—leaving aside that particular example—that if there is an inaccuracy, it is right for that inaccuracy to be brought properly to the attention of the House and the public. That is in the Government's interests as well. The Government's interests are not served by the appearance of inaccurate data in the *Official Report*, with corrections—sometimes quite significant corrections—available only in the House of Commons Library.

Mrs. Theresa May (Maidenhead) (Con): I am grateful for the positive tone in which the Leader of the House is addressing an issue that vexes all Members on both sides of the House, but let me also give an example. On 19 April, during Prime Minister's questions, the Prime Minister said that in the Thames Valley strategic health authority area—as it then was—there were no patients waiting longer than 13 weeks for out-patient appointments. In fact, that was not the case: a constituent of mine had been waiting 18 weeks. I wrote to the Prime Minister; he did not reply to me. The Secretary of State for Health replied to me, saying that when the Prime Minister had said on 19 April that "today" there were no patients waiting longer than 13 weeks, he had meant that on 31 December 2005 there were no patients waiting longer than 13 weeks.

As of the end of March, there were more than 500 patients waiting more than 13 weeks for out-patient appointments in the Thames Valley area, so the figure would not even have been accurate on the basis of the most recent data relating to the date to which the Prime Minister referred.

Do not Ministers have a real responsibility to the House, and to the public who read reports of our proceedings, to ensure that the information given is accurate? Does not the biggest responsibility rest with the Prime Minister, who should be the one to ensure the highest standards of all in the information that he gives?

Mr. Straw: Having observed the care that the Prime Minister takes in preparing for Prime Minister's questions, and the voluminous briefing that he receives and studies in every detail, I can say that he makes every effort to ensure that the replies he gives are accurate. As for the specific example given by the right hon. Lady, she will appreciate that I have not seen the details. It seems to me, however, that she accepts that there was a period when the waiting list fell to zero, and that the Prime Minister was therefore perfectly entitled to make the point.

We have to use the latest available data. I do not want to sound like "Eats, Shoots and Leaves", but I have not seen from the record where the Prime Minister's "breath mark", or comma, occurs, denoting what "today" qualified. He was, however, using the most up-to-date data.

The right hon. Lady will have cause to know that I quite often quote data relating to the Thames Valley strategic health authority. I am open to correction, but I can tell her—much to her embarrassment, which is strange, because she should be celebrating the fact—that according to my recollection, the number of nurses in her SHA area has increased by over 3,000 since 1997, and the number of doctors by a significant number of hundreds.

Select Committee Reports

24. **Mark Pritchard** (The Wrekin) (Con): What assessment he has made of the merits of enabling more Select Committee reports to be debated on the Floor of the House; and if he will make a statement. [83321]

The Deputy Leader of the House of Commons (Nigel Griffiths): There are merits in enabling as many reports as possible to be discussed here in the House of Commons, but the time pressures on parliamentary business do limit that. Fortunately, our increasing use of Westminster Hall during recent Sessions has enabled hon. Members to debate many Select Committee reports and to call Ministers to account.

Mark Pritchard: I am grateful for that response, but time pressures will always be with us. Some very important Select Committee reports are discussed in the House all the time, not least the Defence Committee's fifth report following its Afghanistan inquiry. The Committee said, for example,

"We do not believe it will prove possible to complete the reform of the security and justice institutions in Helmand within the three-year commitment so far made."

Given that that three-year commitment has been repeated time and again, does not the Deputy Leader of the House agree that the whole House needs an opportunity to discuss that report, Afghanistan and the UK commitment over a three-year period, or even beyond that?

Nigel Griffiths: I understand that there are up to five days when defence issues are due to be debated in this House and that would clearly be a suitable topic during those debates. Also, many statements are made by my right hon. Friend the Secretary of State for Defence and other Ministers on defence issues, and I am pleased that my right hon. Friend the Secretary of State is here today to listen to the point made by the hon. Gentleman.

Mr. David Heath (Somerton and Frome) (LD): Seeing as some of the most glaring examples of administrative incompetence by the Government, including the Home Office's escapades and tax credits, have been drawn attention to by Select Committee reports, is not there a need to give those reports the best possible exposure and debate in the House, and to do so with a sense of urgency, which unfortunately the present Westminster Hall arrangements do not provide?

Nigel Griffiths: Fortunately, this House does provide them. It has provided an Opposition day next week for the hon. Member and his hon. Friends. I understand that the two topics for debate have not yet been chosen. Perhaps, since he feels strongly about it, he will prevail on his Whip and his party leader to include those reports, so that they can be discussed with the passion that he clearly feels about them.

Counter-terrorism Strategy

3.31 pm

The Secretary of State for the Home Department (John Reid): With permission, Mr Speaker, I would like to make a statement about the Government's strategy on counter-terrorism—but first, if you will allow me, I would like to express again my personal condolences, and, I am sure, those of the whole House, to all those who suffered as a result of the London bombings on 7 July last year. The first anniversary of those tragic events has just passed, and we witnessed on Friday the very moving and solemn expressions of the whole nation's remembrance.

It is right that last week focused on commemoration, but it is also right that people, including the survivors and families of victims of the 7 July attacks, want to know more about the current and future terrorist threat and what we are doing to combat it.

Following 7 July, the Government said that we would provide three things: an outline explanation of our strategy to combat terrorism, an explanation of the system of national threat levels, and a statement on the lessons learned from the 7 July attacks for the emergency responders. Today I am fulfilling the first and second of those promises. I will be providing a statement on lessons learned later.

The Government are necessarily limited in what they can say about our counter-terrorism measures, because some elements must obviously remain secret, but I will say as much as is prudent, as we have tried to do in the publications that we have issued today.

The counter-terrorism strategy—known in Government as Contest—was first developed in 2003 and is continuously reviewed in the light of developments. It has been referred to publicly on Government websites. It is wide-ranging, involving the whole of Government, international partners, agencies, including the police and intelligence services and, most importantly, all our citizens in the United Kingdom from all our communities.

Sadly, terrorism is not a new phenomenon, for the United Kingdom or for the world. Even in our time, terrorism has disguised itself as many things in different places—falsely claiming, for example, the mantle of socialism, nationalism and even in some places Christianity. Therefore, terrorism is not the monopoly of any religion or ideology. None the less, the new manifestation of international terrorism that we now face is different from previous threats to the UK in some crucial ways.

The first is the global nature of the threat. It is no longer possible to separate the domestic and international dimensions of the threats that we are facing. The realities of modern life, including mass migration, ease of travel and information flows, mean that the terrorists' arena covers a very wide range of targets in a very wide range of countries. Secondly, whereas in the past it was possible to link terrorist attacks to particular groups, networks or individuals, that is no longer the case. The new threat comes from a range of individuals operating in global networks.

A third characteristic of the new threats is the sheer scale of human destruction that the attackers want to cause. They intend to cause mass casualties. They murder indiscriminately men, women and children. They make no distinction between combatants and civilians. They lay waste to people irrespective of their background or religion, and they are prepared to use themselves as the suicidal means of attack—witness the events of 7 July in London. All those features have a major impact on how we might prepare for and deal with terror. In particular, the advent of the suicide bomber introduces the presumption that we must intervene at an early stage.

A fourth characteristic is that the people involved in those terrorist attacks are driven by a very particular violent and extremist ideology. A common thread running through terrorist attacks over the past decade has been a claim by those involved that they have been acting in defence of Islam. It is crucial that we understand that the extreme interpretation espoused by Islamist terrorists to support their actions is not an interpretation of Islam that is shared by the vast majority of Muslims in the UK and abroad. That majority rejects both extremism and violence. The dividing line in the fight against terrorism is not between Muslims and non-Muslims. It is between evil and those opposing evil. It is not a clash of civilisations, but a struggle for civilisation against indiscriminate, evil terrorists and terrorism.

I now turn to the strategy itself. It is structured around four principal strands, sometimes known as the four Ps: prevent, pursue, protect and prepare. The four pillars of the strategy are not mutually exclusive. They are closely linked and together form a balanced and integrated approach.

The first pillar is prevent. It is obviously essential to tackle terrorism with all the levers at our disposal. Internationally, for instance, the use of our brave armed forces may be a necessary part of fighting terrorism, but it will never be sufficient on its own. We also need to work to eliminate social and economic inequalities, through aid, through trade, and through our efforts to help resolve political problems, whether in the middle east or elsewhere. So too, domestically, we recognise the complexity of the phenomenon. Effective security measures, intelligence and policing are essential. But ultimately, modern terrorism will be defeated only by addressing the political and social issues by a debate about values, by democracy and by public solidarity. That is why we are working with all communities to tackle the social factors underlying radicalisation, to block the ways radicalisation takes place, and to counter the radicals' arguments. But it is not just the Government that have a role in preventing radicalisation. Muslims and the wider community in the UK must also play their part if we are to be successful.

Last summer's "Preventing Extremism Together" campaign showed what can be done when Government and communities work together. There were often differences in opinion, arguments and discussion, but dialogue continued and difficult problems were faced head on, not ignored or avoided. As a result we all learned from each other and our relationship was strengthened. We need to build on those initiatives and to focus our attention more closely on places such as prisons and universities where we know that radicalisation is more likely to take place.

We must also ensure that the social and economic inequalities that give rise to a sense of alienation because people feel deprived of life chances are reduced and ultimately overcome. That work has been prioritised across Government and is overseen by a Cabinet-level Committee that will drive it forward.

The second strand—the pursue strand—is, as the name suggests, concerned with pursuing terrorists and those who support them. This section of the document that we published today sets out how intelligence is used by the police and security agencies to piece together the best understanding of the threats we face. A word about intelligence: I believe that as long as the threat against the UK remains, intelligence will play a crucial role in protecting us against future terrorist attacks, but the plain fact is that intelligence by its very nature is often imperfect. It is very important that we all—inside and outside the House—understand that there can never be 100 per cent. guarantees, and that the risk of future terrorist attack remains.

The Government's top priority—and that of the police and the intelligence agencies—is, obviously, public safety. Four attacks have been disrupted since July 2005. That is why the Government fully support the police and the Security Service when they are required to make very difficult decisions on the basis of intelligence. Intelligence is rarely complete, is never perfect and is often fragmentary and partial. There may be situations in which the police simply do not have the luxury of delaying action to firm up on the intelligence. That is the reality of the approach, and I believe that everyone in all our communities ought to recognise the circumstances in which our intelligence agencies and police operate.

Prosecution is, and will remain, our preferred way of dealing with terrorists and disrupting their activity. Prosecution, however, is not always possible. Information and knowledge are not necessarily evidence. When, as is sometimes the case, the available intelligence shows that an individual is involved in terrorism, but does not provide enough evidence to secure a prosecution, we must have other options available to us to protect public safety. Those options include deportation, where the person concerned is a foreign national and a threat to the UK, excluding foreign nationals who threaten our national security from entering the UK, asset freezing and control orders.

The use of control orders has been much in the news recently following the High Court judgment on 28 June that the specific obligations in six control orders were incompatible with the individuals' right to liberty under article 5 of the European convention on human rights. We are appealing that judgment in the Court of Appeal. All existing control orders remain in force, and I will continue to make new control orders where I consider it necessary to do so to protect the people of this country.

The protect strand is concerned with reducing the vulnerability of the UK and UK interests overseas to a terrorist attack. We have a history of protecting our critical national infrastructure from attacks, and over the years we have built up a strong partnership with both public and private industry in the UK, as well as with our international partners.

Among the strands of work that are being taken forward in that area are programmes of work to strengthen the UK's border security and tracking systems and to harden our transport systems and key transport hubs against terrorist attack, and the well-established programmes of work with those who own and operate our key utilities and services.

The prepare strand is all about ensuring that if a terrorist attack occurs we are as ready as we can be to deal with the consequences. This strand involves a huge number of stakeholders who deliver resilience across public, private and voluntary sectors. The work is underpinned by the Civil Contingencies Act 2004, which establishes an effective civil protection framework for the 21st century. In the Contest document we have focused on those work streams that enhance our resilience against terrorist attack.

We have outlined the main elements of our strategy in the first of the documents that we have published today. We have also referred to the threat and response levels in the United Kingdom. The second document published today explains the threat and response levels, what they are and how they are used in the United Kingdom. This is the first time that any Government have made public in this way the system deciding threat levels. We considered this carefully. We have decided to inform the general public about the process so that it can be better understood and more transparent. We also hope that it instils confidence and trust.

At the same time, the existing seven-point threat level system will, with effect from 1 August, be simplified to a five-point system. Though it clearly remains of most direct use to those directly involved in protecting national security, it is of obvious interest to members of the general public. From 1 August, the five threat levels will be: low, which means that an attack is unlikely; moderate, which means that an attack is possible, but not likely; substantial, which means that an attack is a strong possibility; severe, which means that an attack is highly likely; and critical, which means that an attack is expected imminently.

I again stress two things. First, this is not an exact science. It involves human judgment. No one can predict the future; we can only make reasoned judgments. Secondly, threat levels are applied to the United Kingdom as a whole—the national threat level—in order to summarise the overall threat of a terrorist attack to the United Kingdom. There may be variations within the general threat level in respect of important sectors of the economy, and sometimes individuals, events or places.

Since August 2005, the national threat level has been—and remains today—"severe (general)". Under the new system to be introduced from 1 August, that will equate to severe. From 1 August, information about the national threat level will be available to the general public on the Security Service and Home Office websites. But the importance of the public remaining vigilant at all times and reporting any suspicious activities is still the key message.

Finally, the way in which the Government and sectors of our infrastructure respond to such threat levels needs to take into account both the national and the more specific threat picture, and, in addition, the importance and vulnerability of particular sites. The response structure has three broad bands related to

[John Reid]

different levels of threat. These are set out in the document that I referred to.

I should stress that there is no national response level. Response levels are set by security practitioners in each sector, are determined by specific assessments of risk, and may vary from site to site. We will not therefore be announcing them. To do so would only assist any would-be attackers. However, we will keep the response level system under review, with the Security Service and our security practitioners, to ensure the maximum practical congruity between threat levels and response levels.

Through the publication of both documents, my aims are simple: to bring further transparency and understanding of the nature of the terrorist threat; to raise awareness of the various strands of work that make up our counter-terrorist strategy; to explain publicly the United Kingdom's system of threat and response and levels; and to undertake to make the United Kingdom national threat level public from 1 August. I believe that the publication of these documents will be a significant further step in the existing dialogue between all of us on some of the very complex and difficult issues that the threat from international terrorism represents. That threat is to all of us and will be met, and eventually overcome, only by united action by all of us. I commend the documents to the House.

David Davis (Haltemprice and Howden) (Con): On behalf of my right hon. and hon. Friends, may I start by joining the Home Secretary in his condolences to those who suffered in the 7 July bombings and his support for all those who bravely defended us all before, during and after those terrible events? I also thank him for his courtesy in giving the Opposition advance sight of his statement.

I welcome the intention, which I think is the main thrust of his statement, to institute a public threat level warning system. We and others have been calling for that for some years, and the proposal was supported by the Intelligence and Security Committee two months ago. The idea is eminently sensible and the system will increase both public confidence and public vigilance. However, it will require the public to know what to do in each alert state, so what do the Government intend to do to educate the public about their response to the published alert states? Will the Home Secretary give the House some indication of how the practicalities will work? Will the public be asked to be alert for specific matters, as was common in Northern Ireland, or does he envisage that there will simply be an exhortation to heightened awareness?

The system will, of course, only be as good as the intelligence that underpins it. The embarrassment of last year when the Government's alert status was reduced shortly before the 7 July attack demonstrated that very clearly. This is not an argument against having a transparent system, but an argument for reinforcing our counter-terrorist intelligence operations.

That brings us to the general counter-terrorism strategy: the so-called Project Contest. I welcome the fact that the Home Secretary is publishing the details of Project Contest, to which we will give careful consideration and respond in due course. However, this is not just about strategies on a piece of paper. It is first and foremost about delivery on the streets of our cities, whether that is preventing the alienation and radicalisation of young men, as the Home Secretary has said, or interdicting, catching and convicting terrorists before they act.

In autumn last year, the Prime Minister's delivery unit reviewed Project Contest: remember, this was after 7 July, and the Prime Minister's own delivery unit was reviewing the Prime Minister's own policies. The unit's comments were scathing. It said that key policies designed to prevent attacks were "immature and disjointed", and that other policies were unrelated to the

"real world and show no signs of making progress".

It said that the policy was mired in confusion, with

"little effective coordination and no clear leadership",

and that there was

"little confidence in the ability of the security apparatus to tackle the problem and it is very difficult to demonstrate [illegible] progress has been made".

The unit quoted from a series of interviews with a number of Whitehall officials, who said:

"Activity is not connected or coherent."

They asked, "Who's in charge?". The reply was:

"We measure meetings and reports, not real world impact."

The conclusion of the 11-page delivery unit review states:

"The strategy is immature. Forward planning is disjointed or has yet to occur. Accountability for delivery is weak. Real world impact is seldom measured."

The Home Secretary has controversially described his own Department as "unfit for purpose". Is he confident that that Department is capable of correcting the serious problems highlighted by the Prime Minister's own delivery unit? Is it not the case that the necessary grip on the overall counter-terrorist effort will be taken only if there is a single Minister of Cabinet rank dedicated solely to dealing with the threat? Would we not be much more certain that our counter-terrorist strategy was both well designed and properly implemented if we had the benefit of an independent inquiry into the failure of that strategy that permitted the terrible events of July last year?

John Reid: I thank the right hon. Gentleman for the way in which he started by referring to the consensus around the publication of the report—but I regret the way in which he ended. I think that he referred to the "failure" of our systems with reference to 7/7. We should not underestimate just what protection this country has gained from our security services. Four times in the past year alone we have prevented a terrorist threat through the acumen, bravery and commitment of our services in this country. The old adage that we, and they, have to win every time, but the terrorists have to win and get through only once, is true. We should be a little quicker to understand and support our security services and a little slower to condemn them, implicitly or otherwise.

May I refer to some of the other matters that the right hon. Gentleman raised? He asked whether we were urging the public to take specific or general action. We have given some broad headlines on page 33, under the heading, "What can the public do to help?", which explain what people can do both in their own communities and in response to threat levels. That includes:

"identifying and reporting unusual or suspicious"

circumstances. An anti-terrorist hotline, on 0800 789321, has been available for some time to anyone who wishes to draw to our attention anything that they think is noteworthy. Obviously, when people are travelling abroad, they could keep in touch with the Foreign Office. People can also help by

"working in their own community",

and so on. So, in a general sense, there are things that the public can do, but as I said earlier, whatever the threat level, I hope that people will be vigilant at all times. It is only by the united action of the united peoples of the United Kingdom that we will eventually counter this threat.

As for specific threats, the position has been made clear by successive Home Secretaries, and by the Prime Minister. If there is a specific threat against a specific target, we will of course warn people, but as everyone in the House will know, we have to be wary about acting on general information and issuing warnings when they are not justified by the evidence. I merely point out that before 7/7, when the Government, under previous Home Secretaries, pointed out that there was a threat—on the advice of our intelligence services, and having taken into account all the considerations—Opposition Members accused us of crying wolf. It is difficult to judge between being over-cautious and being over-dramatic in alerting the public. We always face that problem.

As for the self-critical analysis of our strategy, it is true that last October, barely two years after we set up the strategy, the Prime Minister commissioned—as he ought to have done—an analysis and a self-critical examination of the operations of our intelligence services, particularly the Contest strategy, as one would expect. We take the lessons of that analysis very seriously, and we are doing everything possible to make sure that we improve our performance at every opportunity.

We have put in many more resources, and about £2 billion is going into general counter-terrorism and resilience work. We are spending four times as much on special branch and policing counter-terrorism activities as we did a few years ago. The resources are going in and lessons are being learned, and tomorrow there will be a debate in which such points can be discussed in far greater detail.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I join other hon. Members in passing on condolences on behalf of my party to everyone who suffered or was bereaved by the attacks on 7 July last year. I, too, thank the Home Secretary for the advance notice of his statement.

I welcome what the Home Secretary said about the new system of threat and response levels, and I look forward to examining the document in more detail. Will he provide me with one small point of clarification? Does the new system of response levels replace the old system of alert state levels, which was used in key public buildings such as the Palace of Westminster? He will remember that the Intelligence and Security Committee called for greater simplicity in the terminology that is used, and it is important to include greater clarity in the new system that the Home Secretary announced today.

The Home Secretary spoke eloquently of the need to work "with all communities to tackle the social factors underlying radicalisation, to block the ways radicalisation takes place, and to counter the radicals' arguments." Does he agree with the comments made last week by his hon. Friend the Member for Tooting (Mr. Khan) that the Government's follow-up to the excellent work by the seven working groups under the aegis of the "Preventing Extremism Together" initiative has been somewhat weak? Of the 64 recommendations, I think that only a handful have been implemented.

I noted the right hon. Gentleman's comments on the High Court judgment on 28 June on a number of control orders and the Government's intention to appeal. Notwithstanding that appeal, could he comment on the public remarks made by the independent reviewer of the anti-terrorism legislation, Lord Carlile of Berriew, that the control orders could easily be amended in detail and in substance to bring them into line with the High Court judgment without abrogating any of our obligations under the European convention on human rights?

Finally, I note that the Home Secretary refers, rightly, to the need to strengthen the UK's border security and tracking systems. How far advanced are the plans to implement an e-border—electronic border—system, and is he warming at all to the argument made by a number of us for some time that there is an overwhelming need for a single integrated border police, if we are to take all the measures necessary to tackle the ongoing terrorist threat?

John Reid: I thank the hon. Gentleman for his questions. I shall answer them all as quickly as possible.

Yes, the response levels that I announced today are a replacement for the alert levels to which he referred. On the comments of my hon. Friend the Member for Tooting (Mr. Khan) about the progress of "Preventing Extremism Together", I listened carefully to what was said, and I think it is important that we undertake some self-criticism. We always want to push to do more. I do not agree with many of the comments that my hon. Friend made on this occasion, although I agree on the necessity to do a lot more.

Nine towns and cities with large Muslim populations were visited, for instance, by Home Office Ministers. Seven community-led working groups were set up under the banner of "Preventing Extremism Together". Out of the 64 recommendations, 27 were for the Government to lead on. We have agreed action on all 27. Three have already been completed. I can give the hon. Gentleman details on those, if he wishes. One of them is youth matters, with the Department for Education and Skills and the Green Paper. One is extending opportunities legislation to cover discrimination on the grounds of faith, and expansion of the Muslim ethnic achievement project.

[John Reid]

Work on 17 of the recommendations is in progress. Three are still under consideration; two have not been taken forward. From memory, one of those is powers to close places of worship. I cannot offhand remember the other one, but I can write to the hon. Gentleman about it. The three principal recommendations in which the Government were involved—the scholars roadshow, the Muslim forums against extremism, and the mosque and imams national advisory board—have been completed. So a great deal of work has already been done, but I am the first to admit that we have a lot more to do.

If the hon. Gentleman will allow me, I shall not go any further on the question of control orders because there is an appeal outstanding. It would be wrong at this time to comment on the learned Lord Carlile's views.

On immigration and nationality, the hon. Gentleman may know that I promised when I took over as Secretary of State at the Home Office that those areas where I perceived inadequacies—that was not the whole of the Home Office; I was misrepresented earlier, but I did discern and identify publicly areas where there were serious inadequacies in my view—I would come back within 100 days and put forward a programme for overhauling the Home Office, reforming the immigration and nationality directorate and rebalancing the criminal justice system. There are a few days left, but I promise the hon. Gentleman that before he goes off, I will bring make proposals on all three.

Mr. John Denham (Southampton, Itchen) (Lab): Does my right hon. Friend agree that the best memorial to those who died or who were injured last year is the effectiveness of our efforts to tackle future terrorism?

In regard to the work that is going on to prevent the growth of violent extremism, does my right hon. Friend accept that although many things have been done during the past year, this vital work needs a level of clear-sighted and consistent ministerial leadership, which has been lacking during the past 12 months? It is quite true to say that the voices that are most likely to persuade young Muslims away from violence are the voices of other Muslims, but what Government do, and the way in which Government work with those people, can be crucial in helping them to be as effective as possible. On that issue, is my right hon. Friend aware that I share the view that has been expressed that a Minister with responsibility for counter-terrorism would be desirable, but in the absence of that, can my right hon. Friend say which Minister will personally lead on, and take responsibility for, the delivery of the prevention strand of the counter-terrorist strategy?

John Reid: As ever, my right hon. Friend makes very good points. He will understand if I try to avoid any imputation that I am criticising anyone who has previously held a post involved in this matter. However, I agree that we can always improve, and the fact that this matter is under the direct lead of my right hon. Friend at the Department with responsibility for communities and work in the communities, as well as local government, means that a major element of this will now be given an impetus. She leads on that—

David Davis: Who?

John Reid: It is obvious that those on the Opposition Front Bench have a problem keeping up with our reshuffles. I am glad that I have been able to enlighten the right hon. Gentleman.

On the serious matter, my right hon. Friend's point is that a focus and concentration on community engagement in the radicalisation programme, and understanding it better in ideological terms and confronting it in debate and discussion, would make a major addition—*[Interruption.]* I am presenting this statement today on the full counter-terrorist strategy. My right hon. Friend asked not merely about counter-terrorism, but about engagement in the Muslim community at the grassroots level, which is a good thing to do on its own, not just to prevent terrorism. I am agreeing with him and I am saying that that will now be given a new impetus because my right hon. Friend is leading it up.

Derek Conway (Old Bexley and Sidcup) (Con): The Home Secretary will understand that those with London constituencies with thousands of constituents travelling into the centre every day share a particular concern about what he tells the House today. But on the specific points that he made about his five-point threat level, he explained that news of it would be available on the Security Service and Home Office websites. However, realistically, after a while, how many people will check that before they set off for work in the morning? Is the right hon. Gentleman having discussions with some of the public transport operators about other ways in which the threat levels can be advertised, particularly to commuters into central London, so that people do not have to search for specialist sites to find out how at risk they might be just going to work?

John Reid: Yes, I am willing to do that. If the hon. Gentleman has ideas, I will be happy to receive them and I will consider them carefully. We have made an assumption that when the threat level, if it is made public, moves in any significant direction, it is likely to be followed by the media, but, of course, there are many other ways in which it could be made available, and we will always look to them.

Let me take the opportunity to correct one point. I said in response to the hon. Member for Sheffield, Hallam (Mr. Clegg) that one of the matters that we had not proceeded with was the proposal to close places of worship, but was one of the considerations in the Prime Minister's 12-point plan, rather than one in the "Preventing Extremism Together" programme.

Ben Chapman (Wirral, South) (Lab): Given that the public did not understand the difference between the threat level and the alert state in the past, given that different threat levels—now, apparently, response

levels could apply to different parts of the critical national infrastructure, and given that one could reduce the threat level but not the alert state, as happened before 7 July, and that that was understood by practitioners but not the public, do we not, without wishing to be alarmist, need to say rather more to the public than appears on websites and in the papers published today, so that they can better understand what is being proposed?

John Reid: The complexity that my hon. Friend outlines with regard to the response level, as opposed to the threat level, is one of the reasons why it is not to be published. Threat levels will be published. However, there is a degree of complexity about response levels which, in addition to the utility that any would-be terrorist would find in a declaration of the response level, means that we should treat them differently from threat levels. Nevertheless, I have some sympathy with my hon. Friend in saying that we should maintain, as I said, a

"review, with the Security Service and security practitioners, to ensure the maximum practical congruity between threat levels and response levels."

The simpler we can make this in operational terms, the better.

Mr. Roger Gale (North Thanet) (Con): Interdiction and, in particular, the prevention of errors in interdiction, are dependent on the rapid and accurate transmission of information. Sadly, the emergency services still cannot fully and properly communicate with each other, particularly on the highly vulnerable London underground system. On a wholly practical level, when will the Home Secretary secure the investment that will make the Airwave system work underground?

John Reid: The point about communications and co-ordination and threat levels was a lesson learned from the terrible events of 7/7. That is one of the areas that we will have to consider, and there will of course be a response later on. I said that today I would address two of the three things that we will do.

Andrew Mackinlay (Thurrock) (Lab): Without prejudicing prosecutions or security and intelligence, can the Secretary of State amplify on the gravity of the four terrorist attempts that have occurred over the past year? I think that he should beef up his information to the House and should be able to do so without prejudicing those things. We need to know how grave they were.

On gravity, the Secretary of State said that he did not want to criticise his predecessors. I do, in one respect, and I include in that the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). All Home Secretaries have failed to address the question of our seaports. I have been amazed by that time after time, long before it was fashionable to argue that we should have a dedicated, highly mobile police force. It is now rather late in the day. I urge the Home Secretary to take it from somebody who represents the riparian authorities of ports along the Thames that all over the United Kingdom, our vulnerable ports—well, my right hon. Friend gets the drift—

Mr. Speaker: Order. I think that we have got the point.

John Reid: I thank my hon. Friend for his brief summary of a position that he made plain to me at considerably greater length in a private meeting. I got the point then, and I have got it now. I have passed his comments on to those who deal with such matters.

I will consider my hon. Friend's first point, although I am not sure that the expression "beef up" is one that I would want to agree with. I will see whether there are any more details that we can put out, but I think that it is preferable if we keep this to the minimum. One of the problems that we have experienced in putting intelligence into the public domain is that going into great detail can expose or endanger the sources of that intelligence. However, if we then modified that detail to ensure that we do not expose ourselves to any risk as regards the sources, we could be accused of putting out something dodgy. I therefore prefer to keep it to the minimum at the moment.

Stewart Hosie (Dundee, East) (SNP): I agree with the Home Secretary that intelligence will play a crucial role in protecting us from a future terrorist attack. May I remind him of the specific counter-terror role undertaken by an individual from Strathclyde in ACPO Scotland? When the Home Secretary is considering the allocation of resources for counter-terrorism and intelligence, will he ensure that all parts of the UK are considered and that all the necessary resources are given to them?

John Reid: Of course we shall try to do that. Normally, when we make such allocations in our budget at UK level, Scotland receives a proportionate amount—indeed, more than proportionate, depending on how it is calculated—to meet the needs of a third of the UK's landmass, though only 8 per cent. of the population. I would not want anybody to underestimate the amount of extra money that has gone into policing. As I said, approximately four times as much money is going into policing, through special branch and so on, and about £2 billion is going towards counter-terrorism and resilience.

The resources for MI5 are commensurate with the extent to which we can expand. There are limitations because we have to train people, who must be skilled in, for example, different languages and backgrounds now that we face a different threat.

Tony Lloyd (Manchester, Central) (Lab): The Home Secretary rightly made several points in his statement. One was that, although the security services have to work efficiently, they may make mistakes, and that it is incumbent on the Government of the day to support them even when that happens. However, he also rightly pointed out that, for there to be community cohesion, there has to be trust in the security services. That is a difficult balance to strike. I do not want to go into detail, but there have been recent cases in which we have not got the public relations right. Can he begin to

[Tony Lloyd]

change the culture so that we have a much more rapid series of conclusions when things go right and when they go wrong, and accept the fact that, when things go wrong, early admission should be made rather than denial, which leads to distrust, especially among minority communities?

John Reid: Yes. My hon. Friend and many other hon. Members could help by explaining the nature of intelligence to people. When a piece of intelligence comes before an intelligence officer, it is not often "right" or "wrong". It is always fragmentary and partial. Even if it is right in its isolated area, it may be right or wrong in the general context. Putting together a series of such fragmentary pieces of information requires a great deal of judgment, so there is a gradation rather than a simple "right" or "wrong". Some understanding of that helps people to realise the difficult position in which those in the police and the intelligence services are placed if, on the basis of information received, it appears possible or probable that an event may occur, the consequences of which would be disastrous for many human beings. In those circumstances, it is incumbent on us to support the actions that are necessary for our police and security services to protect life. As I said, all hon. Members could help to promote a better understanding of that. We must balance the sensitivities of all communities with a recognition that the police sometimes have to act to protect all communities.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): The Home Secretary has told the House and the wider world that the Home Office is "not fit for purpose". How have the Government's legislative proposals failed the test of our civil liberties and their Human Rights Act 1998? The right hon. Gentleman did not wish to refer to control orders but central problems call into question the Government's interpretation of those basic rights. Does he propose to alter the Human Rights Act?

John Reid: I know that the hon. Gentleman prides himself on the accuracy of his words. Let me therefore correct a factual inaccuracy. I said not that the Home Office was "not fit for purpose", but that elements—areas—inside it were not. I said that after commending the Home Office for transforming the speed of treatment of asylum cases and—previously and subsequently—for transforming the UK Passport Service, which was the most disastrous aspect of Government in 1999. It has been transformed, with a consumer satisfaction rating that is higher than that for Tesco. I know that the hon. Gentleman would want to begin his question on a correct factual basis.

The hon. Gentleman's second point was about tackling misrepresentations, misinterpretations or any administrative or other implications of the Human Rights Act to try to rebalance matters. Yes, that will be part of the third review, which I mentioned. Proposals on all aspects of rebalancing the criminal justice system will be introduced before the end of the parliamentary term.

Jane Kennedy (Liverpool, Wavertree) (Lab): Will my right hon. Friend give the strongest possible support and encouragement to those law enforcement agencies engaged in intercepting the financing of terrorist acts? Does he believe that criminal activity is a source of funding for such activity? If that is the case, will he encourage the law enforcement agencies to expose such links, so that those young people to whom my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) referred earlier, who might otherwise be attracted to join in such activities for misguided religious or other reasons, can see the true nature of the organisations to which they are attracted?

John Reid: I very much agree with my right hon. Friend. Given her experience as a Security Minister in the Northern Ireland Office, she will probably know as well as anyone in the House how what is sometimes portrayed—and sometimes, in the eyes of its adherents, even begun—as a noble cause can degenerate into money-manufacturing criminality for gangster organisations. That is the true nature of all extremist terrorism, when it goes unimpaired and unaddressed. Part of our dialogue with young people therefore involves discussing why they believe that they ought to become sympathetic towards such processes, and to engage with them by explaining not only the underlying political reasons that they believe drive them in that direction but the terrible consequences involved, including the corrupt criminal activities that are often related to such terrorist practices.

Mr. Nigel Dodds (Belfast, North) (DUP): There has, quite rightly, been a great deal of discussion on the importance of intelligence in the battle against terrorism. Will the Home Secretary confirm that, in regard to national security and intelligence matters relating to Northern Ireland, it is still his intention that the lead agency will be MI5, reporting directly to governmental authorities and Ministers?

John Reid: It was when I left Northern Ireland, because that is the direction in which I pointed it, and I think that that is still the case. In fact, I will say to the hon. Gentleman that that is the direction, but I will write to him to correct myself if it is not. However, I think that it is.

Mr. Jim Devine (Livingston) (Lab): Is it my right hon. Friend's opinion, based on his knowledge, that we are safer today than we were on 7 July last year?

John Reid: In terms of the general threat level, we are at the same level as we have been since after July. I would like to say that I believe that there is a period of guaranteed safety, but there is no such thing. However, I can give my hon. Friend a guarantee that those who are working to protect this country from the threat of terrorism will give 100 per cent. dedication, 100 per cent. commitment and, I hope, 100 per cent. professionalism. They cannot give us 100 per cent. certainty, but everything possible is being done to ensure that, even with a severe level of threat, the terrorists do not get through.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I express the hope that those responsible for the planning of policy, the enactment of legislation and the deployment of operations will keep well in mind the principle of proportionality, the importance of not infringing civil and political liberties, and the need to maintain the good will of the law-abiding community? Some of us think that that has not been the mark of Government policy over a number of years.

John Reid: Of course, the whole question of proportionality is something that we should always bear in mind. That is what the right hon. and learned Gentleman would want, as a lawyer as well as a parliamentarian. As an historian, he will also be aware that situations change. In regard to both the criteria of assessment—intention and capability—that are used against the new threat, we now face an enemy that is utterly unconstrained in its wanton wish to destroy humankind on the largest possible scale. That differentiates it from many enemies in the past. It is also unconstrained in its potential capability, because having the technical means to produce radiological, nuclear or chemical weaponry now means that an unconstrained intention can be conjoined with an unconstrained capability. We have to remember that when we talk about proportionality.

Mr. David Heathcoat-Amory (Wells) (Con): The Home Secretary is right to tell us that the majority of Muslims here wish only to live peacefully and do not support terrorism in any form, but is he worried about the result of a recent public opinion poll, which indicated that 13 per cent. of British Muslims view last year's suicide bombers in London as martyrs rather than criminals? Will he work more closely with moderate Muslim leaders here explicitly to condemn such attitudes and to support and work for the concept of a separation between allegiance to a state and allegiance to a religion—a concept that is rare in the Muslim world, but not unique, as shown by the good example of Turkey?

John Reid: Yes, I think everyone would be worried about the percentage that the right hon. Gentleman mentioned. On the other hand, we should not assume that general sentiments expressed in an opinion poll are an indication that people wish that they were engaged in such terrorist activity. It is not unknown in respect of past terrorist acts that the allegiance of young people—whether it be here, in Northern Ireland, Spain or Italy—can sometimes be attached in theory to something that they would never support in practice. We should not underestimate the problem and we cannot be complacent, but we should not brand large sections of the Muslim community as inveterately committed in that direction. I think that that would be wrong. As I said earlier, the dividing line is not between Muslim and non-Muslim, but between evil terrorism and those of us who hold a set of values in common throughout all religions and all civilisations. I merely point out the fact that many of the victims of these terrorist acts—not only in London and New York, but in Saudi Arabia, Amman, Turkey, which the right hon. Gentleman mentioned, Egypt or in many other areas where terrorists are inflicting their ills on societies, including Afghanistan and Iraq—are themselves Muslims. Not only that, but many victims are often women and children as well as men, so we are all at threat. Terrorism threatens us all and only by a united response will we ultimately defeat it.

Paul Rowen (Rochdale) (LD): Following on from that, does the Home Secretary accept that some of the statements from Ministers, including the Prime Minister, over the last year have served only to heighten the alienation? What does he propose to do to re-engage the majority moderate members of the Muslim community who, like everyone else, want to get rid of terrorism?

John Reid: No, I do not accept that in respect of the Prime Minister and I would say to the hon. Gentleman that engagement does not mean patronising. The vast majority of Muslims in this country—just the same as everyone else—want to live in a free, decent society where their children do better than they did. They value the freedoms that we protect here and they find terrorism abhorrent. When we engage with people in that community who may not be part of that mainstream, we should be not just engaging them but prepared to enter into discussion and, if necessary, debate with them over values. A values-based discussion will sometimes lead us into debate, which I believe is a good, not a bad, thing.

Afghanistan (Troops Levels)

4.28 pm

The Secretary of State for Defence (Des Browne): With permission, Mr. Speaker, I should like to make a statement about UK deployments to Afghanistan. On Thursday, I spoke about Afghanistan during the defence debate. Today, I reiterate the enormous debt that we owe to the British soldiers who have given their lives and who have been injured while serving there. I also salute the bravery of all of our forces who are working to bring about lasting change in Afghanistan.

On Thursday, I said that we had received requests for additional forces in Helmand and that I would announce our response as soon as possible. I will do that today; but first, I want to place that response and indeed the whole of our deployment to Helmand and to Afghanistan as a whole in its proper context.

On 11 September 2001, a devastating terrorist attack was launched against the west from within Afghanistan's borders. That happened, at least in part, because we abandoned Afghanistan to become a failed state after the Soviet occupation, and that is why it remains overwhelmingly in our national interest to ensure that Afghanistan does not revert to a haven for terrorists. It is also in the interests of the Afghan people, the vast majority of whom have no sympathy for terrorism or violent extremism. There are many malign influences holding back the Afghans and we need to fight them, but we should be under no illusion about what is required to succeed.

Only by rebuilding Afghanistan, by strengthening its Government, its security forces and its legal system and by tackling its desperate poverty will we be able to help Afghanistan to make real and lasting progress. I have heard hon. Members on both sides of the House agree that we should help. The UN agrees. NATO agrees. Thirty-six countries are providing troops to seal their agreement. We all agree, and everything that we do and say should reflect that consensus.

It is also important to recognise where our efforts in Helmand stand in relation to the strategy for Afghanistan as a whole. NATO has been in charge of that mission for three years. It has helped to generate the confidence for millions of refugees to return, and improved access to better medicine and education. It has followed a clear plan to expand security and reconstruction from the north to the west, and now to the more challenging south. We have been engaged in that process throughout, having until recently provided a provincial reconstruction team in Mazar-e-Sharif in the north. The south is more challenging, but that was always well understood, which is why NATO sought a firm platform of progress in the north and west first.

Let me turn specifically to Helmand. We began deploying to Helmand in February, building up to full operating capability on 1 July. It has been said that we have been over-optimistic about that deployment, that we told the House that it would not be difficult and that we sent the wrong force. None of that is true. We said from the start that it was going to be a challenging mission. My predecessor's statement to the House on 26 January included a sober assessment of the threat. The force package, which was designed by the military and endorsed by the chiefs of staff, reflected that. It contained attack helicopters, artillery and armoured vehicles. We deployed tough, capable units, with robust rules of engagement, because we expected violent resistance.

We knew that the Taliban, the drug lords and certain tribal elements would resist any attempt to bring security to the people of Helmand. We knew that the kind of people who behead teachers, burn schools, smuggle drugs and assassinate Government officials were not likely to stand by and allow progress to happen. Yes, we have taken casualties, but we have over-matched the opposing forces every single time that we have faced them. They have tried to block our deployment, and failed. They will continue to try to disrupt our mission, and they will continue to fail.

Let me turn now to that mission. Some say that it is confused and that it is spurious to say that it is about reconstruction, when the reality for soldiers has been fighting. We always knew that there was a probability of violent resistance. That is why we sent soldiers to do the task, but that does not change our overriding purpose, which is to rebuild. We have been accused of naivety by drawing a distinction between the ISAF—international security assistance force—mission to spread security and the US-led mission focused on counter-terrorism. But that distinction is not naive at all. In both cases, soldiers will have to fight, but the nature of the ISAF mission reflects the fundamental fact that we will not reach a lasting peace by force alone; we will reach it when Afghanistan has changed and when the Government have been able to deliver such security, development and prosperity that the ordinary Afghans will no longer tolerate terrorists and criminals in their midst. That is why rebuilding is our mission. Our forces on the ground understand that, and the Afghans understand it. In that sense, the mission is simple, but its delivery is complex. That complexity arises from the situation. Three decades of conflict have stripped the south of all signs of governance and robbed many Afghans of hope. And in that uncontrolled space, violence, criminality, narcotics and extremism have flourished. We have confronted those threats and learned much about them since we deployed. As with any deployment, those experiences have allowed us to review our forces and approach. That is what we have been doing in recent weeks.

Let me now explain why we need to adjust and strengthen our force structure in Helmand. The original intent was to tackle the challenges incrementally, spreading security and reconstruction from the centre of Helmand out. But the commanders on the ground grasped an early opportunity. They saw the chance to reinforce the position of the local governor and the Afghan army and police by going into northern Helmand and challenging the impunity of the Taliban there. In doing that, we moved faster towards achieving our ultimate objectives but also extended ourselves.

We must respond to that development. But it is our actions—our decisions and our determination to grasp the challenge—that have brought about the development, and not, as some suggest, a failure to anticipate a violent response to our arrival. Yes, the violence has increased, but that was inevitable. We are challenging the power of the Taliban and other

enemies of the Afghan Government, and they are reacting. But despite their efforts, we are spreading security.

Our commanders have asked for additional forces to secure the early advances in the more remote communities in the north, while also enabling more progress to be made in central Helmand. Last Monday, I said that I was aware of ongoing work on such additional resources. I was also aware that, as part of that process, the chiefs of staff were going back to operational commanders and urging them to ensure that they had asked for everything that they needed. As I said in the House on Thursday, that iterative process produced a recommendation, which I received on that day. I and the chiefs of staff have considered the recommendation, and I have now endorsed it. I am grateful for the support and assistance of other Departments, especially the Treasury, in working through the necessary detail of this process as quickly as possible.

Let me outline the key elements of the additional force. In order to accelerate the reconstruction effort in the current security environment, we will deploy 320 engineers from 28 Regiment Royal Engineers to start projects to improve local infrastructure. A company from 3 Commando Brigade Royal Marines will provide force protection for them. Those deployments will take place in September. We will deploy an additional infantry company, drawn from 2nd Battalion the Royal Regiment of Fusiliers, to provide more mobile forces, and two platoons from 1st Battalion the Royal Irish Regiment to provide additional force protection. There will be small increases in headquarters staff. We will also boost our medical and logistical support to reflect the increase in troop numbers.

We will step up our efforts to build the capacity of the Afghan national army. Its brave soldiers have fought side by side with us in recent months, and they are the key to our eventual exit strategy. We are therefore deploying additional staff to Helmand, and to the regional Army headquarters for the south. Great strides have already been made in that essential task and, following forthright discussions that I had with the Afghan Defence Minister, Wardak, additional Afghan troops have been sent to Helmand, and more will follow. There are also about 2,300 Afghan police and military in Helmand, building to about 4,800 in 2007.

As with previous deployments, there will be a requirement to deploy reservists. Some 150 reservists are serving in the joint operational area, including members of the sponsored reserves. Some 450 call-out notices will be served on individual reservists in order to fill approximately 400 posts in theatre. One of the main reasons for the increase in reservist numbers is the planned deployment of 100 reservist personnel from 212 field hospital.

Those enhancements—totalling some 870 personnel—will place additional demands on our air transport. We have already increased the flying hours available for attack and support helicopters, as requested by commanders, and today I can say that we will also make available more support helicopters and one additional Hercules C130. We also plan to deploy a radar installation, provided by No. 1 Air Control Centre, Royal Air Force.

All those additional deployments will be made as soon as possible. I also want to cover the planned changes to the force structure resulting from the roulement in October, when the units currently comprising the Helmand taskforce, drawn predominantly—but not solely—from 16 Air Assault Brigade, will complete their tours. They will be replaced by units drawn principally from 3 Commando Brigade Royal Marines, including 42 and 45 Commando and other supporting elements, including 12 Signal Regiment. That roulement will also involve a change to the force structure, reflecting the differences in the two brigades' structures and equipment, including the requirement to support the commandos' Viking armoured vehicles. That represents approximately 125 additional personnel. The House will also be aware that last month, I announced the deployment of 130 personnel from 34 Squadron Royal Air Force to increase force protection at Kandahar airfield.

This is a complex picture. Some troops will be going immediately and others in October; some will constitute an enduring addition, and others are being deployed on a surge basis. But I can tell the House that as a result of today's announcement, the steady-state size of the Helmand taskforce will increase between now and October from some 3,600 personnel to approximately 4,500.

I am aware that our armed forces are heavily committed. As I said in the personnel debate, about 18 per cent. of the Army is currently deployed on operations. That is challenging, but sustainable. Taking into account deployments in Iraq and the planned increase in personnel to Afghanistan, most of our deployable units will operate outside harmony guidelines. I do not accept that lightly, but I do believe that it is necessary, and judging by comments made in this House in recent months, so do the majority of Members. We will do all that we can to minimise the impact, and we will continue to seek further contributions from our NATO partners in order to relieve the pressure in some of those areas.

Some commentators have suggested that insufficient infantry soldiers are deployed in comparison with the force's overall size. Let me be clear that the delivery of this mission is not borne by the infantry alone, and it does a disservice to a great many brave men and women to suggest otherwise. Indeed, of the six deaths in Afghanistan since the deployment, half have been from other arms. The infantry do have a challenging task, but so do all our forces in Afghanistan. Air power, artillery, light armour and others are involved in combat. However, the work done by the provincial reconstruction team, the training teams, and those who enable others to operate is every bit as essential to eventual success. Some more infantry are indeed deploying, but the fundamental balance of combat forces to others carrying out vital roles will not change. That is because the mission has not changed.

Questions have been raised about NATO's capability and the intentions of the United States. NATO now has many more troops to reflect the greater challenge in the south. Rules of engagement have been made more robust. This morning, I spoke to Commander ISAF, General David Richards. He told me that, in the south, effectively there were no caveats placed by nations on the use of their forces. Across Afghanistan, he was

[Des Browne]

seeing a "new NATO" in which such caveats were becoming a thing of the past. He also said that he was confident that he had the forces to do the job, and that he had been encouraged to see nations like Germany and Spain considering making additional forces available.

I believe that NATO is thoroughly fit for this role. It has been suggested that because it does not have forces in every province, it cannot succeed, but that misses the fundamental point that we are at a stage when NATO is expanding in Afghanistan. Months ago there were no NATO troops in the south at all, and few US troops. Soon, there will be nearly 9,000 in the south—part of a total of about 18,500. NATO is building on a success that many seem determined to ignore.

As for the US, last week I spoke to General John Abizaid, the US commander responsible for Afghanistan and Iraq, and he was absolutely clear about the US commitment to Afghanistan. The Americans are not leaving this to NATO. They are part of NATO and are likely to be the biggest force contributor in Afghanistan for some time to come. Accusations that they are abandoning NATO are misplaced.

Lastly, I want to address counter-narcotics. I said that stability was the key to Afghanistan's future, and part of that stability must be delivered by the Afghan Government facing up to the evil of narcotics. President Karzai's personal commitment to this has been clear, and we must help. Again, the aim is simple, even if the implementation is difficult, and it is the same aim as for all other aspects of our task: to rebuild.

We will make a lasting impact on the narcotics industry only by strengthening all aspects of Afghan life, so that the economy can function without drugs money and farmers have alternative livelihoods to turn to. That will take time, but the process must start now.

Our soldiers are not narcotics police, and we do not ask them to be narcotics police. They are not waging a narcotics war; they will not destroy poppy fields; and they will not fight farmers for bags of opium. They are helping to create the conditions of security and development in which the narcotics industry will be weakened and eventually driven out by the Afghans themselves.

I trust that I have made my position clear. My decisions on these matters have been shaped by what I saw and heard when visiting Afghanistan. Our people there are doing a fantastic job in very difficult circumstances. They know why they are there, and they recognise the importance of their task. They have achieved a great deal already, and I intend to give them what they need to secure those achievements and to help the Afghans towards the stable future that they deserve.

Dr. Liam Fox (Woodspring) (Con): I thank the Secretary of State for his statement, and for making it available in advance to the Opposition. I join him in saluting the bravery and professionalism of our armed forces, their families and their civilian support.

The Secretary of State was right to remind the House at the outset of the reasons behind our involvement in Afghanistan: it is a failed state that acted as an incubator to terror, which was inflicted on innocent people in New York, Madrid, Bali and elsewhere, possibly even in London. A failing Afghanistan represents a threat to our national security. We can choose to confront the forces of terror at their source before they develop, or we can wait until they develop, and confront them here on our doorstep. Not confronting them at all is not an option. Dealing with the savagery and fanaticism of al-Qaeda and its allies will have an unavoidable cost, but the cost of failing to tackle them could be incalculably greater. Security is never a cost-free option.

In the House last week, I said that there were three reasons why we must not fail in Afghanistan. First, the reputation and cohesion of NATO is on the line. Secondly, failure would embolden our enemies in the region. What state could then feel safe? What if the next target for destabilisation were to be Pakistan, with its nuclear capability? That is a truly terrifying thought. Thirdly, we owe the people of Afghanistan, broken by decades of war and attrition, the chance to enjoy peace, stability and prosperity. We must not abandon or betray them.

The Government have two basic duties: to maximise the mission's chance of success; and to minimise the risk to our forces in carrying out that mission. We intend to fulfil our constitutional role by holding the Government to account, not for the aims of the mission, but for its delivery.

We have set out a number of questions and reservations in recent months. On 26 January, I said in the House:

> "There is widespread support in the House for the strategic objectives...set out by the Government, but the Secretary of State will be well aware of widespread anxieties that the level of resources committed by ISAF may not be sufficient to achieve the stated objectives, and that we may consequently be drawn into an escalated conflict."— [*Official Report*, 26 January 2006; Vol. 441, c. 1534.]

It was always to be expected that our deployment would lead to increasing Taliban activity, and that has certainly happened. Those who took a less optimistic view than the Government have been shown to be correct.

I am pleased, however, that the Secretary of State has today provided greater clarity about our other main reservation: the anti-narcotic role. We have often said in the House that using our forces overtly to destroy poppy crops would result in farmers being pushed into the arms of the Taliban. The reduction in poppy production is not a role for our soldiers, but for the Afghan Government, supported by international assistance in providing substitute incomes. We must not allow the Taliban the propaganda weapon that our troops threaten the income of poor Afghan farmers. I note the assurance that our forces will not be used as narcotics police, and we will monitor events closely to ensure that that is true on the ground.

What are our specific questions about the delivery of this mission? First, can the Secretary of State tell us what are the most recent plans from the Americans in relation to reducing their troop numbers in Operation Enduring Freedom? Surely we must do all that we can to persuade our United States allies that they cannot reduce their commitment in the current security

circumstances, with the upsurge in Taliban violence. Given that rise in Taliban activity, would it not also be sensible to ensure an early merger between OEF and the NATO mission? The circumstances of the mission have changed markedly. Would not that simply reflect the reality on the ground? What discussions have taken place about it?

What discussions have been held at Head of Government level about increasing the contributions from other NATO countries? There will be some 15,000 to 18,000 NATO troops in Afghanistan, of whom 5,000 will be British, with more on the way. Whatever the capabilities and professionalism of our forces may be, we cannot be expected to carry NATO in this manner. Our NATO allies must understand how frighteningly high the stakes are, and those who may long for a security relationship without the United States need to realise that a defeat for NATO in Afghanistan would be likely to produce greater American isolationism and unilateralism—the very things that they claim most to resent. All must carry their share of the burden.

The Secretary of State talked of making more support helicopters available. Will there be more attack helicopters as well? Where will the extra helicopters come from? How many will there be, and when will they arrive? How many extra personnel are being earmarked to help train the Afghan army? Where will they come from, and what will the time scale be? And what of the police? What representations have been made to the German Government, who are responsible for training the police, that they must have sufficiently robust vetting procedures to stop Taliban infiltration of them, which would pose a security threat to our troops?

Finally, can the Secretary of State tell us about the plans to put non-governmental organisations on the ground? If they are not there, there will be no reconstruction at all. Will the Secretary of State consider the plans outlined by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), the shadow Foreign Secretary, to install an international co-ordinator in Afghanistan to ensure that money is not wasted, and that the Afghan people benefit, not the middle men?

The tone of the statement leads me to believe that the Government now recognise that the impression given to the British public was that this mission was less dangerous than it has turned out to be. Sadly, the admission that these operations will be outside harmony guidelines constitutes an acceptance of the reality of overstretch. Indeed, it is difficult to avoid the conclusion that under this Government we now have an insufficiently large standing army.

It is vital that we give our forces all that they need to do the job, for the price of failure in Afghanistan would be intolerable. The Government deserve the support of the House in achieving their aims, but they need to get their detailed decisions right at this point, for the patience of the British public and the House is not inexhaustible. Above all, the security not only of ourselves but of future generations is at risk. The stakes could hardly be higher.

Des Browne: I thank the hon. Gentleman for his unswerving support for our engagement in Afghanistan. It is very important that our troops, particularly those whom we have deployed in Afghanistan, know that there is support for what they have been sent to do. I agree with the hon. Gentleman—without going into the same amount of detail in setting out the geopolitical situation—that doing nothing is not an option. That, of course, underpins the Government's approach.

When we began to deploy in February, continuing until 1 July when full operational capability was reached, we sent the force package for which the military commanders had asked. It was designed by the military commanders—in consultation with the chiefs of staff—to do the job. The purpose of our deploying further resources is to reflect the experience and learning gained from that deployment.

I dealt specifically with the issue of narcotics because I felt that it, among other issues, required clarification—not that there was any doubt about the objectives that we set for our troops when we sent them to Afghanistan in the first place. Indeed, I remember reading carefully what was said by my right hon. Friend the Member for Airdrie and Shotts (John Reid) when he announced the deployment on 26 January not only in the House, but elsewhere. He made it clear then that we were not sending our troops out to be narcotics police. However, given the commentary that there has been since then, I felt that it was important to make it clear again that there is no change in the position. That is not what our troops are doing in Afghanistan.

The hon. Gentleman asked about the continuing size of the American commitment to Afghanistan, particularly in the context of Operation Enduring Freedom. Before coming to the House, I spoke to the US Secretary of Defence, Donald Rumsfeld, specifically about that matter. His response to me was that the Americans deploy their resources in Afghanistan and in other theatres in response to the circumstances, that forces increase and sometimes reduce and that that is what they will continue to do, but he gave me a reassurance, which I have reiterated to the House in the context of the statement, that the Americans' commitment to Afghanistan will be unwavering.

The hon. Gentleman has referred on more than one occasion to the fact that we need to remove the distinction between ISAF and Operation Enduring Freedom. That is one of the issues on which I disagree with him. My concern is that, if I were to accede to his request in relation to that and encourage NATO and others to do away with that distinction, exactly what I think will put our troops on the ground at risk in Afghanistan would happen. We would at one stroke do the job the Taliban are trying to do with their information operation in communities all over Helmand province, and that is to suggest to people in those villages that what we are telling them we are about there—reconstruction—is not the truth and that we have other objectives. If I were to accede to his request to remove the distinction between Operation Enduring Freedom and ISAF even conceptually and argue for that more broadly with NATO, I would achieve that objective at one stroke.

The hon. Gentleman asks about further helicopter support. I had to decide whether I would be able to give detailed information to the House today and, if not,

[Des Browne]

whether to delay the statement, or whether to make the statement in the way in which I have because there is other work to be done in relation to helicopters. I assure the House and the hon. Gentleman, however, that the helicopter support that will be made available to support the package will be that which has been asked for by the commanders on the ground.

On the issue of NGOs and reconstruction, it is clear to me, from my experience both in Afghanistan and from what was reported back to me from Afghanistan, that our long-term objectives there will be served by the success of reconstruction, but that we will not be able to achieve that reconstruction without security and we will not be able to build the security without reconstruction. We have deployed the significant resource of engineers in order that they will be able to enhance the reconstruction that we can do and the security that we can create in the communities through the deployment of our resources thus far.

Nick Harvey (North Devon) (LD): May I reiterate our support for the engagement in Afghanistan and pay tribute to the courage and professionalism of our forces who are undertaking that dangerous work? It is essential that we build long-term stability in Afghanistan not only for the Afghan people but because, as others have said, lawless chaos provides sanctuary to militant extremists, and that threatens everyone's security. I also stress our support for the deployment of additional troops announced today. Where they are able, the Government clearly must provide the commanders on the ground with the troops and equipment that they need.

Can the Secretary of State tell us how much of what he has announced today is totally new and how much of it is an acceleration of plans that already existed? Is he confident that the additional deployment he has announced will be sufficient? Is the breaching of harmony guidelines and the dependence on reservists to which he has referred sustainable for the long term, as it is becoming increasingly clear that this will be a long-term job?

Is he satisfied that all the helicopter, lift and air attack capability that is required has now been committed, and can he tell us where the men to do the proposed extra flying hours will come from? Will the additional commitment impair our ability to train more crews back home?

The Secretary of State tells us that a sober assessment of the threat was made at the start of the mission, and I am sure that that is true, but the former Secretary of State for Defence described it as

"a small but hugely significant step".—[*Official Report*, 26 January 2006; Vol. 441, c. 1533.]

It remains hugely significant, but it looks somewhat less small than it did in January. Of course we have to respond to changing circumstances and a more challenging environment, but can the Secretary of State tell us whether the role and operational objectives of British troops have changed at all from that time?

We have the lead responsibility for counter-narcotics, but there has been a record harvest in the south of the country, and there are grave questions about the feasibility of simultaneously achieving both security and counter-narcotics objectives. A concerted strategy is needed to provide alternative livelihoods for those who depend on narcotics. The Secretary of State said in his statement that that process must start: does he mean that there is as yet no strategy, or simply that the practical work on the ground must now start? Finally, with two weeks until the summer recess begins and given the fast changing environment, can he tell us what measures the Government have in mind to keep Parliament in the loop as changes are necessary over the summer recess?

Des Browne: I thank the hon. Gentleman and the leader of his party for their support for the additional deployment of troops to Afghanistan. I am pleased that the right hon. and learned Member for North-East Fife (Sir Menzies Campbell) was able to express his support when he did not know what that deployment was going to be. That was a positive step.

In my statement, I sought to explain in detail the motivation behind the decision for each of the elements of the additional resource. I do not accept that any of it is an acceleration of anything that was planned, other than that a review of our deployment was planned at the point of deployment at about this time, as I have explained on more than one occasion. That has in the past been explained to the House.

The hon. Gentleman asks about additional flying hours. My understanding is that additional flying hours that have been agreed in response to the request of the commander in the theatre are as much a function of our ability to support the helicopters in those additional times as they are a function of the availability of people to fly them. The hon. Gentleman asks if the deployment is sustainable, and I assure him that it is. I identified the challenges that it sets in terms of harmony guidelines, and I accept that they are far from ideal. Steps need to be taken in the short term, or in the longer term, to address those issues, which were debated at some length on Thursday in the context of the personnel debate. The solution to that will take some time to develop.

The hon. Gentleman asks if there has been any change in role, and there has not been. On his final question, we will do what any Government can to ensure that when Parliament is in recess, information on a wide range of issues is communicated appropriately to those who need to know.

Mr. Don Touhig (Islwyn) (Lab/Co-op): I welcome the statement made by my right hon. Friend this afternoon, responding as it does to the requests from our commanders on the ground in Afghanistan. My right hon. Friend has outlined the Government's objectives in Afghanistan and how we are responding to the latest developments there. Can he say a little more about our reserve forces? They now operate with our regulars in a much more integrated way than ever before; and I think that that is right. Our reservists also make a unique commitment. They have full-time jobs outside the armed forces in civilian life. The Reserve Forces Act 1996 allows the Government to mobilise the reservists for a maximum of one year in every three, but as a result of discussions with employers and the reservists, the Government have tended to mobilise

them for a maximum of 12 months in any five years. Can my right hon. Friend assure me and the House that he sees no reason to move away from that five-year rule as a result of this latest development?

Des Browne: I can give my hon. Friend the assurance he seeks. I do not see that either my announcement today or the level of deployment of reservists that has been required would indicate that we will move away from that frequency of deployment. I take this opportunity to pay tribute to the significant contributions made by reservists and to recognise that as a result of reforms in training and structure they are more suited to deployment than they were in the past. I also pay tribute to their employers, who support us well when we have to deploy their employees.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. As many Members hope to catch my eye, I make a plea for single supplementary questions and brief answers so that more may be successful.

Mr. James Arbuthnot (North-East Hampshire) (Con): The Secretary of State may have heard last week of my concern that the deployment to Afghanistan, which I fully support, is being conducted on something of a shoestring. Last week, when we visited, we met some fantastic men and women who are doing their excellent best with the resources they have, but we heard that deployment of the Harriers and its subsequent extension to March next year carried a condition imposed by the Treasury that it should be at no additional cost. Will the Secretary of State remove that condition and assure us that none of the deployments that he has announced today carries the same extraordinary condition?

Des Browne: I understand that the right hon. Gentleman was in Afghanistan with his Select Committee only last week, so he brings up-to-date information to the House. I am pleased that he was as impressed as everybody who visits our troops in Afghanistan with the job that they are doing and the bravery that they show. When I was a Treasury Minister I was partly responsible for the process of agreement about deployment of the Harriers, which is on a staged basis, and I reassure the right hon. Gentleman that it does not in any sense inhibit what we are seeking to do in Afghanistan. Indeed, he will have noticed that Harriers were being deployed with significant effect right across the theatre; they are very much in demand and are being used extensively not only by our troops but by others. I can tell him categorically that none of that deployment carries with it any qualifications in relation to costs.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): Does my right hon. Friend agree that at least two conditions must be met if the mission is to be successful? First, the mission must have the support of the Afghan people and, secondly, those in the international community who could contribute forces must accept that the mission is necessary and justified. If my right hon. Friend agrees, will he reinforce the point that if there is any confusion between what Enduring Freedom has done, and is doing, and the ISAF commitment, it could undermine both those aims? Does he agree that the United Nations needs to clarify the mission, given that it is about three years since it did so, and that many people in the international community and in this country have forgotten that there is a UN mandate?

Des Browne: I have not forgotten that there is a UN mandate. I spend a lot of my time reminding people that there is a UN mandate, which is supported by NATO and a significant number of countries—almost all the developed world—including countries whose presence is remarkable given their past history, such as the Scandinavian countries. Indeed, I understand that Swedish troops are in Afghanistan with no caveats. From my dealings with our partners in NATO or others deployed in ISAF, I have no sense that there is anything other than the fullest commitment to the noble cause of seeking to rebuild Afghanistan, no matter how difficult that may be, for the very reasons that were articulated at some length by the hon. Member for Woodspring (Dr. Fox). I have absolutely no doubt about that level of support.

I agree that it would be a disservice to our forces to confuse what they are doing with Operation Enduring Freedom. None the less, that operation is necessary because terrorists are still at large in parts of Afghanistan, and it is right and appropriate that we should try to eliminate them.

Mr. Michael Ancram (Devizes) (Con): Was the now apparent failure to deploy sufficient troops and equipment to Helmand province at the beginning of this operation the result of inadequate intelligence as to what was needed, or of the absence of a clear mission purpose, or, as now appears most likely, of overstretch and the reluctance of the Government in the face of that to make the necessary deployment? Had there been a more realistic deployment, is it not possible that the lethal opposition that our forces have faced in Helmand province might at least have been better constrained? Can the Secretary of State now say that he is confident that no further additional deployment will be needed to achieve that position?

Des Browne: May I say to the right hon. and learned Gentleman that the configuration of the original force package that was sent to Helmand province as the Helmand taskforce in Afghanistan was a result of what the military commanders asked for and what was agreed by the chiefs of staff and recommended to Ministers? Before coming to the House today, I phoned the military commander in Helmand province, Brigadier Ed Butler, and asked him whether—in the knowledge of the resources that we were now deploying to Afghanistan—he, the commander with responsibility, felt that we had sufficient resources to carry out the task that had now developed out of the nature of his deployment in the first place. He said yes.

Mike Gapes (Ilford, South) (Lab/Co-op): I welcome the statement, its reiteration and its clarification. Does my right hon. Friend agree that, given that this is an

[Mike Gapes]

internationally agreed and endorsed operation, and given that there are so many countries involved—he mentioned 36—it will be important that other NATO partners also increase their presence in this mission? Will he tell us what discussions he is having with his partners in NATO? He mentioned the increase from 3,600 to 4,500 by October, which is a 20 per cent. increase in the taskforce in Helmand province. Is there going to be a similar increase by other NATO partners to assist in this vital, necessary international job?

Des Browne: Today, General Richards, the commander of ISAF, told me that he had the resources that he needed to do the job. He said—as all commanders do when I have this conversation with them—that if there were more resources that he could employ, he could always employ more resources, but I asked him whether he had sufficient resources to do the job. I have been in conversation with him, the Secretary-General of NATO, and a significant number of our allies at Defence Minister level to insist that for additional resources—where they are available—should be deployed.

In relation to the transfer of authority for phase three, which is due to take place at the end of this month, although there are some shortfalls against the ideal solution, General Richards told me this morning that he is pleased with recent developments in these areas and is confident that they will be filled, and he has been reassured by the efforts of NATO's senior commanders.

Sir Peter Tapsell (Louth and Horncastle) (Con): Will the Secretary of State please convey to the Prime Minister my continuing conviction that sending British troops into Afghanistan is like throwing kerosene on to a burning tent, and that the more troops we send, the higher and fiercer the flames will burn in Afghanistan, throughout the Islamic world and on the streets of this country?

Des Browne: The hon. Gentleman has the merit of being consistent in relation to these matters and I respect him for that, as he understands and knows. In this House, in a rhetorical way, he repeatedly makes clear the position that he has sustained. I am sure that he was saying exactly the same thing when ISAF was deployed in both north and west Afghanistan. He ought to look at the progress that has been made there now.

Tony Lloyd (Manchester, Central) (Lab): Those of us who support my right hon. Friend in what he has set out today nevertheless recognise that the point about the contributions made by other NATO allies is central and important. Is he aware that a debate is taking place in the German Parliament, as it is in other allies, about where we should go with this? What can he do to ensure that the message that failure in Afghanistan is unthinkable is communicated through him and his colleagues in other allies' Governments?

Des Browne: I can reassure my hon. Friend that no one who has had a conversation with me about Afghanistan has not been told exactly what the hon. Member for Woodspring repeats every time he comes to the Dispatch Box: failure is unthinkable for a number of reasons, not least of which is the future of NATO. Failure in Afghanistan would be significant for NATO's future as an organisation that can deliver on its objectives and generate the amount of force necessary to protect those whom it was designed to protect in this very much changed and difficult world in which we live. I repeat that message consistently. My understanding from the conversations that I had today before coming to the House is that whatever the debate is being held in Germany's Parliament—it is entirely appropriate that that debate should take place—the Germans are in fact considering increasing their deployment in Afghanistan.

Mr. Nicholas Soames (Mid-Sussex) (Con): I very much welcome the statement that the right hon. Gentleman has made, but does he not agree that what is especially shameful about the NATO allies' response to the mission is the fact that given that the commander, General Richards, is a NATO commander—Commander Allied Rapid Reaction Corps—the operation is a NATO operation, so not to support it wholeheartedly is to show that NATO's transformation is inadequate and incomplete? The allies now need to take grown-up, real decisions, especially about the deployment of airlift, which they have in abundance, and make some use of that.

Des Browne: I accept that the hon. Gentleman puts his finger on significantly challenging issues for NATO. The process is ongoing. For example, as was confirmed to me today, although I have recognised this development myself, real progress has been made in NATO on caveats to such an extent that, for the deployment in the south, no caveats are now in any sense restricting the commander, General Richards. There are other significant challenges, and the hon. Gentleman will know that the British Government have made quite a novel and significant suggestion for the long-term solution of one that he identifies. However, the support that he and others in the House can give me to continue to communicate the message to our NATO allies is welcome.

Mr. Kevan Jones (North Durham) (Lab): I welcome the statement. Last week, I visited Helmand province with the Select Committee. Morale is high and the troops are committed to the job that they are doing. Will my right hon. Friend join me in congratulating not only them, but Foreign and Commonwealth Office and Department for International Development staff on the job that they are doing as part of the provincial reconstruction team down at Lashkar Gah? Does he concur with General Richards's statement to us that the UK's commitment to the military operations in Afghanistan more than meets the commitments that other international partners are making?

Des Browne: I have no difficulty at all in joining my hon. Friend in extending congratulations. I gladly take any opportunity that I get, whether at the Dispatch Box or otherwise, to congratulate our forces on the

work that they do not only in Afghanistan, but in other theatres. I will add to the list of those who should be congratulated on the progress that has been made in Helmand, which he witnessed, not only in Lashkar Gah, but beyond, of which today's statement was a function. We should also extend congratulations to the Afghan national forces, who are fighting along with our forces very bravely. When we consider the scale of the challenge that we face and the commitment that we need to support the Afghans, we should consistently remind ourselves that those brave people have lost 2 million of their own citizens fighting for the freedom to get themselves to the stage at which they are. That is why the international community must stay with them.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Lessons from previous engagements teach us the importance of employing sufficient troops at the start of an action in order to achieve success. Given the size of the Taliban forces encountered by our troops, is the Secretary of State confident that the deployment that he announced today will be sufficient, and that a series of future incremental increases will not be necessary, as they will not provide the required cohesion?

Des Browne: I do not accept the criticism implicit in the first sentence of the hon. Gentleman's question. I have said repeatedly that the force package that has been sent was what the military commanders asked for, and that the need to reinforce that package is a function of our success, even though our success in engaging the Taliban has generated challenges for us in the early days. I will not estimate or guess the size of the Taliban forces, but I can tell the hon. Gentleman and other hon. Members that not everyone who fights with the Taliban supports them ideologically. People fight with the Taliban in Afghanistan for all sorts of reasons; some fight with them because they pay them. Part of our objective is to give those people a message that there is a future for them without the short-term lifespan of such fighting. Part of the challenge is to try to break those people away by engaging with them and explaining that they have a future that does not depend on their being a hired gun for anyone who will pay them $10 a day, or less.

Jeremy Corbyn (Islington, North) (Lab): Is the Secretary of State aware that many people outside the House will regard his statement today as an example of mission creep, and think that we are starting an unending deployment of British troops in Afghanistan? Can he give us an idea of the maximum number that he is prepared to deploy, and for how long?

Des Browne: Without hesitation I can tell my hon. Friend that I will not answer that question specifically. He may find that a cause for criticism, and I will just have to live with that. It is because this is not mission creep that we have to identify additional resources. We have to deploy those resources to achieve the mission and the objective that we set; as we deployed, we identified prospects for success that now have to be reinforced. I just ask my hon. Friend, who, I suspect, is a consistent critic of any deployment of ours in Afghanistan at all: what is the alternative for the people of Afghanistan and the developed world if we, who are capable of doing so, do not accept the challenge of stopping that country once again becoming a training ground for terrorists?

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am pleased to hear that we are sending reinforcements but saddened that there are no announcements on helicopters. Twelve helicopters for operations in Helmand is not enough. I would like, too, the possibility of sending some mechanised infantry to be discussed. Can the Defence Secretary tell the House whether or not such troops were requested? I accept that 16 Air Assault Brigade is a formidable unit for taking ground, but it was never designed to hold ground, which is a light infantry operation.

I echo concerns that have been expressed about NATO. The fact that 36 countries have troops in Afghanistan is impressive on paper, but one third of those countries are offering only 60 troops or fewer, which is laughable. Indeed, 34 of the 36 nations do not match Britain's contribution to Afghanistan. I urge the Defence Secretary to speak to his colleagues and make sure that our NATO representatives and colleagues match our efforts in Afghanistan, as they are not doing so at the moment.

Des Browne: May I repeat to the hon. Gentleman what I have already told his right hon. and hon. Friends? I have conversations on those subjects continually, not only with the Defence Ministers of NATO countries but with people who have responsibility for generating the forces in Afghanistan. I have received assurances from those people, on whom I depend for advice on matters that I bring before the House. On the current deployment and the hon. Gentleman's specific questions, I checked today with the commander on the ground in Afghanistan, Brigadier Ed Butler, and asked him whether he now has the resource that he needs and requested for the mission that he has been given, and he confirmed that he has. That is a comprehensive answer to the hon. Gentleman's question.

Paul Flynn (Newport, West) (Lab): Is not one of the main reasons why we have lost more British lives in the past four weeks than in the previous five years the fact that we are associated with the American operation "enduring stupidity", which seeks to bomb the Afghans into democracy and to destroy their livelihoods? The country has been anarchic and ungovernable by outside forces for centuries. Is not the alternative that the Secretary of State seeks for us to detach ourselves from that operation and to devise our own practical alternative, which is to transfer to the Afghan farmers the licence for using their poppies in order to manufacture morphine? Is he not concerned that the Taliban are not on their own, as he says? We are also fighting against those who are defending their livelihoods, some who are Tajiks fighting against the Pashtuns, and many others who are warlords and who are every bit as wicked under Karzai as they were in previous years.

Des Browne: I am tempted to say that when my hon. Friend reads in *Hansard* the question that he has just asked, he will see that in the second part of his question he has contradicted the assumption that he made in the first part, about the motivation of the people who are attacking our troops. First, Afghanistan is a democracy. It has a democratically elected Government, President Karzai is a democratically elected president, and it has a democratically elected Parliament. It may not be what my hon. Friend recognises as democracy, but it is significantly better than the Afghan people have ever had in their lifetime. It is that very democracy which we are in Afghanistan to protect. Secondly, it is entirely inappropriate to attribute blame to those who are seeking to support that democracy and to give the Afghan people the opportunity to throw off the tyranny of those whom my hon. Friend accurately describes as having brutalised them over three decades. They were doing it long before the Americans, the British or ISAF ever went anywhere near Afghanistan, and to suggest that that is the motivation for the criminality and their crude violence now is totally to misunderstand what is going on in Afghanistan.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Last week, when I saw my former unit, the Royal Gurkha Rifles, I discovered that the company there was a composite company made up from the whole brigade. I see from the statement today that a company will be drawn from 3 Commando Brigade. That is an unnamed company, not from a commando, but from a whole brigade. When the Ministry of Defence has to send composite companies rather than formed units, what further evidence does the Secretary of State need that our armed forces are at overstretch?

Des Browne: In the statement that I made to the House, I sought to be candid about the degree of pressure that we were putting on our forces, and to suggest that I was not hiding from the consequences of the decision that we have made today.

Mr. Brian Jenkins (Tamworth) (Lab): I am glad my right hon. Friend mentioned the fact that many of the Taliban fighters are paid by the Taliban. Although I recognise that we do not want British troops burning poppy fields, who will be responsible for stopping the flow of drugs out of Afghanistan, 60 per cent. across the Iranian border, and the money into the Taliban war chest?

Des Browne: The responsibility for counter-narcotics lies principally with the Afghan Government, of course with support from, among others, ourselves, who are the lead partner nation for the Afghans in counter-narcotics. The strategy has several strands, and it is only when all those strands come together that we will see a counter-narcotics strategy that allows Afghanistan to move away from an economy that is over-dependent on narcotics and consequently can be exploited in the way that it has been, and that we will be able to interdict, to the extent that we can, the flow of narcotics on to the streets of our country.

Mr. Adam Holloway (Gravesham) (Con): The Minister is aware that we will not win this unless we get the reconstruction right. Commanders on the ground say that only a very small amount of reconstruction has been delivered to the people of Helmand. Given the need to maintain the good will of ordinary villagers, is it not time massively to upscale the budgets and the delivery of reconstruction, to drop DFID's somewhat politically correct idea that all reconstruction, or most of it, should go through the Afghan Government in Kabul and filter its way down to Helmand, and to start to brand reconstruction as British, thereby safeguarding our troops in Helmand?

Des Browne: I know that the hon. Gentleman as a member of the Select Committee has had the opportunity to consider these matters in some detail, and he identifies a very important correlation between reconstruction and security. It is not possible to plan for reconstruction without security, and it is not possible to sustain security without reconstruction. That is why, at the beginning of the deployment part of the statement, I announced to the House the significant increase in military engineers who will improve the prospects of our being able to do reconstruction in these communities immediately behind the introduction of security to them, recognising that it is difficult to ask those who are associated with non-governmental organisations and do not have military capability to take on the level of risk that that set of circumstances generates.

It is not a shortage of funding for reconstruction that is the challenge, it is the ability to be able to deliver it and configure it in a way that is consistent with the precarious level of security in which we may have to start to deliver it. That is why a substantial part of this deployment is designed to achieve just that.

Mr. Andrew Mackay (Bracknell) (Con): I hope that the Secretary of State has noted that a significant number of hon. Members on both sides of the House have expressed widespread concern about our NATO allies who have not given sufficient support in Afghanistan. Would he accept that some of his responses have been slightly complacent, all too diplomatic and not sufficiently robust?

Des Browne: I do not think that it will surprise the right hon. Gentleman or any other hon. Member to learn that I do not recognise his description. I have sought to be candid with the House in terms of accepting the scale of the challenge not only that NATO faces, but that I face as the UK Defence Minister, to engage with our allies to ensure that we generate a sufficient level of force to be able to see this task through. At the end of the day the right hon. Gentleman will have to understand that I depend for advice on those who have the specialist skills to be able to inform me of whether the deployment of resource is sufficient to do the job. I repeat to the House that I made inquiries before I came to the House today from those who can best tell me and they have confirmed to me that they are confident that we will be able to deploy sufficient resource throughout the south to see stage three of the ISAF deployment meet its objectives, and to move then quickly to stage four, when of course we will be in a different set of circumstances and the resources available will be significantly greater across theatre.

Points of Order

5.32 pm

Mark Pritchard (The Wrekin) (Con): On a point of order, Madam Deputy Speaker. I seek your advice. Is it still the convention of the House that Members who are called following a ministerial statement should have been present at the commencement of that statement? Many colleagues have been here throughout the statement and have not been called, yet I suspect that one or two—certainly one—were not here at the beginning and yet have been called.

Madam Deputy Speaker (Sylvia Heal): I must remind the hon. Member that that is usual, but it is a matter of discretion. Both the occupant of the Chair, and the Speaker's Secretary, who assists the occupant of the Chair, do their very best to make sure that the names of everyone who wishes to speak are noted down as quickly as possible.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): On a point of order, Madam Deputy Speaker. Last Thursday, I went to a ward advisory committee meeting in Bartley Green, which is part of my constituency, which I am proud to represent. The chair of that advisory committee, a Conservative councillor, John Lines, suspended the meeting as soon as I arrived before I could even say a single word, and refused to resume the meeting unless I left the room. I was therefore prevented from performing my duty as a Member of Parliament, which is to represent my constituents. I seek your advice, Madam Deputy Speaker, on what a Member can do in such circumstances.

Madam Deputy Speaker: I am grateful to the hon. Lady as I understand that she gave Mr. Speaker's Office notice of the point of order that she intended to raise. The circumstances that she describes are now on the record, but the rules of the House require that any such complaint of privilege should be made to Mr. Speaker in writing, not raised on the Floor of the House. The procedure is set out on page 167 of "Erskine May", and I advise the hon. Lady to take note of it.

Broadcasting

[Relevant document: The draft of the BBC's new Charter for the continuance of the British Broadcasting Corporation.]

5.34 pm

The Secretary of State for Culture, Media and Sport (Tessa Jowell): I beg to move,

That this House approves the Agreement (Cm 6872) dated 30th June 2006, between the Secretary of State for Culture, Media and Sport and the British Broadcasting Corporation, which was laid before this House on 3rd July 2006.

As the House well knows, the BBC is founded on its royal charter. The current charter expires in December this year, to be replaced by a new charter that will run until the end of 2016. I shall set out how we intend to achieve three objectives in relation to the BBC: first, sustaining a strong BBC that is independent of Government and responsive to the needs of licence fee payers; secondly, ensuring that the BBC is able to adapt to the rapidly changing media environment; and thirdly, within that context, reassuring the BBC's competitors that the BBC will avoid undue impact on a thriving and creative marketplace.

Last year, we said in our manifesto:

"We support a strong, independent and world-class BBC with clearly defined public purposes at the heart of a healthy public broadcasting system".

We know that the public agree with that commitment because we have consulted them on it, as we have consulted them on the whole charter review process—the first time that that has been done so extensively by any Government. There is a view, which we have explored at some length, that as the amount of choice available to consumers continues to explode, the need for a BBC diminishes, and the market and new technology alone will provide. That view is comprehensively rejected by the public and by the Government. At first glance, that might seem surprising. After all, we have moved in just a few years from a four-channel nation to a 500-channel nation. The mass-market water cooler moments of the past, with audiences of 30 million for a single programme, are being replaced by niche TV. In 1995, 225 programmes had audiences of 15 million or more; in 2004, only 10 did. More money is now spent on multi-channel TV subscriptions than on paying the licence fee.

Mr. John Redwood (Wokingham) (Con): How can the Secretary of State defend a poll tax on the poor and the not very well-off to pay huge salary increases to top BBC staff, to pay very large fees to certain performers, and to undermine private sector competition, which would otherwise be much stronger?

Tessa Jowell: There is a profound difference between the view taken on the BBC by Labour Members and the Government and views such as those expressed by the right hon. Gentleman.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Clearly, the issue of BBC management salaries is a public relations gaffe at a very sensitive time, and it gives succour to people who want to treat the BBC as

[Paul Farrelly]

a political football. Does my right hon. Friend agree that the BBC is so important to the fabric of this nation, and provides such valuable services, that it should not be used as a political football by Conservative Members such as the right hon. Member for Wokingham (Mr. Redwood)?

Tessa Jowell: The BBC, and the BBC alone, has the important responsibility of deciding what to pay its staff and its performers.

The right hon. Member for Wokingham (Mr. Redwood) drew an analogy with the poll tax, about which he knows a great deal. The profound distinction between Labour Members and Conservative Members is our commitment to universal, free-to-view broadcasting funded by the licence fee. That is the basis of the settlement that I am setting out to the House.

Mr. Andrew Robathan (Blaby) (Con): Will the Secretary of State give way?

Tessa Jowell: No, I must make progress because many Back Benchers want to speak.

Just as we are all absorbing the impact of the BlackBerry and the internet, other changes in new technology, such as high definition television, are approaching fast and will transform picture quality for ever. Yet, throughout all the change and choice, the public remain firm in their affection and respect for the BBC and the services that it delivers. They know instinctively that the bigger the change, the greater the need for a benchmark of quality—a brand that they can trust and a guiding hand through the thickets of the digital age.

The agreement answers the concerns of those who responded in their thousands to our consultations. For the first time, the review of the charter and the agreement that will give it effect have been grounded in comprehensive public and industry consultation and engagement.

Mr. Gerald Howarth (Aldershot) (Con): Earlier, the Secretary of State mentioned quality. She knows that, under section 5.1 of the licensing agreement, the BBC is required to ensure that all programmes broadcast

"do not include anything which offends against good taste or decency or is likely to encourage or incite to crime or lead to disorder or to be offensive to public feeling".

Will that continue to apply under the new arrangements? Does the right hon. Lady think that Jonathan Ross's performance the other day was typical of something that fulfils those standards? If that is acceptable, what is unacceptable in modern BBC parlance?

Tessa Jowell: I am not the Leader of the Opposition's media manager. My job as Secretary of State is to set the framework for the BBC, which is—and will be even more—directly accountable to licence fee payers for the interpretation of that framework.

The agreement reflects the public's affection for the BBC and its special role in our democracy. For most people, the BBC provides the

"best news and current affairs about Britain and the world of any broadcaster".

The BBC retains a level of public trust that would be the envy of any institution in the world.

The agreement reflects the reform needed to reconnect the BBC with the public while ensuring appropriate scrutiny by the National Audit Office, Ofcom and other relevant agencies. The issue before the House today is to approve the agreement between the Department and the BBC that gives effect to the charter.

Mr. Robathan: If the BBC is to be accountable—after all, we must try to hold it to account—how is it possible to pay a presenter such as Jonathan Ross, never mind his appalling taste, £6 million a year for three years? Hundreds of thousands of people, who are just as funny, would do it for a tenth of the sum.

Tessa Jowell: Rather than directing his question to me, the hon. Gentleman should refer it to the relevant controller of the BBC, who, I am sure, will be delighted to have a discussion with him. It is a good thing that the Secretary of State does not determine what is shown on the BBC.

The extensive changes to the BBC's accountability, which are embodied in the new charter and the agreement, ensure that the new trust will be a powerful voice and also an advocate, at the heart of the BBC, for the licence fee payer. New accountability arrangements also reflect the overwhelming calls for clarity and certainty from the BBC's commercial competitors. The new service licences, the public value test and ex ante competition rules will deliver that. That all reflects the public's continuing acceptance of the licence fee as the only realistic option for paying for the BBC.

However, the BBC cannot remain unchanged and immune from all that surrounds it. To keep the public's confidence, it must also adapt. It must remain true to its values—reliability, honesty, balance, fairness, quality, innovation and universal reach.

Mr. Jim Devine (Livingston) (Lab): Does my right hon. Friend agree that regional accents make a major contribution to quality broadcasting? Does she know Big Bob Wylie, the charismatic, witty, intelligent yet modest reporter for BBC Scotland, the strength of whose Glasgow accent is matched only by the breadth of his swagger?

Tessa Jowell: The BBC is enriched by regional accents, just as the House is.

Pete Wishart (Perth and North Perthshire) (SNP): On regional accents—

Tessa Jowell: I shall take one more intervention on regional accents, then I must make some progress.

Pete Wishart: I thank the Secretary of State for giving way. I am sure that she will want to join me in condemning the appalling "Newsnight" piece that was broadcast last week in which, in a vain attempt to try to find anti-English sentiment in Scotland, it set up a form of entrapment in Gallowgate in Glasgow. That piece is now going to be the subject of a police inquiry

into incitement to racial hatred. Does the Secretary of State agree that that kind of sloppy, dumbed-down journalism does the BBC no credit whatever, and that it is not what viewers in Scotland or elsewhere expect?

Tessa Jowell: My hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) has also raised this matter, and it is now the subject of a police inquiry. I hope that the hon. Gentleman will therefore understand if I make no further comment on it.

The BBC is valued for many reasons. It is internationally respected as a news, entertainment and information organisation that tries to get it right, that tries to tell the truth, and that will avoid exaggeration, distortion or misrepresentation. For that reason, as it takes its place among an increasingly wide range of news and current affairs providers, its commitment to accuracy and impartiality is of enormous importance to the licence fee payer.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): I agree that it is important that the BBC should be seen to be impartial. Does the Secretary of State agree with the report of the Wilson committee, which the BBC itself established some time ago to examine pro-EU bias in BBC broadcasts? Is she aware that that committee found that there was indeed institutional bias and an unwillingness to criticise? Does she believe that that situation has in any way improved? The BBC's pro-EU bias undermines support for it in certain sections of the community.

Tessa Jowell: I thank my hon. Friend for making that point. Wherever bias is suspected on any issue in the BBC, it should be properly and openly investigated. The conclusions should then be published and the BBC should act accordingly. The new system of governance to which the BBC will be subject will, for the first time, give the licence fee payer that authority—an authority that has, in the Government's view, been denied for far too long.

In a rapidly changing media environment, the BBC's Reithian values provide an enduring anchor. We turn to the BBC for high quality, home-produced music, drama and entertainment, and we know that it takes fun seriously. Without the ability to entertain, the BBC would not have the ability to inform and educate.

The BBC's role has historically been about more than simply providing programmes. Since the introduction of radio in the 1920s, it has led the way with technological developments, ensuring that new opportunities are made available to the widest possible audience. As a result, it has played a major role in creating the world-class broadcasting and technology market that now exists in this country. The new charter will ensure that this role is continued for the next 10 years. In the past few years, we have seen again how the BBC's adoption of new technology can drive the market for the benefit of consumers and for the wider industry.

The example par excellence of that is digital switchover. Digital terrestrial television and digital radio have both developed rapidly because of the BBC's commitment and investment. Commercial companies have also innovated and invested, but it is the BBC that has the reach and the duty to ensure that new technology does not lead to a new divide. The BBC's enormous contribution to digital take-up through Freeview has led to increased competition, choice for the viewer and innovation. The BBC also has the trust of people, who are more prepared to get interested in new technologies if they know that the BBC is their guide.

Mr. John Maples (Stratford-on-Avon) (Con): One of the issues that bothers some of us is that the BBC is taking a great deal of licence payers' money and a lot of money out of some of its programming to finance its new digital platforms, particularly its website. It is doing that in competition with people in the private sector who have to compete for their revenues and raise their own capital. At some point, that can become really unfair competition and a misuse of licence fee payers' money. I would be grateful if the Secretary of State clarified where she believes the dividing line is in that respect. Is she in a position to give any direction at all in the new agreement with the BBC as to what is proper use and what is misuse of licence fee payers' money?

Tessa Jowell: I thank the hon. Gentleman for making that point, because it is one that we have taken very seriously. It is a matter of enormous concern to the wider market and it is important to note that the BBC Trust has an overriding duty of responsibility to the interests of the licence fee payer. It is quite possible that, where the BBC chooses to innovate and that same innovation is under way in the private sector, the BBC's proceeding with that innovation may have the effect of constraining the choice available to the wider consumer. That is why there is a new competition regime that will be applied by the BBC Trust in partnership with Ofcom and also why we are insisting that the public value test that the BBC has to conduct in relation to any new service or substantial change to an existing service must include a market impact assessment. That will happen for precisely the sort of reasons that the hon. Gentleman mentioned.

Mr. David Drew (Stroud) (Lab/Co-op): Will my right hon. Friend give way?

Tessa Jowell: With respect, I want to make some progress and I know that many other Back Benchers wish to speak.

The Government are committed to full switchover by 2012 because we want the benefits of digital, including increased choice, to be available to everyone and to enable the British economy to benefit from a more efficient use of spectrum. The process is well under way with 72.5 per cent. of households already receiving digital TV. However, we recognise that many may remain unconvinced and there is no organisation better placed than the BBC to demonstrate the advantages of digital and to ensure its availability on a universal basis.

The market has had, and will continue to have, a very large role to play, but in the end it is the BBC, with its reputation and its reach, that will bring everyone into the digital future. That is a perfect illustration of

[Tessa Jowell]

how the market and the BBC working together can do something that neither could do alone. We have developed a unique broadcasting landscape in this country, with purely publicly funded broadcasters offering their wares alongside purely commercial ones. In many cases, they are united by public service broadcasting obligations.

Alan Keen (Feltham and Heston) (Lab/Co-op): I understand that there is some co-operation in that the BBC is assisting Channel 4 with some of the costs of digital switchover and also providing some spectrum. Will the Secretary of State report further on that?

Tessa Jowell: My hon. Friend is right. As we stated in the White Paper, it is certainly the Government's intention to maintain plurality in public service broadcasting. It is reasonable for the BBC to seek to help Channel 4 with its build-up costs as part of the switch to digital. The BBC Trust will be expected to look into other costs further down the line, once we are closer to the act of digital switchover.

Mr. Drew: Will my right hon. Friend give way?

Tessa Jowell: I will, but this will be the last time.

Mr. Drew: Important though it is to get the switchover to digital television right, does the Secretary of State also accept that it is important to do the same for digital radio? In particular, we need to ensure that local radio is not disadvantaged within the BBC family. Will she give an assurance that that is part of the strategy and that the BBC will devote sufficient resources to guarantee that local radio will have not only a continuing, but an enhanced role?

Tessa Jowell: I can absolutely give my hon. Friend the assurance that he seeks. It is an extraordinarily important part of the BBC's remit, as is encouraging more people to buy digital radios in order to benefit from the wide range of BBC and other digital radio services.

We are already at a point where more than 72 per cent. of households are receiving digital TV, but we recognise the risk of a minority, particularly of older people, being left behind. The market has a huge role to play, but in the end it is the BBC that will bring everyone into the digital future. The partnership between the BBC as the major public broadcaster and the commercial sector is what makes the broadcasting landscape in this country unique. I believe, as does the vast majority of public and industry analysts, that that balance has served us well and can continue to do so; but it can do so only if it is examined and adjusted constantly to reflect changes in technology and consumer demand. Because the BBC must always be strong enough to reach every part of the community and every part of the country, it must be the benchmark of quality in every medium.

It must not, however, be over-mighty. It must not crowd out competitors and must not simply reach for the cheque book to beat the opposition. That is the tightrope that the BBC must walk. That is the price that it pays for public subsidy. Will it sometimes lose its footing; will the balance always be perfect? Probably not, but the vigorous health of the commercial sector, the BBC and the new media sector in combination is proof that over the years we have got the balance about right. The BBC keeps the commercial sector's feet to the fire; the commercial sector keeps the BBC honest: that is the best kind of creative tension, and we have institutionalised it in the new governance arrangements.

In making the new arrangements, we are giving the BBC stronger, clearer objectives, obligations to be distinctive and innovative, and a requirement to consider market impact before developing new services. The existing board of governors will be replaced by a trust to hold the BBC to account. It will be closer to the public and further from the executive than the existing system, and, for the first time, there will be a separate, formally constituted executive board—*[Interruption.]*

Philip Davies (Shipley) (Con) *rose—*

Mr. Andrew Pelling (Croydon, Central) (Con) *rose—*

Tessa Jowell: BBC services will have clear service licences, thereby helping to safeguard the health of the wider market. They will define how they contribute to achieving the BBC's objectives and the trust will hold the BBC executive to account to make sure that those licence conditions are met. The new BBC Trust must weigh up the value to the public of new services and balance them against the impact on the market. We will shortly publish the willingness-to-pay research as part of the consultation on the level of the licence fee. That sort of contribution is a vital part of the trust defining itself as the licence fee payers' advocate. The market impact assessment will be provided by Ofcom and, for the first time, there will be vigorous public assessments of the value of each new development.

Public value—the driving concept behind the new BBC charter—is about much more than simply asking people whether they like a particular idea or proposed new service. It is much more related to gaining an in-depth, sustained understanding of public preferences and how they change in response to the services provided with their money. That should be a continuing two-way process of mutual education between the public and the BBC about its public values and how BBC services will benefit the wider market.

The principles of responding to the public, achieving greater efficiency and investing in Britain's digital future will also underlie the forthcoming licence fee settlement. We are in discussion with the National Audit Office about how we examine the BBC's future efficiency, as part of the licence fee settlement, so that we can get an established baseline against which to judge the BBC's future efficiency programme.

Mr. Redwood *rose—*

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Will the Secretary of State give way?

Tessa Jowell: All sides are keen to know what the settlement will contain, but this is a sum that is greater than its parts. The future of the complex ecology of the media industry depends on getting that right, and we will announce the outcome later this year and in good time for the new licence fee to be in place by April 2007.

The BBC is more than just another broadcaster. By its very constitution, it exists to serve everyone in the United Kingdom, wherever they live, whatever their income and whatever their views. It is a place where the whole nation meets as equals. Its owners are the British people—the people who pay the licence fee. It must not be beholden to shareholders, ratings or Governments. Alongside the NHS, it is part of the fabric of our lives, and is unlike any other institution.

The new charter and the agreement before the House today are the result of the widest consultation on the future of the BBC ever undertaken. I am therefore confident that our proposals embody the public's wish for the BBC to continue to serve the nation in the next 10 years, as it has done for the past 80, and I commend them to the House.

Madam Deputy Speaker (Sylvia Heal): I must advise the House that Mr. Speaker has selected the amendment in the name of the Leader of the Opposition.

6.1 pm

Mr. Hugo Swire (East Devon) (Con): I beg to move, in line 3, at end add

'but regrets that the proposed BBC Trust will not be sufficiently independent as a regulator for the BBC; believes that the National Audit Office should have full access to the BBC's accounts; is concerned that the announcement of the licence fee has been delayed without adequate explanation; further regrets the fact that the Charter Renewal process has been separated from the final licence fee decision; and further believes that the BBC's bid for an increase in the licence fee of 2.3 per cent. on top of the Retail Price Index is excessive.'.

I welcome the debate today. I am grateful to the BBC for agreeing to publish its annual report early, and the House can now have a full debate on the charter and the state of the BBC. I am particularly pleased that the Secretary of State has been able to join us today. We are fortunate that the debate was not scheduled over the lunch hour.

I am also grateful to the BBC for giving me the opportunity to see some of its recent technological advances: podcasting, on-demand viewing and mobile downloads show that the BBC is embracing the future, and I know that millions of viewers across the country will be looking forward to the day when the House can be seen on high-definition TV, although that creates nervousness among some Members on both sides of the House.

The report reaffirms that we in this country are uniquely fortunate to have such a highly regarded public service broadcaster. We welcome the decision to renew the BCC's charter, but we have a duty to ensure that the BBC is fit for purpose. We cannot shy away from the uncomfortable trends revealed in the BBC's annual report. Audience share is down. Audience reach is down. Ratings among younger viewers are down. Pension liabilities are up. Executive pay is up. Presenters' salaries are up.

We must all be concerned at the decline in audience figures. The future of broadcasting will see a revolution in viewing habits, as the Secretary of State has said, as we complete the move from a five-channel era to one of almost limitless choice. Audiences will become increasingly fragmented. We will see a huge increase in specialised on-demand viewing. Broadcasting will increasingly be more about narrowcasting.

Mr. Redwood: My hon. Friend is making some very telling points, unlike the Secretary of State, who quite wrongly conjures a vision of the people's BBC out of the air. Does my hon. Friend agree that the way to have a people's BBC is to give everyone a share in it in return for our licence fee, so that we can then settle its future and do something better with it?

Mr. Swire: That is a little bit too radical for me, but my right hon. Friend makes an extremely intriguing point, and I hope that he will agree with most of what I have to say this evening, even if I stop short of his suggestion.

Like most major broadcasters, the BBC's audience share is already steadily declining, yet unlike many other broadcasters, which are dependent on falling advertising revenue, its income is steadily increasing. For that reason, the BBC must maintain broad public support if it is to continue to be funded in that unique way.

I am pleased that measures outlined by the BBC show that it will continue to put the emphasis on quality programming. I am confident that it can look forward to a strong future in that respect, but it is our responsibility to ensure that the BBC is independent, well regulated and appropriately funded. That is where the charter renewal process fails.

The new regulatory framework proposed in the charter is flawed. The new BBC Trust does not differ sufficiently from the old BBC board of governors—a system that we all agree was untenable. The new trust threatens to be insufficiently detached from BBC management to be a truly independent regulator—it will be made up of the same people, just based in a different building. The BBC will still effectively act as its own judge and jury, especially in the absence of any adequate appeals system against the trust's decisions.

I still see no reason why Ofcom, which already has some regulatory powers over the BBC, could not be a truly impartial and rigorous regulator for the whole BBC. It is particularly important to have strong independent regulation, as the BBC continues to expand into new technologies and new media. There are instances of its breaching its requirement to provide services that are both distinctive and complementary to those already provided by the commercial sector.

I welcome the window of creative competition, changes to the BBC's fair trading policy and Ofcom's increased role in conducting market impact assessments, but more should be done, which is why the charter represents a missed opportunity to establish once and for all a more settled relationship between the state-funded BBC and its commercial competitors. For example, Conservative Members have long believed

[Mr. Swire]

that the BBC should have only a very narrow role in publishing books and magazines.

Although I accept that UK plc gains from the BBC's involvement in technological advances, we cannot ignore the possibility that, given its almighty spending power and commercial weight, it will stifle competitors and make it untenable for others to be more profitable in newly emerging markets. Can the Secretary of State confirm whether she has heard as much concern as I have from other media organisations that the charter does not do enough to prevent predatory competition?

Let me focus for a moment on the BBC's online dominance. The Secretary of State must be aware of the strong arguments against a single service licence for online content. Can she give an undertaking today that the BBC will be subjected to a transparent approval process for new online services? What guarantees are there to ensure that it will not unfairly crowd out its competitors?

I mentioned earlier the importance of appropriate funding for the BBC if it is to maintain full public confidence over the next 10 years—something that, I am sure, hon. Members on both sides of the House would like. We now know that it has submitted a bid for an eye-wateringly large increase based on the retail prices index plus 2.3 per cent., under which the licence fee would go up from about £130 to £180 by 2013. At that rate a £200 licence fee is not much further away. Does the Secretary of State not realise that such a high licence fee risks damaging the BBC's public support?

The Secretary of State will have seen in the coverage of the BBC's annual report that one senior executive is reported to have accumulated a pension pot of £3.85 million. That comes at a time when the corporation is to close its final salary pension scheme to new employees and raise the retirement age to 65. Does the Secretary of State realise the danger of having, on the one hand, seemingly huge benefits for top executives, and on the other, a bid for unprecedented licence fee increases?

The wider debate about executives' salaries is also important. At a time when the BBC is cutting staff and asking for more money from the licence fee payer, the public will be concerned by the news not only of the pay increases for senior executives, but of multi-million pound deals for presenters. There has already been an intervention on that point. Surely it is hard for the BBC to argue that that will not lead to super-inflation when, rather than

"catching up with the market"

in respect of pay, as has been suggested, it is increasingly the market leader. Indeed, the PKF report states that the

"BBC's average cost per employee is towards the higher end of average earnings",

and that

"it is questionable that the BBC needs to pay higher rates than average".

PKF also shows that between 2002 and 2004 the wage rates of Sky, ITV and the average top 100 radio and TV companies were lower than those of the BBC. The licence fee should not be a blank cheque to outbid and outprice everyone in the marketplace.

The divorce in this debate between the licence fee and the charter has become increasingly unsustainable.

Philip Davies: I agree with what my hon. Friend is saying. The commercial broadcasters are concerned about the fall in advertising revenues and the looming triumph of the nanny state in banning the advertising on television of Maltesers and other such things. Does my hon. Friend agree that that is another reason why an above-inflation increase in the licence fee would be completely unacceptable, as it would lead to commercial broadcasters being crowded out?

Mr. Swire: My hon. Friend, as is customary, makes a good point. There are a number of reasons why we feel that there should not be an increase of RPI plus 2.3 per cent. in the licence fee—and the Secretary of State probably shares our view. My hon. Friends will no doubt want to articulate why they agree with their Front-Bench spokespeople that such an increase would be too much, and that the new figure would be too high.

The divorce between the two areas of the debate that I referred to is a flaw that the Secretary of State has built into the process. By delaying the announcement of the licence fee until the end of the year, we are further separating the two elements of the debate. I am pleased—I genuinely would like the Secretary of State to listen to this—that the Department for Culture, Media and Sport charter review website has at last woken up to the fact that the announcement has been delayed. The website manager cannot have been at the drinks party at which the Secretary of State announced that—and the Secretary of State, or her officials, clearly forgot to inform the new Minister in her team, the Under-Secretary of State for Culture, Media and Sport, the hon. Member for St. Helens, South (Mr. Woodward), about it at all.

Today, we will be setting in stone what we want the BBC to do for the next 10 years, but we will not be saying how much we are prepared to pay for that. In the fast changing world of broadcasting, how can we say, "This is what we want," while not at the same time agreeing how much it is going to cost?

According to reports, the Secretary of State has already agreed that the BBC's licence fee proposal is too high. That raises the following question: which, if any, of the things that the BBC is proposing to do does she think is unimportant? Ultra-local television? The move to Salford? High-definition television? Or does she, like many of us, have concerns about the figures that the BBC have used to come to the conclusion that RPI plus 2.3 per cent. is the magic number? It is ludicrous for us to be ordering from the menu without knowing whether we can afford to settle up when the bill arrives.

The Secretary of State may be coy about revealing the reasons for the delay in the licence fee settlement—as the other Minister was when we debated the same subject a few weeks ago—but it seems that between them, the BBC and the Government have somehow got their figures wrong. Two reports, one commissioned by DCMS and the other by ITV, have pointed to anomalies in the BBC's bid. Both PKF and Indepen have undermined the BBC's submission to the

Government; PKF considers that the BBC does not necessarily need the extra funds that it has requested. Also, it seems that the cost of the move to Salford has suddenly been reduced by £200 million. Does the Secretary of State share my concern that an overfunded BBC could lead to super-inflation in the industry? Will she today agree to make available the full current figures on which the level of the licence fee will be agreed?

There is another reason why the licence fee bid is so high: the Government's digital switchover policy. We are now just two years away from the start of analogue switch-off, but we still have no idea about the costs of targeted help schemes, which the licence fee payer will have to bear. The director-general of the BBC thinks that they could cost on

"the far side of a billion"

pounds. Will the Secretary of State confirm today that she can provide the House and the BBC with a final figure for targeted help? If not, will she at least guarantee that we will know those figures before any licence fee settlement is announced?

Lembit Öpik (Montgomeryshire) (LD): Is the hon. Gentleman aware that there is an additional unnecessary cost in the switchover to digital broadcasting? In some areas, including mine, the local service provider—Wrights Radio in my area—has found a way to pipe digital network provision to houses that still have analogue television. Unfortunately however, some of the Government-sponsored materials that advise on digital switchover suggest that all that will be switched off. Does the hon. Gentleman therefore agree with me on the specific point that the Government must recognise that in areas where there is no barrier in principle to making a simple change on a central basis for digital switchover, they should save a lot of time and money, and prevent those businesses from going bankrupt, by giving accurate information to the local public?

Mr. Swire: The hon. Gentleman makes a good point, and I hope that the Secretary of State has listened to his concerns. There is also concern, as a result of the delay in the licence fee announcement, that Digital UK will have to order equipment without knowing whether the BBC can pay for it. All such matters need to be discussed in the round. The hon. Gentleman has made a good point, and the hon. Member for Rhondda (Chris Bryant) made a similar point in the debate that we had a couple of weeks ago. I hope that Ministers listen to such special pleas.

Such confusion over the BBC's licence fee bid shows how important it is for the National Audit Office to play a greater role in setting the fee. I have maintained throughout the renewal process that a Conservative Government would bring in the NAO to examine the BBC's figures. The case for that is overwhelming. The NAO could assure licence fee payers that they were getting value for money and could assure this House that the licence fee had been properly scrutinised. Also, given that there is no longer any distinction between a mandatory licence fee and taxation, I further believe that this House should have a full debate, and vote, on any future increase. But in this case we have, to borrow a phrase, taxation without representation. Why do the Government continue to resist repeated calls both from within this House and across the industry for there to be further scrutiny of the licence fee settlement?

As I am mindful that others wish to contribute to this incredibly important debate, I have focused on only some of our concerns about the new charter. Other Members will want to discuss that in greater detail. We come to this debate as strong supporters of an independent and properly funded BBC, but also as champions of the licence fee payer and the commercial sector.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I advise the House that Mr. Speaker has placed a 15-minute limit on Back-Bench speeches, which operates from now.

6.18 pm

Mr. Denis MacShane (Rotherham) (Lab): I should declare an interest of a kind: as a former employee of the BBC, I will receive a pension of £508 when I reach whatever is the appropriate pensionable age. I spent several happy years there, until I helped to organise the first ever strike by BBC journalists some 30 years ago, and that was the end of my BBC career. But I have gone on to other—lesser—things.

I am unsure whether my right hon. Friend the Secretary of State was able to watch the last episode of "Doctor Who" on Saturday night. I say—with the affection that she knows that I have for her—that she could be very well-placed to audition for the role of the next Rose, to replace Billie Piper, because that young lady is an expert in the concept of the parallel universe, which, having watched "Doctor Who", I am beginning to understand. I have to say to my right hon. Friend, with affection and respect, that I am not sure that my Rotherham constituents are prepared to be quite as enthusiastic about the BBC as she is.

I deeply regret the rather trivial speech made by the hon. Member for East Devon (Mr. Swire). The Conservative party's game-plan is of course to weaken the BBC and to bring about the introduction of Fox News and the utterly biased reporting that we now see in the United States. Some of the main people lobbying against the licence fee increase include Associated Newspapers—as if anybody would want the objectivity of the *Daily Mail* to determine how the BBC should broadcast—and Johnston Press, which is facing a strike because of the appallingly low wages paid to the employees of a very small newspaper in Doncaster. One of the scandals of the British media outside London is not the forcing up of wages, but their continual forcing down. The hon. Gentleman would be well advised to find out just how much the private media sector bosses, barons and chief executives pay themselves. He has no better adviser on that issue than the former public relations "flack" for Carlton Television, who is now, I think, occupying a post on the Opposition Front Bench.

The problem with the BBC is very serious.

Mr. Maples: Surely the crucial difference between the BBC and the private sector is that businesses in the

[Mr. John Maples]

latter have to compete for their revenue. Entirely voluntary transactions earn them that revenue, but that is not so with the BBC. If it misuses its revenue in the way that it competes or pays its staff, that is a matter of public concern.

Mr. MacShane: I would be persuaded by the hon. Gentleman if he had witnessed at close hand, as I have, the effective monopolisation and control of much of this country's regional media and broadcasting. In fact, I agree in part with his general point, in that the BBC is seeking to do too much. It is an amoeba that is spreading out and occupying far too much of our country's media space. I do not share in the rather adulatory remarks that my right hon. Friend the Secretary of State made about the BBC, perhaps because I spend some of my time in Europe. My hon. Friend the Member for Glasgow, South-West (Mr. Davidson), who is no longer in the Chamber, would advise the House that I spend perhaps too much of my time in Europe. I see other broadcasters on the continent that are every bit as good as, if not better than, the BBC, not least in the provision of news, current affairs and political discussion. The BBC has been lamentably lacking in that regard in recent years.

The BBC is a self-referring, self-regulating body and frankly, it is in self-denial. The new media world will not be dominated by any single organisation. I want the BBC to be a "British" broadcasting corporation, showing what it can do to provide news, entertainment and current affairs to every corner of this country. It does not have to become an American broadcasting corporation. I do not know why it runs mammoth offices in Washington and New York and is seeking to compete directly in the American market. Americans of all ilks at the top of that great nation refer to the BBC. Alan Greenspan told me that the first thing that he read was the BBC news summary on the internet, followed by the *Financial Times* and then *The Economist*. So, when Members in all parts of the House complain about American policy, they should remember that the British media are often influencing such people the most.

My principal concern is the enormous pressure put on many of the poorest of my constituents by an unavoidable impost over which they have no say and no vote, and on which this House does not even have any right to comment. My right hon. Friend the Secretary of State rightly compared the BBC to the NHS, but the latter is making serious efforts to find new sources of revenue, to introduce choice and to link up to private markets, so the comparison is not quite right. Even today, poor people in my constituency have immense difficulty in making ends meet and in finding £113 to give to a BBC whose programmes they rarely watch, whose radio they rarely listen to and whose many magazines and books they do not buy, despite the huge publicity for them. So serious questions have to be asked about whether it should not itself be finding sources of finance other than this deeply regressive licence fee.

Lembit Öpik: I understand the right hon. Gentleman's view, which he is arguing cogently, but does he not accept that there is a different way of looking at this issue? The BBC underpins much of the very high standard of broadcasting in this country, and in effect, the licence fee does not just buy it the space to work in collaboration with local and regional organisations; I could list examples such as the *Shropshire Star* and Trinity Mirror newspapers, which all have letters of intent in that regard. The licence fee also means that the BBC is accountable, which is why we are having this debate today, and it is acutely aware of the importance of not irritating those in this Chamber or disrespecting their political wishes. So that is one way in which the BBC can be regarded as being more accountable than just about any comparable organisation on the planet.

Mr. MacShane: The hon. Gentleman is an expert on Estonia and I am not really up to speed on Estonian public broadcasting, but there are other countries part of whose broadcasting is supported by a public licence fee—I am not arguing against that for one second—and who encourage the equivalents of BBC 1, Radio 1 and Radio 2 to seek other sources of revenue.

The taxpayer is rightly paying out billions of pounds to the anti-poverty programme that we now call tax credits, which the Conservative party has always been so scornful of. But it does seem to be illogical for the taxpayer, having given that money to poorer people in my constituency, to then insist, without any alternative being provided, that a good chunk of the money be paid back to the BBC. I am not going to enter into the debate about pay and whether Jonathan Ross should receive x or y salary, which is rather trivial. There are David Beckhams who receive lots of money to lose the World cup for England, and Jonathan Ross is going to be paid lots of money to do possibly quite considerable damage to the BBC's future status.

Mr. Redwood: Will the right hon. Gentleman give way?

Mr. MacShane: I shall give way just one more time, because of the limit on Back-Bench speeches.

Mr. Redwood: I am very grateful to the right hon. Gentleman for giving way. Does he not agree that one offensive thing about the BBC is the massive amount of advertising on it, which is all by the BBC itself and brings in no revenue?

Mr. MacShane: That is a fair point. I remember that, when I worked in local radio, it was impossible to get anybody in BBC television to even mention the fact that local radio existed. Perhaps some of those imperial divisions have broken down.

I am disappointed that the Government have been unable to find other mechanisms for bringing revenue into the BBC. I am not convinced—despite the many fine journalists to whom I pay tribute, especially those covering events in some of the most dangerous parts of the world—that the BBC is helping to shape a new journalism. Frankly, I find deplorable its Project Phoenix, through which it wants to start a weekly political or current affairs magazine. Britain has the weakest weekly political press in Europe, and it is weaker than that in north America. I am talking not

about the marvellous articles written in *The Spectator*, *Tribune*, the *New Statesman*, *The Week* and *The Economist*, but about the circulation, reach and influence of the British weekly political press, which is far below that of its equivalents across the channel or across the Atlantic. It is quite deplorable that the BBC is even contemplating entering that market.

I also find it deplorable that the BBC's coverage of Parliament has been seriously downgraded under this Government. I am not suggesting that this is a case of cause and effect, but there was a time when one could listen to "Yesterday in Parliament". One cannot do so any more without twiddling on to something called "long wave", which I cannot find on my digital radio. I am sure that it is there somewhere, but I cannot find it.

Daniel Kawczynski: I am grateful to the right hon. Gentleman for giving way. I agree that the BBC broadcasts too little coverage of Parliament nowadays, but is that not because the Executive have so much power over this Chamber that our debates are not as interesting as they used to be?

Mr. MacShane: Well, they are certainly a lot more interesting since the hon. Gentleman won his seat, and I am sure that he will contribute to making Parliament once again the focal point of the nation. When I first entered this place, the odd word would occasionally dribble on to the BBC; now, alas, he will be lucky if that happens.

Again, unlike many continental public and private broadcasting systems, which have a serious discursive approach to democratic politics, we have the objectivity of the *Daily Mail*, the approach to Europe of *The Spectator* and, as we saw in an interview with the Deputy Prime Minister last week, higher standards with regard to prurience in *Hello* and *Heat* than on the "Today" programme.

While I do not object to the odd high salary for some ladies and gentlemen who amuse us, I am far from convinced that the licence fee should be used for generally upping a huge number of the salaries and pensions paid in what is, after all, a public service profession. Everybody employed by the BBC is paid from that regressive tax. I have been told by the director-general that if he does not pay such salaries, everyone will go off to the private sector. Let them do so. An auction should be held, and the controller of BBC 1 should be paid, let us say, a bit more than the Prime Minister—£200,000 a year. Then we will see young men and women transform the BBC, instead of those friends, colleagues and associates of mine from 35 years ago who have been polishing seats ever since on their way to huge salaries and high pensions.

The BBC needs to link up internationally. It should connect with EuroNews, for example, bringing together BBC World and News 24, to create an effective, impartial international news television channel, which the world needs. The best part of the BBC, of course, is the World Service, which is also paid for by the taxpayer, but directly from the Foreign Office grant. I am proud that the Foreign Office has cut back on other vital diplomatic and overseas work to protect the BBC and the British Council.

When I hear the Chairman of the Public Accounts Committee, representing National Audit Office inquiries, making partisan and often trivial points on the radio, I do not agree that the NAO is necessarily the right body to examine the BBC's accounts. However, because the BBC is funded by the taxpayer, we do have the right to as much transparency in its accounts as there should be in Government or local council accounts. BBC employees are public servants. We have the right to know each and every one of their salaries, and there should be a register of those employees' interests so that we know which companies are paying some stars for appearances and how much. When those ladies and gentlemen pump out lines to take, we will therefore know who is influencing them.

My right hon. Friend the Secretary of State and the Under-Secretary, my hon. Friend the Member for St. Helens, South (Mr. Woodward), who will reply to the debate, are working hard on this issue. They are right to seek to defend the BBC against the Conservative party and all the other right-wing attempts to Fox-ise it and reduce its role. I am just not convinced, however, by the arguments, which seem—if I may finish on a "Doctor Who" analogy—to come from a parallel universe not inhabited by my constituents. The BBC has done important work for the last 80 years, but Britain has one of the weakest media sectors of any modern democratic country. Australia, New Zealand and Canada have much more local television and radio spreading the news about products, services, local ideas and problems in a way that helps to generate economic activity. I am concerned that the BBC's spread into what it calls local television will crowd out independent companies trying to get going.

I cannot possibly vote for the wholly opportunistic amendment tabled by the Conservative party. It is a great regret that the Opposition tabled it because we could have had a much better debate were it not for their rather cheap attempt to exploit the issue. I must announce to my right hon. and hon. Friends, however, that, for the first time under a Labour Government, I will not be able to go into the Lobby with them tonight. Unless we have a new approach to the BBC, I cannot support the huge amounts of money that my constituents have to pay, its lack of transparency, or the way in which it is spreading into every nook and cranny of the media instead of allowing a new media to flourish, create jobs and show that Britain can again lead the world in media development in the 21st century.

6.35 pm

Paul Holmes (Chesterfield) (LD): Almost every Member of the House would agree that the BBC has led the field over the past 80 years. It is the best public sector broadcaster in the world, with a record of quality and innovation and an unassailable record of public trust, both here and abroad. That public trust, for example, makes the new BBC middle east television service so important. Regrettably, however, that service will only be on for 12 hours a day because of the lack of £6 million a year. That is in the context of BBC income of between £3 billion and £4 billion, and of a BBC presenter such as Jonathan Ross being paid £6 million a year for three years, as part of his contract.

[Paul Holmes]

I say that as an admirer of Jonathan Ross, his Radio 2 programme and his wit and humour. He may have gone a little too far on a chat show with some politician recently, but in general, he is an excellent presenter. None the less, I wonder whether at least part of a £6 million a year salary might be better spent on other things, such as the BBC's middle east television service.

The respect felt for the BBC across the world is the reason why even the independent sector's recent lobbying of us, in advance of this debate, started by saying how much it, too, values the BBC, before expressing concerns about its spending power getting out of hand. That admiration for the BBC and its track record is the reason we must never go down the USA route of an almost purely commercial market, with a grossly underfunded public sector broadcast element. That almost exclusively advertiser-driven market is the reason Bruce Springsteen can justifiably sing that there are 57 channels but nothing is on—that is on the "Human Touch" album, should hon. Members wish to follow up the reference—and a satirical comic genius like Bill Hicks was censored off the David Letterman show more than once because the advertisers and sponsors would not have approved.

Things change, and the new charter and licence fee settlement are about managing the next decade of change. Things have changed in the past. I can just remember, as a young boy, the pirate radio battle led by Radio Caroline, from which Radio 1 developed, then the independents, and then the network of localised stations such as the excellent Peak 107 or Peak FM based in Chesterfield. Some now argue that the BBC should not still deliver Radio 1 and 2, in competition with the popular music-based commercial sector, while the BBC argues in return that those two stations carry more live and recorded interview and concert time for new and old bands than any rival. Sky argued that the BBC should not develop 24-hour news. Others oppose internet provision. However, can a trusted brand such as the BBC really be excluded from such major developments in media platforms? I would say that it cannot; otherwise it will become a completely irrelevant and outdated fossil.

The trick in shaping the BBC's new charter, its funding for the next 10 years and its purpose as a pre-eminent public sector broadcaster is to allow it to continue to innovate and provide quality—as it has done in its famed documentary series, in the cutting-edge "Doctor Who" episodes that concluded last Saturday, or even in its more controversial 1 million free Beethoven downloads—but without making it so cash-rich that it monopolises any market that it chooses, stifling all its rivals in the process. Providing BBC computers to schools in the 1980s, when I was teaching in the classroom, was not really appropriate for the BBC and soon came to an end. I fought battles on behalf of the Derbyshire branch of the Federation of Small Businesses over the perceived danger of the BBC dominating the educational software and online educational television market. I have been lobbied by my local papers, the *Derbyshire Times* and *The Star* in Sheffield, over BBC web content, and by ITV Yorkshire and Central about the potential dangers from a cash-rich and too dominant BBC.

Do the Government's proposals for the new charter succeed in squaring the circle, reconciling quality and innovation with the danger that the BBC will become too cash-rich and dominant? Do they tackle the four perceived problems identified by Michael Grade himself at a seminar in Millbank Tower on 30 March? The first was elephantiasis: the BBC was seen by many as being too big, too fat and too careless of the independents who were trampled along the road. The second was inefficiency: the BBC was seen as a public service with too much money. The third was management capture of the governors, and the fourth was a lack of accountability. Of course, Michael Grade went on to try to refute all those perceptions, but the fact that he could so quickly and easily identify the four main criticisms of the BBC speaks for itself.

What of the BBC Trust? The Secretary of State said that the Government had consulted widely, but they ignored most of the consultation responses that called repeatedly for a truly independent regulator. The House of Lords Select Committee said that

"proposals for reforming the governance...of the BBC are confusing, misguided and unworkable."

The White Paper described the BBC Trust as a

"sovereign body within the BBC."

The chairman of the BBC Trust would still be called the chairman of the BBC.

While the trust is an improvement on what has gone before, it does not go far enough. The BBC remains ultimately its own judge and jury; who will trust the BBC—who will trust its trust, indeed—to make the right judgments on whether it is dominating a marketplace unfairly? As ITN has pointed out, the BBC Trust remains the

"only enforcer of the Fair Trading rules"

in some areas, such as the relationship between BBC Worldwide and the BBC licence fee-funded arm. Yet that is exactly the area about which ITN complains most often.

We would prefer a completely independent regulator to cover all public service broadcasters, not just the BBC. Michael Grade's own answer to one of the problems he had identified—lack of accountability—was that

"the trust has a duty to take account of licence payers' views".

That simply is not good enough: there must be a more independent regulator.

As has often been said, the National Audit Office—mentioned earlier by the hon. Member for East Devon (Mr. Swire)—could play a much greater role, to everyone's benefit. There is disagreement and there are conflicting claims over the figures used in the BBC's licence fee application. The NAO could provide an objective and expert assessment of the conflicting figures in the Indepen and PKF reports, and the dispute over how the increase in the number of single households and thence the increase in licence fee income is accounted for, before the setting of the licence fee, rather than just scrutinising finances retrospectively. The whole process could take place in a much more open and transparent way.

Much has been said today about the digital switchover. Part of the licence fee debate relates to its costs, and the costs of targeted assistance to help

vulnerable people cope with it. Those are matters of Government policy, and the costs should not be borne by the BBC licence fee payer through a form of stealth tax based on flat-rate poll tax principles. Like free television licences for those over 75, such Government policy costs should be borne directly by the Treasury, not factored into the licence fee increase. The money that the Government will raise from the sale of the freed-up spectrum is one obvious source of funding, which could also preclude a spectrum tax on public service broadcasters.

As the Secretary of State said, another aspect of digital switchover involves the relationship between the BBC and Channel 4 as PSBs. That extends to the relationship with S4C in Wales. We are delighted that the negotiations between the BBC and S4C are progressing so well, and we hope that an agreement between them will give S4C more control over production and programming. A clearer understanding of the financial relationship between the BBC and S4C will benefit Welsh viewers and licence fee payers alike.

I have already mentioned a number of issues that affect calculations of the licence fee, and the disputed costings presented by the BBC. The licence fee is the "least worst" of the available funding options.

Mr. Redwood: Does the hon. Gentleman agree that a licence fee means it is absolutely essential that the BBC is not biased? If he has something liberal in him, does he not accept that there is systematic bias in the BBC—in all its news output—against anyone who believes in less government, less law, less tax, less regulation and less interference?

Paul Holmes: If the right hon. Gentleman means that there is institutional bias in the BBC simply because it exists, I cannot agree. I said at the outset that most Members, although not all, would recognise the integrity, quality and impartiality of the BBC's work over the past 80 years. If the right hon. Gentleman means that there is bias in the presentation of BBC programmes and BBC news, I can tell him that many independent studies do not confirm that. The Government or Opposition of the day, if they feel disgruntled at any time, tend to blame the BBC—to shoot the messenger—but independent studies, including academic university studies, have never confirmed that any such bias is apparent.

Mr. MacShane: When I was a producer on "The World Tonight" in the 1970s and conducted a poll of the 24 editorial staff from top to bottom, 23 said that they would vote Liberal. Is that not a disgraceful statement?

Paul Holmes: Strangely enough, I was about to add that the only apparent bias I have discerned in 20 or 30 years of BBC-watching is the BBC's all too common tendency to ignore the third party in British politics, which regularly receives 20 per cent. of the vote of the population.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Does the hon. Gentleman not find it slightly worrying, however, that both the independent reports commissioned by the BBC governors—the first on the BBC's coverage of Europe, the second on its coverage of the middle east—concluded that the coverage was biased?

Paul Holmes: It would be interesting to enter into a debate on the nature of that perceived bias. Certainly, others reading those reports would not take the approach suggested by the hon. Gentleman.

Although the licence fee is the "least worst" of the available options, it should be the subject of a full debate in the Chamber, rather than an announcement by the Government at the appropriate time later this year.

Mr. Edward Vaizey (Wantage) (Con): Will the hon. Gentleman confirm that he agrees with his party's spokesman in the House of Lords that although the licence fee may be the "least worst" option now, it must be reviewed in the light of technological change?

Paul Holmes: The hon. Gentleman is right. Obviously in 10 years' time, at the end of the next phase of the charter and the licence fee, we shall be in a very different world. Developments such as the fragmentation of television and the introduction of viewing on demand will alter the environment far more than the changes mentioned at the beginning of the debate. It may well be that in 10 years we shall have to consider other options. It is difficult to imagine what options would be better than the licence fee, but we will be in a different world.

Funding by means of advertisements and subscriptions involves various problems. I mentioned reliance on advertising earlier, when I drew attention to the fairly appalling state of American television and American so-called news production in particular. The right hon. Member for Rotherham (Mr. MacShane) mentioned the quality of such services as Fox News, which do not deserve to be described as news services. Sky News, which operates in a robust market in the UK with PSB deliverers, is far better than its American counterparts. I shudder to think what alternatives might be forced on us in years to come, but for the moment we are looking at the next 10 years of the BBC's operation.

The BBC's proposed fee of RPI plus 2.3 per cent. is too high, partly because of stealth-tax factors in digital takeover and targeted assistance, partly because of disputed calculations of future income such as that resulting from the growth in single households which may or may not have been double-counted—different people are producing different arguments—and partly because we must not create an excessively cash-rich BBC. The BBC already receives more per year than advertising revenue brings to the independent sector.

As ITV has argued,

> "There needs to be a transparent process to set the licence fee. The BBC's figures need to be analysed fully and openly... so that all interested parties have confidence that the BBC is funded proportionately and fairly."

There is not much confidence that that is the conclusion that will be arrived at.

However, some political sceptics need to be a little more consistent in their views on the BBC. In the

[Paul Holmes]

1980s, as a teacher of history, politics and PSE—it is called citizenship today; they have simply renamed it—and as someone who was interested in politics in general, I followed carefully some of the comments from members of the then governing party, who criticised the BBC, first, on the ground that its programme output was too elitist and, secondly, on the ground that it should raise more commercial money and not rely purely on the licence fee. Twenty years later, it is interesting to note the turnaround in the comments of those people, who now criticise the BBC for chasing the ratings too much, exactly what they suggested it should do 20 years ago, and for raising too much from commercial sales of spin-off products and from overseas sales of programmes and the back catalogue.

In conclusion, I urge the Government to respond positively to all the concerns expressed during the earlier consultations, during earlier debates in this place and during today's debate.

6.50 pm

Alan Keen (Feltham and Heston) (Lab/Co-op): I would like to make a few points almost at random, rather than reading out any of the briefings that have been sent around. To show it is at random, I shall start with the notes I made when my right hon. Friend the Member for Rotherham (Mr. MacShane) was speaking. Thank goodness he left the BBC a long time ago, because he said that not many of his constituents watch the BBC, or did he say that none of them did so? I think that the reason he gave was that it does not present Parliament very well. At least two Opposition Members shouted something out that I took to mean that they wanted more of Parliament on the BBC. I think that we have damaged our credibility already, before we have even started the debate.

A few years ago, the issue came before the Select Committee on Culture, Media and Sport, when the BBC wanted to switch "Yesterday in Parliament" from 8.45 am on Radio 4 FM to long wave. There were many complaints in the House. Hundreds of Members signed an early-day motion. I was probably the only one who said that I would not sign it. I asked Members whether they had really thought about it. I said that, if we could not persuade more than 30 of us to walk 25 yd down the Corridor to listen to us, why should we make 3 million people listen to "Yesterday in Parliament" on the radio? The reason the BBC wanted to switch it to long wave was, of course, that it did not want to lose 3 million listeners in one fell swoop. Therefore, if we really believe that it is the poor presentation of Parliament on the BBC that reduces the number of viewers, we will struggle to persuade people about anything.

I support the new charter and will discuss one small aspect of it. I was an admirer of the previous chair and the director-general of the BBC. I was particularly saddened when they were both forced to resign by the then board. I recognised the problem pretty quickly. The strength of the then chair, acting as an executive chairman along with the director-general, was an Achilles heel when it came to realising that something had gone wrong.

We had an early meeting with the all-party group on the BBC. The then acting director-general came along. I asked him immediately whether he agreed that there should be two chairs, one chairing the board itself and one acting as an executive chairman. I asked the same question in the Select Committee on a number of occasions. No one agreed with me that that would be a good idea, but I see that it is going to happen, so it is possible to have a chair working with the executive proactively within the BBC, as well as a chairman or chairwoman of the trust itself. That is a great step forward.

It took people longer than it took me—I am giving myself some praise—to realise that. I would like to make a personal appeal to the current chair of the BBC that he use his vast experience, skill and knowledge of the industry to work on the proactive side of the divide, rather than be chair of the trust. We need his experience alongside the director-general, pushing the BBC forward.

A separate issue is democracy. I was delighted to read the report of the previous debate, which unfortunately I could not attend after the first 10 minutes. My hon. Friend the Member for Cannock Chase (Dr. Wright) mentioned democracy and said:

> "There is hardly a television programme on the BBC these days that does not involve people voting for somebody or something."—[*Official Report*, 21 June 2006; Vol. 447, c. 1338.]

Why cannot the public therefore be allowed to vote in some way for the members of the trust who will represent them? Those people will control where their money goes each year. It is something we should look at. It is a very difficult issue. The House is probably the last place in the world that will condemn representative democracy, but we have the technology nowadays. It is not easy but we should look at the possibility of at least some of the members of that trust being elected directly through the increasingly efficient method that the various television companies employ, usually on a Saturday night.

I would like to talk quite personally for a few moments. It is easy to criticise the licence fee as being regressive. By strict definition, it probably is, but if you do not mind, Mr. Deputy Speaker, I will speak about my own experience. When I was brought up I did not know what a university was. My grammar school head teacher could do nothing to persuade me to stay on at school for two more years or to go to university—to disappear somewhere, when I was not sure where or what it was. After that, what job would I do? I could not be convinced. I have regretted it many times since, but, apart from sport on the BBC, I do not watch anything unless it enhances my knowledge of the world, whether it be science, astronomy or whatever. All my education has probably come from the BBC. We have to be careful. My right hon. Friend the Member for Rotherham may be right that not enough of his constituents watch the BBC, but he must not say that none of them does. I have spent a lot of my life watching it and the benefits to me have been immense.

We are discussing a difficult problem today. We must realise that it is sometimes difficult for hard-up people to pay the licence fee. The value they get from it is immense but the very people who would stop paying it

if it became a subscription would be those whose children would most benefit from it, so we must be careful.

I shall give an example of value for money. Again, I am repeating something that the Select Committee came across during its proceedings. A while ago, we had the chairman of Artsworld in front of us. He was complaining about the BBC stepping into areas from which the commercial world was attempting to make profits. I said to him that I would love to have Artsworld, which is free on Sky. Perhaps in a BBC debate, we should not advertise Sky, but Artsworld is a wonderful channel. That gentleman is a respected and skilled television executive. His company was charging £6 a month, or £72 a year for one arts channel, good as it is, compared with, at that time, £121 for the whole of the BBC's output. That is why it is not a straightforward problem. We tend to see things in black and white in here, especially when we face each other across the Chamber. We need to give entrepreneurs and the people in the media who are proactive in the creative industries the opportunity to produce the sort of viewing that we want people to see, but it is expensive. It is a difficult problem to manage. I wish I knew all the answers. That is an example of the wonderful value of the BBC, even if the licence fee goes up to £180 a year.

Mr. Michael Wills (North Swindon) (Lab): I agree with almost everything that my hon. Friend says. He mentioned the argument that the BBC crowds out entrepreneurs such as those involved with Artsworld, but does he agree that that argument becomes less valid the more platforms there are for broadcasting? The BBC still sets a standard of quality against which all the new commercial offerings can be judged.

Alan Keen: I agree very much. We want the BBC to meet its minimum target of 25 per cent. of output from independents, which gives them the chance to flourish within the BBC's orbit and receive support from it.

Accountability has been mentioned a few times already and it is a difficult problem. People have asked how the BBC is accountable, and I have pointed out that there is no strictly democratic system for the public to have a say, although they have to pay the licence fee. However, it is not true to say that the BBC has billions of pounds to do with what it wants. It is also important to note that the decision on the licence fee is for my right hon. Friend the Secretary of State and the Government, and they will not lightly take any decision that would damage the BBC. We all know that if the licence fee increases steeply, people blame the Government, not the BBC. I hope that people will accept that the Government have to follow a more stringent procedure before the decision is made. The Government will certainly care whether the voters agree with their decision.

7.2 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): It is a pleasure to follow the hon. Member for Feltham and Heston (Alan Keen), whose contributions in the Committee and in the Chamber are always interesting. I do not agree with everything he says, but he always makes some interesting points.

I welcome this debate, which is the second that we have had on the BBC in only a couple of weeks. I said in the last debate that I regretted the fact that it had taken so long to get a debate on the BBC: it was the first since the general election. Like buses, they come along in twos.

I am glad that the Secretary of State was successful in her attempts to persuade the BBC to move the publication date of the report. It was slightly a case of the mountain coming to Mohammed rather than the other way round, because the BBC had to tear up all its plans for publication instead of our moving the date of the debate, but it was obviously sensible that the debate should come after publication.

The charter that we are debating will last for 10 years and take us up to the end of 2016. It is difficult to envisage what the broadcasting world will look like by then. Even during the 10 years of the last charter, we saw huge changes taking place. The charter began in 1996. On 1 June 1997, Five launched, so we had four terrestrial broadcasters. Shortly after that, Sky went digital and offered far more channels. In July 1998, ONdigital was launched, which soon became ITV Digital. Then it collapsed and eventually became Freeview. There has been a steady increase in digital penetration, and we have also seen the launch of digital audio broadcasting—digital radio.

In the next 10 years, the pace will get even faster. We are beginning to see what that world will look like. For example, later this year BT Vision will launch internet protocol television—IPTV—a serious option that will allow video on demand for hundreds if not thousands of movies and seven-day catch-up, as well as the digital channels through Freeview, and HomeChoice already offers that service to some extent. But that is just the beginning. Most broadband providers will move into television, with the consequence that we will have widespread video on demand, so scheduling will become a thing of the past. The viewer will become far more powerful—able to decide what he wants to watch and when, from a huge choice. Nor will he necessarily watch it on a television in the living room, but perhaps on a mobile device or an iPod.

The whole of broadcasting will look very different. Given that, it is strange that the BBC's charter is to be renewed for 10 years and set in stone for that time. I agree with the Secretary of State that there will still be a role for the BBC, although it will be a different role.

Mr. Wills: I bow to the hon. Gentleman's great experience in these matters, but we often hear that changes in technology will make scheduling a thing of the past. That has not been true with all the new technologies and radio: people still listen to radio even though they are able to programme their own music any way that they want. Why will the new world of audiovisual broadcasting be different?

Mr. Whittingdale: Well, to an extent I am crystal-ball gazing, but I think that the new technology will make a difference. For the first time, the viewer will have access to thousands of different programmes and films that can be summoned up with the press of a button. We have not had anything like that before, and it is bound to change people's habits. Scheduling will continue to

[Mr. Whittingdale]

some extent, and the Secretary of State was right to talk about the importance of water cooler moments. People will still want to all watch the same programme and then gather the next day to talk about it, but broadcasting will be hugely different in the future. In fact, that will make it harder to enforce public service obligations on commercial channels, so to that extent the BBC will have a stronger role in providing real public service broadcasting. My criticism of the BBC in the past is that it has strayed too far from that core responsibility of the provision of public service broadcasting.

Given that the BBC rightly has ambitions to move into the new areas of technology, it is right for it to say that whichever platform the viewer or listener chooses to access programmes, they will find the BBC there. That means that very strong safeguards need to be built in, as several hon. Members have pointed out. There is a real danger that the BBC, with all its resources and power, will distort the market in those new areas. That is why the charter is so important.

The Secretary of State has talked about the charter being subject to greater consultation and transparency than ever before. It is true that we have had consultation, with lots of seminars, a Green Paper and a White Paper. However, all the feedback from that consultation has been largely ignored. The enormous reports commissioned at vast expense by the commercial broadcasters have all reached conclusions, none of which seems to have been accepted by the Government. The Burns committee, set up by the Government, produced some very good recommendations, including the establishment of a public service broadcasting authority, but that too was rejected by the Government.

The House of Lords Select Committee wrote to the Secretary of State saying:

> "Despite so much informed opposition to your plans you have rejected almost every one of our recommendations for improving the model".

There is not much point in having huge amounts of consultation if the Government give the impression that their mind has been made up before the consultation even started, and nothing will change as a result of it.

The concerns rightly centre on the new structure of governance. I admit that the BBC Trust is an improvement on the board of governors, in that the separation between the board and the executive will be clearer. They will actually be geographically separate, but the trust will still be part of the BBC. According to the charter, the first job of the BBC Trust will be to set the strategic direction for the BBC. It still looks very like a board of governors: the first four appointees to the trust are all existing BBC governors. I have a great deal of respect for some of those individuals, especially one of them, whom I worked alongside for some time and for whom I have a high regard. However, I hope that in future appointments to the BBC Trust we will look a little further than those who have worked inside the BBC or who have a history of working with the BBC.

I hope that the new appointees will bring a degree of scepticism. If the BBC Trust is truly to be a proper external regulator, as the BBC likes to claim and the Government try to claim, its members must be genuinely independent of mind and willing—indeed, positively keen—to criticise the BBC when it is going wrong.

The most important factor will be oversight of the new services. The creative future spelled out by Mark Thompson represents a huge ambition. The Beethoven week experience, when the number of downloads of Beethoven symphonies was far in excess of the BBC's expectations, shows that even a pilot scheme can have a vast impact on the market. I welcome the BBC's recognition that the Beethoven week caused the music industry profound concern, so it changed the format for the Bach week so that whole BBC symphonies were not available free for downloading. That was a welcome recognition of the fact that the BBC needs to work with commercial companies, not in competition with them.

Even BBC pilots can have great impact, so I was slightly concerned when Mark Thompson announced recently that the corporation is to extend its podcasting trial

> "for some months to come".

That initiative has not been subject to any of the tests to which the Secretary of State has rightly drawn attention, and there is concern that such trials, which may last for several months, may themselves distort the market. There is a case for their being subject to some kind of assessment before they are launched.

When new services are launched each should have its own service licence and be subject to a market impact assessment. The fact those assessments are to be conducted by Ofcom is a step forward, but even though Ofcom has some role in the process, the eventual decision about the public value test still rests with the BBC, which is unsatisfactory. Furthermore, it is of some concern that although the market impact assessment is carried out by Ofcom, it is subject to the oversight of the joint steering group, half of whose members are from Ofcom and half from the BBC. The BBC will still have considerable power over the assessment.

That situation is unsatisfactory. It bears a depressing similarity to the arrangements for the National Audit Office, which has some access to the BBC's accounts, but only subject to agreement with the BBC. I fully endorse the comments of my hon. Friend the Member for East Devon (Mr. Swire) and all the others who have said that the situation must change. The BBC enjoys vast amounts of public money, so it should be subject to the same efficiency scrutiny as every other part of the public sector.

As the chairman says in his annual report, the missing piece of the jigsaw is the licence fee settlement. He told the Select Committee a year ago that the figure for which the BBC has bid—2.3 per cent. above inflation—was a reduction from the original sum proposed in the BBC, and that he had somehow beaten it down to 2.3 per cent. over inflation. The Secretary of State, on the other hand, has said that she regards that figure as an opening bid.

I hope that we shall look carefully at each part of the bid, because each seems somewhat excessive. The BBC says that it needs an extra £1.4 billion just to meet the

increase in base costs. It talks about super-inflation in broadcasting costs, but if anybody is responsible for that, the prime culprit is the BBC itself. I shall not get drawn too far down the salaries road, although it seems extremely unwise to award quite such enormous increases at a time when the BBC is asking its staff to suffer painful reductions in the number employed and in their pension entitlements. At the very least, such increases are somewhat insensitive.

On top of the base cost increase, the BBC wants another £1.6 billion for quality content. No new services are being launched in the main broadcasting area, so that £1.6 billion will go straight into programming, which must further increase the inflation. Then there are things such as the spectrum tax, for which the BBC says it needs £300 million. However, Treasury Ministers tell me that currently there are no proposals for such a tax, so the BBC has put in a bid for a precise—and large—sum before any proposals for the tax have even been introduced. I hope that we shall look at all those components, and I look forward to hearing the Government's announcement, when it finally comes, about the future of the licence fee.

I want to touch on the contribution made by the BBC's commercial activities to keeping down licence fee costs. It is certainly right that the BBC should exploit the value of its assets to the full. The BBC brand is a powerful one and it is worth money, so it is right that the commercial arm of the BBC—BBC Worldwide—should try to get a return for the licence fee payer from the use of that brand. However, that has resulted in the BBC extending its activities into areas that are a million miles removed from broadcasting.

The BBC is now the third largest consumer magazine publisher in Britain; it has 50 titles, 21 of which are in the children's market. It recently launched a magazine called *Amy* for five to eight-year-old girls. Apart from the fact that CBBC was printed across the top of the magazine, it bore no relation to any BBC programme. The BBC decided that it wanted to become the third biggest magazine publisher in Britain, and I am sure that it has ambitions to become the second, if not the first.

BBC Worldwide recently bid for and acquired seven radio licences in India—not the World Service, but BBC Worldwide. The BBC is now a big player in the radio market in India. It also has a joint venture to create one of India's largest magazine companies. Where does it stop? Would it be right for the BBC to set up a chain of antique shops under an "Antiques Roadshow" brand? Perhaps it could move into car dealerships based on the success of "Top Gear". There must be a limit to what the BBC does.

The BBC's original purpose was to provide public service broadcasting—to do things that the market will not provide. That is why I support the BBC, but it worries me when it extends its power and we hear the director-general saying that he wants to build the BBC into a competitor to Microsoft or Google. It is all very well to be ambitious, but the evolution of the BBC into a worldwide conglomerate is not appropriate. It takes us too far away from the corporation's original remit.

As long as the BBC is capable of providing good-quality public service broadcasting, of which there are plenty of examples, I shall support it, but strong safeguards are needed. I am not sure that the charter proposed by the Government goes far enough in building in safeguards to ensure that the BBC maintains the quality we expect in its public service output while not becoming over-mighty and inflicting real damage on some of its commercial competitors, who are struggling to survive in a difficult broadcasting environment.

7.18 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I shall not follow the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) in his detailed criticisms, many of which were telling. I want to take a more broad-brush approach, because as this is probably our last debate on the BBC before charter renewal we should take the opportunity to look at the institution and its effectiveness overall, in the round, rather than going into the detailed criticisms that we all want to make.

We must accept that the BBC is a great British institution. The BBC is a nursery of talent, a sustainer of quality and a bastion of public service; abroad, it is often a better flag-bearer for Britain than the Foreign Office. We should defend it rather than, as the Opposition seem to be doing, damning it with faint praise, or, as the commercial rivals seem to be doing, praising it with loud damns. That is the approach of Rupert Murdoch, ITV, and Kelvin MacKenzie.

I am a big admirer of Rupert Murdoch—perhaps the only one on the Labour side of the House—but he uses *The Times* and *The Sun* to snipe constantly at the BBC and defend the interests of Sky. The commercial rivals praise competition, then blame their own failures on the idea that the BBC is too powerful a competitor. I admit that the BBC can be infuriating, particularly to anybody who has ever worked for it, but it is a magnificent institution, which we should praise and try to improve rather than carp at as opponents outside and inside the House are doing.

I too want to express broad support for the Government's proposals. My support is, however, not unqualified. Like the previous speaker, I do not see how the trust is going to emerge. These days it is all trusts; we are creating trusts all over the place. Well, I do not necessarily trust the trusts. The original concept of the governors was that there would be a buffer to protect the BBC from attacks from outside, relating to the corporation through the director-general. If there were points of dissatisfaction with the corporation, the governors would not intervene; the director-general would simply be fired. That was the original approach—but it has certainly broken down, and something had to be done. It has broken down because the governors began to interfere far too much, and because many of the appointments, particularly under the Conservative Government, were mediocrities. They were political appointments.

The breakdown was also caused by what happened when the corporation was attacked. In this case it was my Government who were doing the attacking, led by Alastair Campbell. There was a disgraceful onslaught on the BBC, arising from a 6 am news broadcast—most of which was correct, but some of which was inaccurate. That was followed by the disgraceful

[Mr. Austin Mitchell]

whitewash of the Hutton report. When that happened, and the Government attempted to scalp Greg Dyke and Gavyn Davies—which they ultimately succeeded in doing—instead of defending the institution and its chief executives, the governors stabbed them in the back and demolished the ground under their feet. In doing that, the governors sealed their own fate.

How is the trust to work? That is still an unknown area. The trust will be the advocate of the people and a watchdog for the people. If it is going to be those things, it needs to be powerful, effective and representative. It needs, for instance, to include a trade union representative, a representative of employees of the BBC, and representatives of the varied interests and regions of this country. It has to have its own roots and tentacles reaching out into society to know what the people think. If it is just a vehicle for pressure from outside by the press, pressure groups and competitors, it will undermine the BBC rather than give it effective leadership. That is still to be worked out, and I have certain anxieties.

I do not agree that the proportion of BBC programmes being put out to competitive tender should be increased to 50 per cent. That is disastrous. The BBC has a reputation and a role as a trainer of staff, a sustainer of quality staff and a developer of new programmes. The independent sector is much more cheap-jack. It does not train people; it employs people trained by the BBC. With one or two exceptions—"Big Brother" is one—it does not innovate. It goes for established personalities and programmes. It does not risk new ideas as a big corporation like the BBC can. The 50 per cent. requirement will be damaging to the BBC.

I do not see, either, why Ofcom has to be given new responsibilities to vet new ventures and new initiatives by the BBC. Those are a matter for the BBC. It is certainly true that the BBC has been too prone to build an empire. I was a strong critic of News 24, which started five years too early. That meant that it was an enormous waste of licence fee payers' money. It appealed to a very small audience—for years, it had an audience of about 50,000, although its programmes are financed by all of us as licence fee payers. Now that the audience is beginning to build up, there is a case for News 24.

However, now there is also the over-extension to new digital channels on radio and television, and in relation to the internet. There has been boastful and unnecessary talk of challenging AOL and Google. That is a delusion of grandeur, not a necessary development. However, the responsibility for deciding on those new channels should be left to the BBC, with public service issues in mind, rather than censured or controlled by a body outside the BBC that is more concerned with the commercial operations of the market.

My further point of dissent is the issue of the licence fee. We are all ambivalent about the licence fee. We do not like it. Certainly, we do not like the fact that it is an oppressive poll tax, particularly for the less well-off. In the past, the means of enforcement have been fairly brutal. A number of women were sent to jail because they were the ones at home—while their husbands were out having a beer—when the detectives called, and were therefore responsible for using the television set without a licence. That was an absolute disgrace. Fortunately, the numbers have been reduced, but the machinery for enforcement is still brutal.

On the other hand, although we do not like the licence fee, we can see no real alternative. We have to bring public money into the field of production. Advertising cannot support everything. If the pigs are all swilling from the same trough, they are going to produce the same manure. We need a variety of funding, such as the licence fee provides for the BBC. Not to have it would lead to cheap-jack programmes and would cut out public service programmes. We need the licence fee. However, I do not see any reason why the BBC licence fee, which is a precious and fragile instrument—things are getting increasingly difficult as it gets higher—should be required to bear the cost of digital switchover. That benefits all the other competitors in the market. Why should they not pay for it too? It is a Government responsibility, since the Government will derive profit from selling off the channels freed by digital switchover. Why, therefore, should the cost be put on the licence fee?

We have a responsibility to audit the BBC's claims publicly. I think that a 2.3 per cent. increase is unacceptable. In the last period, the increase followed the retail prices index plus 1.5 per cent. The figure of 2.3 per cent. is too high. The public need confidence that things will be properly controlled. Mercifully, the Government are now assessing the matter, with an outside examination of the BBC's claims to that licence fee increase—rightly so, because the public need to be reassured that it is acceptable and necessary, and that it has been effectively audited.

We all have our criticisms of the BBC. That is particularly true of anybody who has worked for it, as I have. When I was introducing it, the BBC decided to call "24 Hours" a day and close down the whole programme; that was my main achievement at BBC television. Frankly, working for Rupert Murdoch was a much more pleasurable experience than working for the faceless, bureaucratic, over-administered BBC. That is where the cuts should be made.

As the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) said, as BBC staff were asked to accept a pay increase of 2.3 per cent., the massive increases given to BBC executives were obscene. The huge payments made to presenters so that the BBC can poach all the available talent in the market of commercial radio or television need to be effectively audited and externally controlled. The reduction of effort on politics and current affairs at prime time and on the main channels is deplorable.

In sum, however, those are minor matters. They are pimples on the bum of the BBC's body politic, and they should not concern us in such a debate when we need to concentrate on the scale of the BBC's achievements, the quality of its programmes and its role as a nursery of talent and ideas, and a training ground for skills. It is one of the few British institutions that is not only accepted but respected all around the world. We should ask ourselves how we can best sustain that, rather than how we can join in the chorus of carping criticism from interested outside parties. Sustaining that is our purpose and the Government's purpose, so I will be supporting the Government tonight—a rare occasion!

7.31 pm

Mr. Tim Boswell (Daventry) (Con): There are sometimes advantages to lengthening memories. Some of my first memories are of growing up in a house that was an early adopter of television in a world that was emphatically both monochrome and monolithically BBC. The apogee of the BBC's national role came at the Queen's coronation in 1952—

Peter Bottomley (Worthing, West) (Con): 1953.

Mr. Boswell: I stand corrected, because the accession and the coronation itself happened in different years.

Interestingly, for the first time ever, more people watched the coronation than listened to it on radio. People gathered together for a shared national experience in a way that is described as a water-cooler experience half a century later. Three years later, there was the revolutionary and highly controversial introduction of the second channel, ITV. How great a contrast with now because, as the Secretary of State said, there are now hundreds of digital channels that cater for, but are not always watched by, extensive private interests.

The most interesting feature of the digital revolution is the way in which the need to consider limitations of time and place is being eroded. For example—this reflects our country's transmitter history—although I live in the east midlands, I still find it extremely difficult to receive east midlands television. However, I can immediately do so through digital. Perhaps more significantly, it is only recently that I have become aware of the extent to which overseas people, such as those in eastern Europe, listen to BBC radio broadcasts on the web. They listen to not just the World Service, but domestic programmes, so a huge footprint has developed.

Mention of the overseas situation reminds me of the important and central role of the BBC both at home and abroad. Perhaps the World Service exemplifies some of the traditional virtues more clearly than anything else. However, the essential message—the distinctive proposition—of the BBC, which was well and loyally developed by the hon. Member for Great Grimsby (Mr. Mitchell), is one of quality and objectivity, alongside which marches independence. Those should properly remain the watchwords of the corporation. However, I would not like to turn that into a coded plea for the BBC to be stranded inside a narrow definition of public service broadcasting as a weird minority activity, as if, metaphorically, the set was tuned permanently to Radio 3, not that I mind listening to Radio 3 on occasions. I am not even absolutely sure what the definition of "market failure" is. I am more interested in providing acceptable choices for consumers. If the digital system and the wide range of commercial broadcasters cannot do that, there is a perfectly proper continuing role for public service broadcasting in the BBC.

It is right to offer services that are targeted at a wide range of interests and groups, provided that the three watchwords that I set out are maintained. As a fairly natural and instinctive supporter of the BBC, it would not be sensible—if I may return to my childhood for a moment—to act as the eponymous Mr. Grouser of Toytown on "Children's Hour", who was always grumbling and niggling about minor infelicities and errors of taste or presentation. In fact, I would not wish to do so about the commercial sector, either. It is right to consider the range of output as a whole and the fact that the BBC—thank goodness—can still turn out programmes of exceptional quality.

In a month in which many, if not most, of us will have turned our minds towards the World cup—incidentally, hon. Members will have noticed that there has been fairly trenchant criticism of the BBC's World cup coverage, although I leave that aside—it is right to record that last weekend I watched consecutively on the BBC programmes about the Somme and Italy, both of which were highly educational and informative. One, although perhaps not the other, was certainly entertaining. The best programmes can embrace elements of all that.

I also want to acknowledge the recovery of the BBC under Mark Thompson, the new director-general, and Michael Grade, its chairman, following that dark night of depression and loss of self-confidence that was perhaps wished on it following the Hutton report. I felt that the corporation suffered more than it deserved to, and the situation must have been difficult for staff at all levels of the organisation.

We cannot leave matters in a warm bath of uncritical adulation. When preparing my thoughts for today's debate, I kept returning to the words in "Measure for Measure":

"O! it is excellent

To have a giant's strength, but it is tyrannous

To use it like a giant."

The way in which the BBC fits into overall provision still leaves me with concerns that temper my natural support for the corporation. Before I move on to the charter, I will thus touch briefly on three matters.

I am still genuinely concerned about the high level of cross-promotion of BBC programmes, which is partly a conceptual issue. I have never quite kept count of whether the advertisements on the BBC for itself are more prevalent than advertisements for other products on the independent sector. However, the number of such advertisements seems excessive from time to time. They are no longer used as fillers. Obviously it is appropriate to use any time that there is to spare, but the BBC seems to have developed two cultures: a radio culture that stills worries about crunching the pips and performs on time; and a television culture that allows the evening to drift on. I am not the kind of person who would argue that the World cup final should be interrupted by the news—I would not want that—but there is a degree of inappropriate sloppiness.

Secondly, there is still more work to be done to improve communication. We have broadly got there with subtitles, except perhaps on BBC Parliament, but the use of audio description and signing is still comparatively minor.

Thirdly, we must consider the role of the BBC as a dominant producer, even following recent changes. This is something on which I would clash swords with the hon. Member for Great Grimsby because I welcome moving the amount of production by the independent sector to 50 per cent. because that is the

[Mr. Boswell]

minimum that is required to give that sector sufficient headroom to flourish. I would not mind if the figure eventually went beyond that, although I certainly would not drive it up to 100 per cent.

Behind all that is the reality of a huge income from licence fee payers, which is now more than £3 billion. Incidentally, owing to the growth in the number of households, that is not subject to any significant fiscal drag. However, when one considers the techniques and technology used to raise that money, even if operations are more efficient than they ever were—I have been to see the national television licensing office in Bristol—it is absolutely clear that a pretty old-fashioned approach is adopted.

It is due to such considerations, especially the income, that the giant's strength needs careful tying down externally. My hon. Friend the Member for East Devon (Mr. Swire), who opened the debate for our party, was entirely right to express his detailed concerns on exactly those matters that worry me.

In essence, my plea is for greater transparency in our approach to the BBC. I go back once again to the early days—indeed to a time long before my memories of the BBC began—when, leaving aside the listeners, as they were then, there were only two parties to the transaction, the BBC and the Government, and doing a deal was relatively easy. It may not have been entirely reputable and it may not have been the perfect deal, but at least it was feasible, and there were no other players on the field to displace. I would dare to go further and say that only the stern rectitude and independence of Lord Reith—plus, perhaps, the contingent fact of the intervention of world war two, when the BBC's reputation soared—enabled the BBC's potentially difficult inwardness to be used positively.

Now, of course, many other players and interests are engaged. Government Members should not think that, if we raise issues, it automatically means that we have an interest or are seeking to diminish the BBC; we raise them because we would like it to be more successful, and that requires a fresh approach. That is particularly relevant to the regime for regulation imposed on the various broadcasting players. For example, on the points made about the way in which the NAO regulates public bodies, I fail to understand why the BBC should be in a different position from any other recipient of public funds. I fail to understand why Ofcom can regulate other broadcasting agencies but not the BBC.

I am glad, and I acknowledge it, that the strains in governance that became apparent after the Hutton disaster have been eased by the establishment of a separate BBC Trust, but that trust still does not have full independence. Nor is there an NAO audit; indeed, we do not have details of the forthcoming licence fee increase or a full justification for it being set at inflation plus 2.3 per cent., despite the fact that even the Department of Health will not receive anything better than that in future, and most Departments will not receive anything beyond inflation. Alongside that, the costs of digitisation, and particularly of the social interventions necessary to make that a tolerable process and to maintain universal access, remain opaque.

In conclusion, for the BBC to play to its undoubted strengths of quality and objectivity, it needs to be able to demonstrate independence, including, critically, independence of governing. It need not fear objective regulation and audit of what is in effect—admittedly, for all purposes—public money, any more than a private sector corporation should fear that when discharging its public duties under licence. The downside of those essentially healthy pressures would be far less damaging than the continuation of cosy and imprecise deals with Government, in which the BBC continues to receive or—perhaps no less importantly—is thought to receive special privileges in return for putting some of its large resources towards discharging what is essentially the Government's business, for example in digitisation.

The settlement of the charter renewal is essentially an interim one, both in its response to technology, and in its response to governance issues. We will need to go further in due course. In doing so, I hope passionately that we will respect the BBC as a power for good and that we will try to achieve a better mix that enables and encourages it to act responsibly, both to its viewers and to other providers of broadcasting services, and in doing so to maintain its distinctive, remarkable and unique qualities, which have made it a world brand of which we should be proud, and which we wish to support. However, we believe that the best contribution to its support would be not to leave unchanged, but to alter and improve, its arrangements to make it more effective in future.

7.44 pm

Dr. Tony Wright (Cannock Chase) (Lab): The hon. Member for Daventry (Mr. Boswell) referred to the fact that we have just emerged from a period of saturation football coverage. It is worth recalling that in the early days of televised sport the BBC was required to avoid advertising placards around sports grounds, which, it believed, contaminated its purpose. Today, of course, no sportsman is interviewed unless there are at least 30 logos decorating every part of his body and the surrounding apparatus.

That is a reminder that there has always been something different about the BBC—and I, for one, hope that that will always be the case. The BBC was different—and this relates directly to the arguments about crowding out—because its purpose was to crowd out a view that our culture should be commercialised. It took the view that it was important to crowd out the inferior, the second rate, and things that were culturally corrosive. No doubt, that reflected the view of the time but, I hope, it reflects a larger and longer view, too. I confess to total, irrevocable prejudice in favour of the BBC, which is probably the best thing about living in this country. The idea of life without Radio 4 is unthinkable. I accept that that reflects my age and class, but there are not many things of which I can say so these days. I detected in the contributions of some hon. Members a certain loss of confidence in the institution, which, as my hon. Friend the Member for Great Grimsby (Mr. Mitchell) said, is one of the few British institutions that is universally admired once one leaves these shores.

It would be unfortunate if a loss of confidence prevented us from seeing the BBC for what it is. In these debates, some Government Members always want to find good reasons to defend the BBC while

noting deficiencies while, interestingly, some Opposition Members always search for reasons to erode the BBC while making general protestations of support. That has been reflected in what has been said today. The BBC is different for all of us, because we think we own it. Indeed, it often likes to tell us that we own it, and stages events such as "Your BBC". The problem, however, is that we have delusions of ownership, as our feelings about the BBC are different from our feelings about other institutions. When those institutions misbehave or do things that we do not like, we say, "Oh well, that is simply how the market works" or "That is how the world is". With the BBC, it is a more personal, intimate relationship, and we think that our institution is behaving wrongly.

To cite an example that has surfaced in our debate, a week or two ago, Mr. Jonathan Ross decided to ask the Leader of Her Majesty's Opposition whether he used to masturbate when he looked at pictures of Mrs. Thatcher, and many of us were not just embarrassed but affronted. Such incidents make us feel that our institution has let us down. We feel that it has behaved in ways that it should not have behaved.

When we hear Mr. John Humphrys asking the Deputy Prime Minister last week whether he had affairs with other women, we feel embarrassed for the institution, because we feel it has fallen below standards that we thought made it different from other institutions from which we would expect such behaviour. What is worse about that is not just that it represents a lapse of judgment, but that those who are responsible for these matters inside the organisation proceed to defend what is done. That is the most worrying thing about it—not so much that it is done, as that it is then defended.

Mrs. Iris Robinson (Strangford) (DUP): Is the hon. Gentleman aware that on BBC Radio Ulster on a family programme last week, one of the presenters on the 60th birthday of President George Bush indicated that he should rot in hell? The controller of the BBC apologised for that, but the same gentleman will go on saying very nasty things about people and offending the majority of people in Northern Ireland who would support President Bush.

Dr. Wright: I am grateful for the intervention. I must confess that I am not as familiar with the output of Radio Ulster as I ought to be, but I am interested in the example that the hon. Lady gives. It leads on to probably the only general point that I want to make.

It is sometimes said that because our media system is fragmenting in the way that our society is fragmenting, the BBC therefore cannot go on being the kind of institution that it has been in a society and a media system that were different. I would turn that argument on its head and say that the more our society and our media system are fragmenting, the more we need somewhere where we can nourish what we used to call—I know it sounds old-fashioned—a common culture. We either think that the moment has gone or that that is not worth doing, or we think that it is pretty fundamental to a society. I happen to think that it is fundamental, and that the BBC plays a pivotal role in the future of that common culture in all kinds of ways that go beyond some of the considerations that have been suggested today.

I worry about what is happening to this society in a number of respects. I worry about what has happened over the past generation or so. I was told just a few days ago by someone no less than a bishop—I apologise for putting it in this way, but it is the only way I can do it—that the French now refer routinely to the English as "les fuck-offs". They do that because our culture has changed and because the presentation of our culture has changed in our media.

It used to be said in a different and older Reithian age that it was the mission of the BBC not to go to where people were, but to go to where people are and to take them to a better place. It seems rather arch and old-fashioned to say that now, but the presentation of our culture in the media now has helped to contribute to what has happened to our society.

It used to be said, again, that we did not have to worry about presentations of violence and coarseness on our media because people were protected from their effects by the structures of family and of community. Those structures have weakened and been eroded, with the effect that for many people now, what is presented in the media is their version of how they think life is lived—of what is acceptable behaviour and what is not. That gives a particular obligation to a public service broadcaster, a guardian of the common culture, in how it responds to that situation. It is the distance between "Yes, Minister" a generation ago, a programme of pure wit, and a programme like "The Thick of It" in our time, both garlanded with awards, but very different in terms of the kind of language and behaviour that they reflect.

The challenges facing the BBC in binding the common culture together are enormous. They are enormous on the political front, too. It has been said that there was a loss of confidence in the wake of Hutton, and I am sure there was. My charge against the BBC is not institutional bias, as has been said by some hon. Members, but a kind of weary cynicism, a lack of civic engagement. It is the BBC's role to do something about the civic ills that beset us. That is what it is charged with doing. The new purposes that the Government have given it under the charter tell it to do precisely that.

I conclude my brief remarks by saying that the founding mission of the BBC is as important now as it ever was. Yes, it infuriates us. Yes, no doubt it can be a bloated bureaucracy. But the purpose that it was established to perform, which was to prevent our culture from simply being commercialised, to be the yardstick of excellence, which is different from elitism, remains as true now as ever before—in fact, more so, because the pressure crowding out that commitment to excellence across the board is greater now than it ever was before. The pressures of fragmentation in our society are greater than they ever were before. That gives a new, particular and pressing role to the BBC in affirming the purpose for which it was set up 80 years ago, but doing so in new, different and very challenging circumstances.

Mr. Deputy Speaker: Order. The fact that I missed one of the expressions used by the hon. Gentleman does not mean that there is open house for such words.

7.58 pm

Peter Bottomley (Worthing, West) (Con): I shall try to avoid quoting a bishop.

My hon. Friends have spoken well, although I do not agree with every word of every one of them. I pay tribute to three of the speeches from the Labour Benches. The House listened intently to the hon. Member for Feltham and Heston (Alan Keen), who spoke in a way that is a tribute to him and an indication of the fact that one can come into the Chamber and hear speeches of rare quality. The speech from the hon. Member for Great Grimsby (Mr. Mitchell) showed both his experience and his interest in broadcasting. Leaving aside one part of the speech of the hon. Member for Cannock Chase (Dr. Wright), the whole of his speech—even the part that I shall not refer to—was delivered with an interest in the purposes that the BBC has managed to maintain over the years.

At one time one of my great-cousins was the deputy chairman of the BBC. When asked why he was not contributing to debates on television, he said he did not have one, so Sir James Duff was provided with a television. I also remember, when I was 12, lodging in a house in Rowan road in Hammersmith when the administrative work for the campaign to save the Third programme was being done by my landlady and by me and the various other people she had staying in her house. That taught me that campaigning for causes that one considers worthwhile is worth while. Essentially what I am saying is that I trust the BBC. The right approach was to trust the governors, and if we have to move on to this trust arrangement, which I think is unnecessary, we need to be able to trust the BBC, as both the trust members and the other corporate members, who will be the board of management, both executive and non-executive.

Reference has been made to the Alastair Campbell-induced vendetta against the BBC, and there have been some words about the Hutton report. Much of the Hutton report was interesting. Where Hutton went very clearly wrong was that, first, he did not acknowledge openly that in so far as the original report early in the morning on the BBC was not justified, it was corrected twice within an hour and a half. The fact that the Government waited another three weeks before letting Alastair Campbell loose makes one realise that the reason for the attack on the BBC was not what had happened on the first day, most of which was right, and what was not right was corrected fast, but was for some other purpose.

I admire Mark Thompson and Michael Grade. I deeply regret the fact that Gavyn Davies and Greg Dyke left their positions. I do not just say that because Greg Dyke's mother is one of my constituents.

Daniel Kawczynski: I agree that it was regrettable that Greg Dyke left his position. Does my hon. Friend agree that Greg Dyke was badly let down by the then governors of the BBC?

Peter Bottomley: My hon. Friend may have heard me say that I trust the governors; trust in the BBC means trust in the governors. I would not have made that decision, but they did it for their own reasons. They may argue that they accepted the resignation offer that Greg Dyke sent and expected to have accepted because they thought that it was the best way to save the BBC, which in a way is a commentary on the Government's attitude at the time.

That leads me on to two separate practical points. The first is that I believe that the BBC should decide and declare that all political pressure, whether it comes from the Conservative party, the Labour party, the Government or the Opposition, should be published. There should be a special website where both recordings or reports of pressure are published. We need openness. There is lot of talk about what role the National Audit Office or Ofcom should have. I happen to believe that we do not need the NAO or Ofcom for the BBC, but leaving that to one side, if people start putting a barrage of pressure on the broadcasters, the BBC should make that available to the listeners and the viewers—those who are having their BBC interfered with. No civil servant or political adviser should say anything to any editor that they are not prepared to have reproduced. That would make a significant difference to the way in which people treat the BBC. One can use persuasion or inducements, but make sure that one is prepared to have them known about by other people. I pay tribute to Nick Jones, one of the journalists who has managed to give a running commentary on the way in which people have been behaving.

Mr. Edward Leigh (Gainsborough) (Con): My hon. Friend will recognise, though, that the NAO would never interfere in the editorial independence of the BBC or express any view on what was broadcast. It would simply publish reports on the corporate governance of the BBC.

Peter Bottomley: I am aware of that. I would defend the NAO in the same way as I defend the BBC. All I am trying to say is that the two do not need to get too involved with each other.

My second point concerns money. We have not spent much time referring to the agreement between the Government and BBC—"Broadcasting. An Agreement Between Her Majesty's Secretary of State for Culture, Media and Sport and the British Broadcasting Corporation". Seeing a reference to the Secretary of State, I should declare that my wife, when in government, was involved in helping with BBC senior appointments, and she is now a headhunter, and her firm, although not her personally, might still be doing the same sort of thing. I put that on the record, although I shall not draw a point from it.

Paragraph 78 of the agreement refers to compensation for free television licences. It is odd that we can have this sort of debate without referring to the fact that the Government are providing a great deal of support for the BBC directly because of their support for those over 75. I say that as a way of coming on to my practical point, which is that I hope that the Government and the BBC will find a way of saying to students who are in university lodgings that they do not individually require a television licence. It is bizarre that a child or grandchild of mine living in my house and doing a university course is not required to have a separate television licence, but in a hall of residence every student is in theory supposed to have a television

licence if they are to have access to television or broadcasting through either their mobile phone or a television in their room. Speaking on behalf of mature and younger students, I hope that the Government will resolve that in an acceptable way. If it is not possible to build that into this measure, I hope that they will find a way of tackling it.

I come to the general issue of the BBC around the nation. I happen to spend most of my time listening to Radio 4 in the car; Radio 5 from 5 to 6 in the morning; and then Radio 4 when possible and Radio 2 on Sunday evenings; my consumption of BBC output is usually radio rather than television. That reminds me of one more point that I offer to the BBC through the Secretary of State: can it please try to get the sound from television broadcasts available on digital radio? It is possible in the United States on most radios to pick up television sound, and we should be able to in this country. Many people, for one reason or another cannot have access to a television, perhaps because they are on a bus or a train, but do have access to radio, but having the continuity of picking up television programmes that they are interested in, even if they cannot see them, would be a worthwhile objective.

The BBC has interesting purposes, which are about bringing the world to the UK and the UK to the world. The idea that the BBC is getting involved in broadcasting around the world does not worry me at all. When I go round the world I want to be able to have access to BBC broadcasting. I understand that in some cases it is done commercially and in some cases it is done otherwise.

Historically, many of the BBC's initiatives have not been either approved of by Government or funded by Government, including the World Service, the World Television Service, and a number of others. We can trust the BBC to try things and if they do not work, to acknowledge it, and those that work successfully are either continued or modified, as my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale) said with regard to the single composer downloads. He and I may agree on some parts of that, but he illustrates a case where the BBC was prepared to pay attention when it succeeded beyond its wildest dreams.

I know that a number of hon. Members wish to speak, and I agree with some of the points made about high salaries. For example, for all my fondness of the Dimblebys, I would be perfectly prepared to have Nick Clarke continue doing "Question Time" because he does it very well.

Mr. Vaizey: Shame.

Peter Bottomley: I do not think that it is a shame to say that someone does something well. It would be a shame if I said that he had done it badly and my hon. Friend disagreed with me. I often think that listeners are prepared to have the person who is prepared to do a job at half the price but with 95 per cent. of the public esteem, because that is the way even the Dimblebys started.

I pay tribute to the BBC especially for the way in which it has provided much more opportunity for people from diverse backgrounds to work in it, not just as presenters. We are no longer at the stage we were at 20 years ago, when I was a Minister and nearly every sound technician or lighting person, assistant stage manager was white. The people who were doing the media courses in the colleges and the polytechnics were able to get work experience at the BBC and then apply for jobs with the experience and training, instead of relying on links through one of the great broadcasting families, or treating working for the BBC as though it was the London docks or the print industry. I pay tribute to the BBC for the action that it has taken there.

On the question of the people in the BBC being paid well for doing a good job or having pensions, I calculated that my public service pension will be £40,000 a year, which grossed up comes to about £800,000 worth of pension. The idea of someone who is in the commercial world of broadcasting, including the BBC, being able to do three times as well as that does not frighten me at all. We should have a sense of perspective when we consider these issues.

As and when the trust is established, I hope that we will have no more premature retirements of chairmen or directors general. If we get to the stage where any form of popular pressure, from the Government or anywhere else, hits the BBC, I hope that the members of the corporation—the trust members and the members of the board of management, as I think of them—will be sufficiently robust to see it off. It would be a good thing for the BBC to win some of these bloody—to use the word in its proper sense—battles.

8.10 pm

Mr. Andrew Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I am grateful that the late start of this debate enables me to speak. It therefore follows that I am grateful to you, Madam Deputy Speaker, for calling me at short notice.

I have in my constituency a substantial amount of the BBC's real estate and a substantial proportion of its work force. I should put it on record that many years ago, for a short period, I enjoyed, if that is the right word, a BBC salary. It was such a short period and such a low salary that I would not even aspire to the £10 a week pension that my right hon. Friend the Member for Rotherham (Mr. MacShane) boasted he will receive. My constituency also has a growing number of independent media businesses that rely directly or indirectly on the BBC. I get many representations from management, staff and independent contractors, who are not always of one mind.

I will not abuse the time that I have been given by doing anything other than making a limited number of specific points. It is perhaps therefore inevitable that I will be somewhat critical of the BBC, so I bracket my remarks by saying that I share with many Members on both sides of the House a general appreciation of the BBC. I should also say that I support the Government's proposals for ensuring the future and the independence of the BBC, as set out in the charter and agreement.

The BBC remains the sine qua non of independent media in the UK, however self-satisfied its promotional ads. I sometimes think that these days we see more ads between programmes on the BBC than on ITV; I do

[Mr. Andrew Slaughter]

not know whether that it has more to do with the collapse in commercial advertising or with preening at White City. The presenters can seem so smug that I sometimes wonder whether we will see John Humphrys interviewing Andrew Marr about what John Simpson meant by his last report. If the Government wanted to get on to the programme, they would probably have to send a text message from the Prime Minister to be read out at the end. We saw the efforts that the right hon. Member for Witney (Mr. Cameron) had to make to get on to the BBC. Nevertheless, whatever its faults, and however dumbed down its programmes—I am not of course referring to the right hon. Member for Witney—its resilience stops Sky News becoming Fox News in this country. I wonder if that is why, at root, Labour Members generally wish the BBC well, and Conservative Members sometimes wish it ill.

The BBC made a mistake in its recent decision on executive salaries. It was an inappropriate sleight of hand involving giving back as contractual rights most of what had previously been discretionary bonuses, and doing so at a very sensitive time. Many BBC staff are facing relocation, outsourcing or job cuts, and there is considerable anger at the sums of money that are being paid. It is glib of the chairman to say that it is necessary for the purposes of competition. Often, the trouble with the BBC is that it wants to have it both ways. It says that it is the public service broadcaster, yet when it wishes to pay large sums of money to its staff, it says that it has to be a direct competitor with the commercial sector. I support the licence fee, but it brings with it obligations, including economy with public money and accountability.

The same convenient foot-in-both-camps manner often applies locally, if I may be parochial for a few moments. The BBC is not always a good neighbour. The White City site sits directly next to the White City estate, which is a significant area of deprivation and low income in my constituency. I am not sure that the residents of that estate have always been welcome as employees or, indeed, as visitors to what is now called the media village. I wonder whether the BBC's management have thought through, in land planning terms, the effects of their intended outsourcing, relocation to Salford and redundancies. It has significant land holdings in the area, not only on the existing White City site, where there has been a great deal of office-building over the past few years, but on the White City development area, which is one of the largest brownfield development sites in Europe. If jobs are going from the area, what will happen to the buildings there? What will happen to Television Centre, which is the hub of that area, or to the local economy—the people and businesses who are dependent on the BBC?

As I said, many independent media companies are now, rightly or wrongly, big employers in the area and an established part of the local commercial sector, in TV, in radio and in support services. They, too, are suffering from uncertainty. For example, there is clear guidance in the agreement on the role of independent providers in television, but not in radio. I am not advocating greater externalisation of BBC radio services, although some of my constituents would wish me to do so. However, the fact that radio gets a second-class service—it is always an afterthought in these respects—creates uncertainty for the directly employed staff as well as for contractors. That point is highlighted by the fact that in the agreement independent radio producers are lumped together with online services, with which they have no connection whatsoever.

I do not want to trespass too much on the House's time. In conclusion, I believe that the thrust of Government policy—to safeguard the licence fee and thereby to safeguard the independence of the BBC—is right. However, in return the BBC has to earn the trust of its viewers, its staff, and its neighbours, wherever it intends to end up. At the moment, as far as I can see, it will still end up substantially in my constituency.

8.17 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): It is a rare bit of serendipity for me to be called after the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), because my theme is the London-centricity of the BBC. I am sorry to hear about some of his problems as a neighbour of the BBC. Unfortunately, many of us in the United Kingdom would not know about those problems, as we do not have the benefit of having the BBC as such a strong local employer. Even after the relocation that the hon. Gentleman mentioned, the BBC will still be overwhelmingly concentrated in London in terms of employment, expenditure and commissioning. That has political, cultural and economic consequences.

About 30 years ago, Abba briefly overtook Volvo as the most important contributor to the export potential of Sweden. People thought that strange at the time, but now we realise that the creative industries are the real motor of the modern economy. Therefore, the jobs, expenditure and investment that flow from the BBC's concentration in London have important economic consequences right across the United Kingdom.

London-centricity has been a feature of the BBC from the beginning. Lord Reith, on receiving a request to meet a delegation from Wales, was famously heard to reply:

"I thought I dealt with Wales last week".

Some things never change. I was struck by the Secretary of State's comparison of the BBC with that other great three-letter acronym of public life, the NHS. There are some similarities: both are large-scale public sector organisations, which are, sadly, slightly anomalous in these days of privatisation, but continue to have a reservoir of public good will, with the exception of one or two people on the outer fringes of the Conservative party.

However, in one sense, the NHS in these islands has diverged because we have at least three national health services—and I imagine that there is a different model of delivery in Northern Ireland, too. We have different national health services, all based on the common principle of being free at the point of delivery, but differently managed and organised in the nations of the United Kingdom.

The BBC has had to respond to devolution, which has, however, thrown its position into sharp relief. Welsh, Scottish and Northern Irish listeners are

constantly served up a series of England-only policy discussions, on, for example, foundation hospitals and specialist schools, which are entirely irrelevant to our education and health services because those matters either are or should be devolved. I hope that those that are not devolved will be soon.

We are considering the broadcasting equivalent of the West Lothian question. If licence fee payers in England are not subjected to news about health and education policy in Scotland, Wales and Northern Ireland because it is not directly relevant to their lives, why should licence fee payers in Wales, Scotland and Northern Ireland be constantly subjected to news that is not relevant to our daily lives? There is cross-party support for that point. Even the Scottish Executive made that point in their recent submission to the review.

Wales makes it on to the main news bulletins in London only as a bit of local colour—a Quixotic or "and finally" story. Hence the recent story about the Labour Minister in the Welsh Assembly who pressed the wrong button made it on to network news. However, the underlying story, which was the reason for the debate—the assertion that 500 people in Wales had died unnecessarily because of chaos in the Welsh ambulance service—did not. Surely that was the more serious story, but it did not make it on to the network, whereas the slightly comic story about somebody pressing the wrong button did. That unfortunately reflects the underlying attitude that persists in the news media in London towards Wales, Scotland, Northern Ireland and, indeed, anything that emanates from outside London and the south-east.

However, the BBC is a house divided because BBC Wales—I am sure that the same is true of BBC Scotland—has also been the promoter of a national consciousness and identity. The hon. Member for Rhondda (Chris Bryant) said in the Chamber in the debate last month that a senior BBC executive had told him, in a rather colourful turn of phrase, that the Welsh Nationalist party was born in the bowels of BBC Wales in Llandaff. I think that the hon. Gentleman intended the comment to be disparaging but I agree with him in some ways because in no other nation in Europe has broadcasting performed such a central role in creating a modern national consciousness. The Welsh historian John Davies has even gone so far as to say that the Welsh nation was an artefact created through broadcasting. I understand what he means by that.

The BBC in Wales produced the Welsh language radio service Radio Cymru, which has managed to increase the number of young people who listen to that station by more than 50 per cent. in the past decade. The BBC produced the Welsh language online service and the Welsh language news content for S4C. The BBC in Wales has made great strides in expanding its domestic news coverage to reflect the new political landscape.

Mr. Nigel Dodds (Belfast, North) (DUP): I am following the hon. Gentleman's points closely, especially about the role of BBC Wales in promoting the Welsh language. Does he share my concern about the lack of prominence that BBC Northern Ireland gives to promoting the Ulster Scots language and culture, which had only six hours of radio and half an hour of television provision last year?

Adam Price: Yes. I am aware and strongly supportive of the call for the promotion of Ulster Scots, which the European Bureau for Lesser Used Languages recognises. The Government have signed up to the European charter, and the agreement with the BBC will require the trust to have regard, among other things, to the importance of appropriate provision in minority languages. I therefore hope that the BBC Trust will move forward in enhancing its promotion of the Ulster Scots language and culture in Northern Ireland.

If I can receive my national and international news in the Welsh language from the BBC's current provision, why cannot I, as a citizen of Wales, receive my national and international news in the English language through a Welsh sixth television news service that reflects all the information and news that is relevant to the citizens of Wales? A similar demand has been made in Scotland. The problem lies at the centre of the BBC, not in BBC Wales or BBC Scotland, where there is untapped potential and some frustration at their inability to move forward with provision.

On "Newsnight" recently, the hon. Member for Perth and North Perthshire (Pete Wishart) commented on the attitude of the BBC in London, which referred to Scotland as "up there" and to the Scottish as "them", as if they were not licence fee payers or citizens in the same United Kingdom multinational state. Only the creation of distinctive Scottish and Welsh news services can overcome that problem.

Mr. Vaizey: Is there not a Scottish "Newsnight"? Was it not English "Newsnight" that therefore referred to "them up there"?

Adam Price: The 20-minute opt-out on "Newsnight"—or "Newsnicht", as some people call it—has been well received in Scotland. On that basis, why is there opposition to moving forward with full Scottish and Welsh sixth stations? I believe that it is because a distorted view persists in London. That was literally and graphically demonstrated in the new weather map. We are tired of being at the wrong end of somebody else's telescope, seeing ourselves through their eyes. We want our window on the world in Wales and Scotland. We want to be seen through our eyes, not the prism of someone else's prejudices.

If news coverage reflects the balance of political power, that of cultural power is reflected in the production and content of drama. Wales has traditionally done poorly in the proportion of network output that is produced there. In the 1990s, BBC Wales produced 11 drama series for the network, but only one was subsequently commissioned for a second series, although there has been some progress. It was not always that way. Bangor was home to the variety department between 1940-43. The entire department was transported from Bristol overnight on a special train, which carried 432 people, 17 dogs and a parrot. I do not know whether that is a model for the relocation to Manchester. According to the *Daily Post*:

"Bangor lost its innocence overnight with a transport of actors".

[Adam Price]

I think that it is safe to say that Manchester lost its innocence some time ago.

That was a rare golden age. When, in 1994, the BBC wanted to produce a film on the life of Aneurin Bevan by the Oscar-winning writer, Trevor Griffiths, it was told that it would not get a penny for it. It went ahead and spent the entire drama budget for BBC Wales on that one production, which was eventually aired on the network on BBC2 on a Sunday at 11.20pm.

Things have improved since then, however, and we have seen some increases in production. Indeed, two of the leading productions on BBC1—"Life on Mars" and, of course, "Doctor Who"—were produced in Wales. We have seen a trebling of the amount of network money being spent in Wales in three years to £50 million, and we are grateful for that. We notice, however, that very few of the network productions so far have contained any Welsh characters, Welsh accents or Welsh settings. Scotland has traditionally done better—"Monarch of the Glen" is an example—but productions there tend to be culturally stereotypical. The Scottish press says that they are either "heather and highlands" or urban and gritty.

One wonders whether there is a problem at the commissioning end. Ruth Caleb, who was appointed by BBC Wales in the 1990s to drive forward drama development, talked about a fundamental prejudice towards Wales by commissioning editors. "It won't be too Welsh, will it?" was the constant refrain. She was regularly asked to get rid of Welsh characters, settings and storylines, and Welsh accents were a definite no-no, so I am glad that I chose politics over acting as a career.

This is a serious problem, and it continues even now. Ruth Pitt resigned from her post as the creative director of the very valuable Out of London project in May because of her frustration at what she described as the attitude of commissioners and programme makers in London towards developing network production beyond Manchester. They have reluctantly accepted that there seems to be a creative cluster up there in the north-west of England, but they are not too sure about the rest of the United Kingdom. The talent is there, however, as the success of BBC Wales with "Doctor Who" and other recent productions has proved.

I hope that we are moving away from the kind of monolithic monochrome world that the hon. Member for Daventry (Mr. Boswell) referred to earlier. We live in a polycentric state. We are not one nation; we never have been, and we never will be. The BBC's motto is "Nation shall speak peace unto nation". It does not say that one nation should speak, leaving the rest unable to speak even to themselves.

The White Paper talked about fostering national cohesion, and gave the broadcasting of the Oxford and Cambridge boat race as an example. I am not sure that the boat race was ever a symbol of social cohesion, even less a basis for national unity. The Government said that the BBC should provide access to sporting events such as the World cup to unite the nation. Well, which nation did they mean? The rather feverish coverage of those, including the First Minister for Scotland, who had the temerity to suggest that they would not support England in the World cup has shown that we have different ways of looking at the world. We are more than one nation, and that needs to be reflected within the BBC.

The agreement represents an improvement, because it does not contain any old-fashioned, outmoded "greater Englandism". It talks about representing the UK, its nations, regions and communities. It also employs much softer tones than the White Paper when suggesting that the BBC should, on occasion, bring audiences together for shared experiences, including those sporting occasions on which our natural national allegiances in these islands inevitably mean that licence fee payers will sometimes find themselves on opposing sides.

8.33 pm

Mr. John Grogan (Selby) (Lab): It is a great pleasure to follow the hon. Member for Carmarthen, East and Dinefwr (Adam Price), who presented his case with his usual vigour and humour. His was one of several memorable speeches in today's debate. I will always remember two in particular. As a loyal Labour Back Bencher, I was shocked by the relish with which my right hon. Friend the Member for Rotherham (Mr. MacShane) announced his first ever rebellion against the Labour Government, and I hope that my right hon. Friend the Chief Whip will not use her new powers too harshly against him. I will also always remember the passionate defence of the cultural role of the BBC put forward by my hon. Friend the Member for Cannock Chase (Dr. Wright). Perhaps he was fortunate—unlike poor old Zidane last night—that there was not a fourth official present to provide the benefit of an action replay at the crucial moment.

One of the iconic BBC programmes, "Top of the Pops", is coming to the end of its 40-year run on 30 July. In recognition of that, I want to give the House my top 10 reflections on the BBC charter process. When I mentioned this idea to a colleague in the Tea Room this morning, he said, "Well, at least you're not giving them your top 40!" I will try to be brief. For those of us of a certain age, who probably reached our peak at the same time as "Top of the Pops" did, its passing will mark a moment.

My first reflection is on the role and the reach of the BBC in our society. Despite what my right hon. Friend the Member for Rotherham said, 94 per cent. of people still come across some form of BBC output each week, and 80 per cent. watch BBC1, the most popular channel in the nation. Nearly 70 per cent. of all BBC income is still spent on original programming, a far greater proportion than that spent by any of its commercial rivals. The proportion of Sky's income that is spent on original programming is very low indeed, for example.

The BBC still has a hold on all generations in this country, despite its worries about what the young think of it, and whether they consume media in a different way. The other day, I happened upon a survey of 3,000 graduates, including engineering, business and humanities students, asking them who they most wanted to work for. The answer from all categories was the BBC. I do not think that it was the prospect of Jonathan Ross-style salaries that attracted them so

much as the reputation of the BBC and the opportunities that it offers to excel across a whole range of activities.

My second reflection is about BBC sports coverage. When Ofcom carried out a survey of what was important to viewers about the BBC, its news coverage was No. 1—and quite rightly so, when we consider the values of BBC news. However, BBC sport was at No. 2. It is worth reflecting that, last night, 18 million people watched the World cup final on the BBC, which was a record for more than 25 years.

Those water-cooler moments that hon. Members have been referring to are one part of BBC sport; another is the encouragement of minority sports. The Paralympics, for example, would never have taken off in the way they have without BBC coverage. With the demise of "Grandstand", it is important that those who are charged with maintaining the reputation of BBC sport—which comprised nearly 1,700 hours, or nearly 10 per cent. of the output, on the main two channels last year—should continue to encourage minority sports. They should show them particularly on their interactive coverage. One that appears to be somewhat under threat at the moment is the BBC's racing coverage, which is consumed by many people. There are rumours that that coverage is to be cut in half. I hope that the BBC will look carefully at the coverage of all minority sports.

Thirdly, I want to reflect on the argument of crowding out. My hon. Friend the Member for Cannock Chase said that in one sense it is the purpose of the BBC to crowd out in order to influence the market. That is true, but we should not underestimate the potential for the BBC to participate along with the private sector. I shall give two examples that have already been mentioned this evening. There are the plans for BBC local television and the protests of some local newspaper owners about such television, local websites and so forth. It is interesting that in Birmingham, where this is being pioneered, Trinity Mirror, which publishes the main evening newspapers in the west midlands, has entered into a partnership and drawn up a joint letter of intent with the BBC. That is one example of where the BBC and the private sector can have a positive impact by working together.

Another example, which we heard about earlier, is the Beethoven downloading, which happened last year when, following the BBC's Beethoven week, millions of people downloaded the composer's work. It is well worth remembering that that was done in partnership and in consultation with some of this country's major orchestras and big music companies. CD sales of Beethoven increased by about 100 per cent. in the wake of that. Both the BBC and the private sector learned the lessons: they saw a market for downloading classical music that no one had thought existed before. When Bach week followed Beethoven week, it was done in a very different way.

Next, just a word or two on governance. I believe that this is a major and welcome departure for the BBC. The new trust and executive are now two separate entities. No longer will the chairman of the trust be the chairman of the whole BBC; he will be the voice of the licence fee payers in a way that the chairman of the governors never was. He will have to consider the interests of the licence fee payers not just in respect of the BBC's output, but in relation to the BBC's impact on other public service broadcasters as well. It is a radical departure, which is symbolised by the different secretariat that the BBC Trust will now have and by its physically different location.

My fifth reflection is on local radio, which has come up just once in our debate so far when my hon. Friend the Member for Stroud (Mr. Drew) referred to it. This week, BBC Radio York—my local radio station—is the proud host broadcaster of the Great Yorkshire show, which illustrates the part that BBC local radio plays in many of our local communities. One of the BBC's plans for expansion is to fill in the gaps of local radio up and down the country. In Yorkshire, that will mean having a station in Bradford as well as Leeds, which is well worth supporting.

Next, on the opposite side from BBC local radio is the BBC World Service, BBC World and the new experiment of Arabic television. BBC World Service radio has recently gained record listening figures and BBC Arabic television is a worthy experiment that should perhaps have happened long ago. I hope that, if we go down this route of the Foreign Office and the BBC further expanding into television, it will not be at the expense of further BBC World Service radio channels. I believe that BBC World, which is run on a commercial basis, has improved over the years and it is meant to come into profit in 2010. It is well worth reflecting that it is the only news channel in the world that is trying to run on a completely commercial basis, whereas al-Jazeera and the channels recently launched in France are very much the recipients of public subsidy.

My seventh point is about BBC Resources. My hon. Friend the Member for Great Grimsby (Mr. Mitchell) mentioned the importance of the BBC's training function. In the rush to maximise the use of independent producers, which clearly have a role in BBC output, we should not forget the importance of the core in-house service. Bearing in mind the question mark about whether BBC Resources will be privatised after 2007, it would be odd if the BBC had accountants and lawyers directly on its staff, but no longer had technicians. The BBC Trust should think carefully about that—it should perhaps do a value-for-money study—when so many big corporations are bringing such functions back in house.

In direct response to the hon. Member for Carmarthen, East and Dinefwr, I hope that moving BBC Radio 5 and BBC Sport to Manchester is just the start. Some time during the next charter period, I would like to see one of the big channels moved somewhere in the UK. That would be a major step forward and a major way of combating the London-centric focus, to which, like any London-based institution, the BBC occasionally falls prey.

My ninth point has not arisen in the debate so far—the BBC's coverage of religion. We sometimes talk about great moments in sport, but in the last two or three years, the BBC has provided great coverage of religious events, whether it be the death of the Pope or the recent enthronement of the Archbishop of York. It is important that the BBC continues to provide coverage of all the religions in today's Britain. Last year's "The Monastery" was an innovative programme, which brought an understanding of religious life to a

[Mr. John Grogan]

wide and popular audience. It is also important to show programmes relating to worship at religious festivals.

Finally, the dumbing down of the BBC has come up during every charter period over the years. I noticed that the *News Chronicle* of 1958 said:

"The Sound Broadcasting Society, which originated in the campaign to save the Third Programme from mutilation, is still keeping up a spirited fight against the declining standards of the BBC...It is sad that the BBC should have fallen so far from the high standards it once set itself."

To a certain extent, it was ever thus: we always look back to a golden age of the BBC. I contend that, perhaps, we are not too far from such a golden age today, with the expansion of Freeview, the success of the BBC's interventions on to the internet, the respect in which it is widely held and the quality of much of its output. BBC radio is still slightly embarrassed to have more than 50 per cent. of the total audience share, largely because of the quality of its output. Perhaps, today, we are in such a golden age. I always remember the words of Dennis Potter, who said of the BBC's mission:

"Switch on, tune in and grow."

As my hon. Friend the Member for Feltham and Heston (Alan Keen) pointed out earlier, one of the great things about the BBC is that it can interest people in things that they never realised that they were interested in, and long may it be so.

8.45 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): It has been a great pleasure for me to sit next to my hon. Friend the Member for Wantage (Mr. Vaizey)—a great man—and to listen to the debate on the BBC this evening. I must, however, pick up on the point made by the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), when he tried to paint the picture that Labour Members were pro-BBC and that the commentary from Conservative Members was somehow hostile to the BBC. Anyone outside the House who reads *Hansard* will know that the debate has been very even-handed and that positive, constructive and critical points have been made by hon. Members on both sides of the House. Certainly, in my speech, I intend to be both positive and critical of the BBC.

The best thing that I have come across during the debate was a comment made by my hon. Friend the Member for Worthing, West (Peter Bottomley), when he stated that licence fees for students in halls of residence should be abolished. I totally agree with him. Why should students living in halls of residence—people who have little enough money already—have to pay licence fees? That is certainly something that I shall take away from the debate, and I hope to secure a Westminster Hall debate on the subject to try to convince the Government to abolish such fees for students.

Mr. Vaizey: Another argument that my hon. Friend might deploy in trying to woo the student vote relates, of course, to the fact that so few students now watch television. That is not to say that their minds are on higher things; they simply spend all their time on the internet now.

Daniel Kawczynski: Yes, absolutely, that is true, but I should like students to have free licences none the less.

The right hon. Member for Rotherham (Mr. MacShane) spoke extremely well in the debate. Like me, he is of Polish origin, and I know from speaking to him that he played his role in supporting Solidarity in Poland in the early 1980s. I also know that the BBC played its role in the overthrow of communism not just in Poland but throughout eastern Europe. Some of my earliest childhood memories are of speaking to relatives in Poland who tuned into the BBC, late at night in the darkness of their homes. Of course it was illegal to listen to foreign broadcasters in those days, but the BBC still brought great hope to many people who were under communist tyranny, for which I thank it, as I am sure many other people do.

I praised the BBC in the debate a few weeks ago. I am pleased that many hon. Members have saluted the BBC this evening—it deserves it—but the right hon. Member for Rotherham made a very good point when he suggested that there should be a register of interests for BBC journalists and executives. I found that point very interesting. Hon. Members try extremely hard to be beyond reproach and to register all our interests, and senior people in the BBC, who also have such a public role, should declare their interests.

I shall mention two issues that I feel very strongly about and which have already been raised in this debate—the first being this man called Jonathan Ross. My wife and I watched his television programme at our home in Shrewsbury and I was appalled by this—how can I describe him?—cad and bounder's interviewing the leader of my party in the most gratuitous and appalling way. I took great exception to Jonathan Ross ridiculing in a very public way a very important historical figure—an 80-year-old lady who is no longer in public life to the extent that she was. I found it totally unacceptable that somebody in the BBC could speak about her in that way. I very much hope that the BBC is listening not just to me, but to other Members who have spoken out against Jonathan Ross's behaviour.

The second issue is religion, which has been briefly mentioned already. As a Roman Catholic, I sometimes get genuinely very upset by some of the critical ways in which religion is covered. It is occasionally covered with a great deal of disrespect in modern life, particularly on television. Catholics do not always jump up and down when they are offended, but that does not mean that we are not offended. In future, the BBC needs to think very carefully about how it criticises religion. There have been many vociferous protestations from members of the Sikh community—and others—when their religion has been denigrated in some way.

Locally, we in Shrewsbury listen to BBC Radio Shropshire, which I must say is an excellent station. It is impartial and balanced and the quality of its local news is exceptional. It keeps people updated, particularly the elderly and those in remote rural areas who cannot get around. In preparation for my speech, I

spoke to some senior citizens who live in Halfway House, in a very rural part of my constituency. They wanted me to make the point that they benefit greatly from local radio, particularly those who live by themselves and are lonely.

Before today's debate, I was grilled on Radio 4's "Farming Today" about various issues that I am raising as chairman of the all-party parliamentary group on dairy farmers; the interviewing was very robust. When we politicians are interviewed, reporters are robust, which is healthy for our democracy. I get frustrated by John Humphrys when I think that he is being rude or unfair to a colleague, but such harsh scrutiny is important. My concern is that if it is excessive—as Mr. Humphrys has been in certain cases—it could put people off and stop politicians going on such shows.

I am concerned about the growing number of occasions when very junior Ministers are put up for interview, rather than a Secretary of State. In fact, on many occasions now, no Government spokesman is available to speak to the BBC, which presents a very bad image to the public. The BBC and the Government have a duty to ensure that there is always representation from the highest levels of government to counteract and answer questions. Ministers must realise their duty to appear on hard-hitting interview shows, such as "Newsnight"—which has been referred to as "Newsnicht"—with Jeremy Paxman. I rarely see the Prime Minister being interviewed by hard-hitting interviewers; he tends to go for the softer, easy options.

There has been little explanation during this debate of the governance of the BBC, yet that issue is of the utmost importance; I hope that the Minister will talk further about it when he sums up. During the tragedy surrounding Dr. Kelly, the BBC governors acted very badly. I would argue, controversially, that many were not up to the job. Chaos reigned at the BBC when the Government turned up the heat on that organisation. As other Members have stated, we need governors who will stand up to Governments of whatever colour, and who will stand up for the independence of the BBC. The BBC Trust and executive body need to represent real people and be independent. How will they be chosen? What remit will they have? I hope that the Minister will respond to those questions.

The auditing of the BBC must be far more open to public scrutiny, and Members of the House have a role to play in that. I hope that the Minister can also provide a glimmer of hope about that. On the licence fee, I agree with my hon. Friend the Member for Shipley (Philip Davies) that continuous above-inflation increases are unacceptable. The House of Lords has recently recommended that licence fees should not increase beyond the rate of inflation. I believe that Parliament must vote on licence fees if they are significantly above the rate of inflation.

During the previous BBC debate, I spoke about how my wife and I enjoy romantic costume dramas. We believe that there should be more of those on the BBC. This evening I am going to speak about children's programmes. My wife and I are expecting our first child in October, and are looking forward to it very much. We are very concerned about the state of children's programmes. With our forthcoming child in mind, we watched some BBC children's television programmes on Saturday, and I was appalled by the violence and aggression shown, both between children and from outside groups towards children. I was absolutely amazed. In my day, we learned to make things while watching children's programmes. *[Laughter.]* It was all very innocent—Labour Members laugh, but it was. That is what children are meant to watch. The programmes now have a lot of violence and mindless aggression. I hope that the BBC will take note.

The speech of my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), the Chairman of the Select Committee on Culture, Media and Sport, was excellent. I strongly encourage the Minister and the Government to listen to the comments of someone of such quality and experience. I must disagree with him on one point, however. He said that the BBC should not get involved in television and radio in foreign countries—but I believe that such involvement is a good thing. We must challenge the global television empires and networks being built up by media tycoons. One way to do that is for the BBC to start branching out to other parts of the world, such as India and China. I would like the BBC to operate more in China, which is a great opportunity and growth market for our businesses.

Many British institutions are so popular globally and have such a good brand that we can export them abroad. For example, Shrewsbury school is so popular with foreign students that a Shrewsbury school is being opened in Bangkok, because so many Thai people want an English education. So, too, our British Broadcasting Corporation should branch out to bring our perspective to people around the world and to promote our way of life.

8.59 pm

John McDonnell (Hayes and Harlington) (Lab): As I know that another Member wants to speak, I shall be as brief as possible.

I have sat through the whole debate, and it has been like an elongated version of "Points of View"—absolutely fascinating. I must admit that at one point, having drifted off, I was woken by the "Kenneth Tynan moment" when my hon. Friend the Member for Cannock Chase (Dr. Wright) intervened. On another occasion, I was roused by my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), representing what is now described as cognitive capitalism.

As secretary of the all-party National Union of Journalists parliamentary group, I am aware of a number of worries about the new agreement for BBC staff. Throughout the debate we have all extolled the BBC's virtues, such as the high-quality service that it provides. It has been suggested that it should expand into different parts of the world, become involved in different services, and link up with the private sector in future joint operations. I think we can all agree that the BBC's quality is based on a long tradition of high-quality professionalism among its staff—a professionalism that has given us world-leading programmes and a service that is second to none, described in the House on other occasions as a jewel in the crown of public services.

Discussions with staff have revealed fears that the new agreement will threaten their jobs and

[John McDonnell]

professionalism and undermine their skills. They are concerned about the intervention of Ofcom and the development of the window of creative competition, or WOCC—"Doctor Who" has been mentioned, and its scriptwriter must have hauled that one off the screen as well—about their non-representation on the trust, about the grotesque top salary increases, and now about advertising on the World Service.

We have heard a good many anecdotal suggestions today that if Ofcom did not intervene, the BBC would somehow "crowd out" private sector services from the market. However, no concrete evidence has ever been produced in any research study by Ofcom itself. An Ofcom study that did take place in 2004 concluded that there was not

"sufficient evidence to prove or disprove the existence of overall 'crowding-out'".

Since then no individual instances investigated by Ofcom have proved that the BBC has somehow affected private sector operations.

Now that Ofcom is included in the agreement, market impact assessments must ensure that there is complete transparency. In my dealings with Ofcom in the NUJ parliamentary group, I have not found its role in seeking to protect public services in the ITV system to be particularly effective. We have had a number of debates in the House in which, on a cross-party basis, we have raised issues with Ministers about the loss of local production, and in particular the loss of local news services through ITN, as a result of Ofcom's failure to fulfil its task and to display any teeth in controlling the cutting of such services by the private sector.

Ofcom will be one of the organisations that the BBC will be required to consult on codes of practice in any area where competition may arise. Let me issue a plea for full and adequate consultation with the trade unions representing BBC staff in the discussions that Ofcom undertakes with the BBC, especially as the process may result in the loss of their jobs. I am not sure why the Government have taken the Ofcom route when the BBC is already subject to competition law and the operation of the Office of Fair Trading. I do not understand why a special regime is needed for the BBC, as opposed to other public services.

As for the window of creative competition and the potential increase from 25 to 50 per cent. in television services going to the private sector, the concerns expressed by staff need to be examined. It is feared that it may, in the long term, undermine the skills base and potential creativity and innovation in the BBC. Yet again, there has been no independent research to justify that increase in the privatisation element, and no independent research on the quantification of the increase from 25 per cent. to 50 per cent. Moreover, there is substantial evidence—which I am happy to submit to the Minister—that when work has been outsourced from the BBC, the working conditions of the staff involved have deteriorated. Problems with wages, and even with health and safety matters, have been raised consistently by individual unions.

In addition, the pensions assurances given to staff who were outsourced to companies have not been abided by. Many who are retiring are being offered benefits and pensions significantly below those that they were promised. I urge the Secretary of State to consider the detailed implementation of the agreement, so that where the window of creative competition applies and enables a wider range of services and facilities to be outsourced, there is adequate consultation with the unions and the representatives of the work force that will be affected.

The composition of the trust has been raised by various hon. Members. There is disappointment that there will not be a representative from the trade union movement on the trust itself. Historically, there has been a commitment that there should be some representative of the work force on any governing body of the BBC. That has not happened under the new regime. That means that there will be a loss of expertise on the trust in terms of the debates on the long-term future of the BBC.

The National Union of Journalists and I support the licence fee and congratulate the Government on maintaining it as the basis for the funding of the BBC, but there needs to be a wider debate during the mid-term review of the new regime. We need to discuss shortly how that review will be undertaken and what consultations will be undertaken as a result of the review.

It is an obscene disgrace that the management have increased their salaries over the past three years by 25 to 30 per cent. overall, while at the same time cutting jobs and reducing salaries for their workers. A ballot will take place on strike action as a result of the job cuts taking place for the NUJ. I have no doubt that that ballot will support industrial action, and that part of that result will have been caused by the reaction to the directors awarding themselves such significant increases.

Increasingly, the incursion of advertising into the BBC is a concern, although a lot of concern has been expressed this evening about the BBC's own adverts. The BBC News international website is to include private sector advertising. One hundred and fifty staff involved at all levels of seniority have written to the director-general of the BBC to say that that will affect the global reputation of the BBC for independence and impartiality, and that it is a step too far in terms of the development of alternative sources of income for the BBC.

I pay tribute to the BBC, to the work that it has done over the years and to the service that it has provided. That is based on the commitment and professionalism of the staff themselves. With any reform of the BBC and designation of its future, we need to take the staff with us. Job cuts, privatisation and Ofcom interference will undermine the confidence of the staff in the long-term security of the BBC. There will be industrial action in the next few weeks—as a result, I am sure, of the reaction of staff to some of the Government's proposals. I support that industrial action, and I will be appearing on the picket lines in support.

9.8 pm

Mr. Edward Vaizey (Wantage) (Con): I am grateful to have the opportunity to follow the hon. Member for Hayes and Harlington (John McDonnell) and to pay

tribute to the work he does for the NUJ. As the offspring of two members of that trade union, I know about the good work that it has done.

May I also say how grateful I am to follow on the Conservative Benches my good friend, the Member for Shrewsbury and Atcham (Daniel Kawczynski), who, as usual, made a charming and effective contribution to the debate? He and I sat together through the previous BBC debate and we have sat together through this BBC debate. It is worth recalling, today of all days—hug a hoodie day—that it is the younger Members of the House who are prepared to sit through these debates from beginning to end and to listen to the arguments. I hate to say it but, apart from the hon. Member for Hayes and Harlington and the Front-Bench spokesmen, it is the older Members who drift in and out, taking bite-sized chunks out of the debate. Therefore, I hope that the House will listen to what we have to say, although I must stop sitting next to my hon. Friend, because it has got to the stage where people are mistaking us for each other.

This has been a wide-ranging debate, covering the licence fee, salaries, governance and the relationship between the commercial sector and the BBC. It has also covered the general nature of public service broadcasting. For me, it was an extremely important debate, with a seminal moment. I was not born when John F. Kennedy was shot and I was being born when Robert Kennedy was shot, and I never thought that I would be present in the Chamber to hear the f-word uttered. The hon. Member for Cannock Chase (Dr. Wright) breached that boundary. He had his Kenneth Tynan moment, although it may have been his Jonathan Ross moment—

Dr. Tony Wright *rose—*

Mr. Vaizey: I am about to get corrected.

Dr. Wright: I was quoting a bishop in Franglais, which I thought provided a certain amount of cover.

Mr. Vaizey: Apart from that terrible moment, I strongly disagreed with two of the hon. Gentleman's other points. With the greatest respect, the snobbery of his attitude in favouring the BBC over the commercial sector would have the Deputy Prime Minister turning in his political grave. The hon. Gentleman clearly believes that everything that the BBC does is right and proper and anything that the commercial sector does is appalling and rather infra dig. That is an extraordinary attitude to take and reminds Opposition Members that the true conservatives are often to be found among Labour Members, and those who are capable of radical and progressive thinking are often found on these Conservative Benches.

I remind the hon. Gentleman that, as other contributors to the debate have pointed out, the BBC has often followed behind and copied the private sector. For example, it was not until ITN started news bulletins that the BBC decided to have them. It was not until Radio Caroline came on to the airwaves that the BBC got round to creating Radio 1 and Radio 2. Similarly, it was not until Sky News started broadcasting 24-hour British news that the BBC created BBC News 24. There is, therefore, a serious point to be made about the crowding out of the commercial sector by the BBC. It does not just come in to clear up the clutter and make everything right: it often drives innovative commercial broadcasters out of business or reduces their ability to invest. Sky News stopped making a profit the minute that BBC News 24 was started with taxpayers' money.

The Minister will recall that in last month's debate on the BBC I pointed out that two major private employers in my constituency, Harcourt Education and RM Ltd, are both suffering from the BBC's decision to encroach into educational publishing—not an area in which it has been involved before and in which those two companies have built up much expertise and introduced much innovation. I am further appalled to hear the news that the BBC is thinking of starting a current affairs magazine. There could be no sector in which the BBC was less wanted.

The fundamental point is that the creative landscape is tentative at the moment. As many hon. Members have said, we do not know where we will be in six months' time, a year's time, two years' time or five years' time. There are many minnows out there trying to gain a foothold in the market, trying to grow, trying to attract investment and experimenting as much as the BBC has ever experimented. If we are to allow a thousand flowers to bloom in this new digital landscape, we cannot simply give the keys to the lawnmower to the BBC and ask it to set off. It would chop down many hundreds of companies, many doing innovative work, seeking to establish a foothold.

Last month, I mentioned the black broadcaster, Henry Bonsu, who has started a black digital radio station because, he told me, the BBC thinks that the black community only wants to listen to music and hear from celebrities. He took a different view and set up a private sector radio station for the black community. That is an extremely important point, because it shows that as much innovation can be found in the private sector as in the BBC.

My hon. Friend the Member for Shrewsbury and Atcham wondered whether people in the BBC listened to what he said. Well, this very morning I was delighted to receive a note from the director-general about BBC jam and its effect on the private sector.

The other point on which I strongly disagree with the hon. Member for Cannock Chase is his ridiculous parody that everyone on the Conservative Benches is against the BBC and has a secret plot to do it down while everyone on the Labour Benches believes that the BBC is the best thing since sliced bread and cannot be touched—although I admit that I have just parodied the hon. Gentleman's speech in exactly that fashion. I have taken the trouble over the past few weeks to communicate with my constituents on the web, using a private service—HearFromYourMP.com—to find out what they thought about the BBC. To a man and woman, there was of course strong support for the BBC.

I agree with every Member who has said that the BBC is a much-valued cultural institution in this country. It is probably—dare I use the language of the market?—one of the most powerful brands the UK has to offer, both to the nation and worldwide. There is no doubt about that. Equally, there is no doubt at all that

[Mr. Vaizey]

in the complex constitution of broadcasting and the media the BBC plays an utterly vital part; it is the House of Lords of broadcasting and we meddle with it at our peril. However, that should not stop any Member from offering a candid critique of the future of the BBC.

There have certainly been some valuable contributions about BBC governance, which is extremely important. The division between the BBC Trust and the BBC executive board is clearly a dog's breakfast; it has achieved the unique feat of uniting almost the entire broadcasting world against it. How can one trust a trust appointed by the Department for Culture, Media and Sport and the director-general, both of whom will be on the panel that appoints members of the trust? It would be rather like asking the chairman of Thames Water to appoint the chief executive of Ofwat—there would not be much independence.

The process will be circular: if the trust is to appoint the director-general and the chairman of the executive board, how can it hold to account a director-general in whose success it would clearly have a vested interest? It is vital that a truly independent panel is set up to appoint the members of the trust. When I raised that point last month with the Under-Secretary, the hon. Member for St. Helens, South (Mr. Woodward), he said it was important that people who knew about the industry were appointed, but the whole point of the trust is that it does not have a management role, but a regulatory and overseeing role. There are plenty of people who know about ethics and economics who would make good members of the trust; they would not need to have been programme makers.

Dr. Wright: I am grateful to the hon. Gentleman for giving way again, because I should like to find one item on which we can agree. Last night, viewers of BBC 1 were invited to vote for celebrities riding horses and jumping over fences. If such votes can be held regularly, why on earth could not the viewers—the licence fee payers—vote directly for one or two members of the trust? The BBC could use all its imaginative resources to run such an election.

Mr. Vaizey: It is a tempting idea and I am glad that at last we are hearing some radical—if barmy—ideas from the Labour Benches, but that way lies madness; we should end up with Ken Livingstone on the trust, which none of us wants.

That leads me to salaries. There is clearly a consensus in the House; I have never seen it more united than on the subject of salaries in the BBC. I talked to one very senior broadcaster from the private sector who said that even in that close-knit world, he and his contemporaries were astonished to hear about the salary currently being received by Jeremy Paxman, who squires a programme watched by 900,000 people—and we now learn hated by the Scots. Salaries in the BBC seem to be completely out of control. There simply cannot be justification for the sort of salaries that have been talked about, particularly in relation to Jonathan Ross.

I agree wholeheartedly with the right hon. Member for Rotherham (Mr. MacShane). I thought that my idea—I was keeping quiet about it—that all salaries should be published and, even more importantly, that there should be a register of interests for all broadcasters so that we know whether they are speaking to a pension fund dinner here or taking a non-executive directorship there, was daft. I thought that I was alone in having that idea. Then I learned that the right hon. Gentleman shared the idea. That does not necessarily prove that it is not daft, but it does at least prove that support for the idea has grown by 100 per cent. in the course of one debate. No doubt it will grow some more.

While we are discussing salaries, I should mention the salaries paid at Ofcom, which, from what I can gather, are more closely guarded than some of the secrets during the cold war. The argument comes forward again and again that those people in the BBC and Ofcom have to be paid those salaries because otherwise they would go and work in the private sector. In response, I would borrow a phrase from the bishop mentioned by the hon. Member for Cannock Chase and tell them to—and go and work in the private sector. There is a concept called public service. Many of the people on the Conservative Benches, at least, could earn two, three or four times more than they earn as Members of Parliament, but they choose not to because they believe in the concept of public service. If one works for the BBC, one has the job security and all the other benefits that come with that.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is my hon. Friend aware that, last year, Stephen Carter was paid £370,769 and had a 48 per cent. increase in his salary on the previous year?

Mr. Vaizey: I was aware of that figure. Loth as I am to praise the Prime Minister—I will praise the office of the Prime Minister—it seems astonishing that the chief executive of a regulatory body is earning double what the Prime Minister earns.

We have talked about the licence fee and the amount of money that the BBC is asking for. Again, there is consensus in the House that the amount of money that it is asking for is simply excessive. It has already said that it is making efficiency savings of 4 per cent. It is asking for an increase in its licence fee of RPI plus 2.3 per cent. In effect, therefore, it is asking for an increase of about 6.5 per cent. in the licence fee. We also know that many of the figures that the BBC comes up with are literally written on the back of an envelope. For example, the move to Salford was meant to cost £600 million, but has now been downgraded to £400 million. There is no scrutiny of those figures by the National Audit Office. They are just broad-brush ones. The Government and the House should be extremely sceptical about the amount of money being asked for.

I agree with the sentiment, which I think is shared by most people who have contributed to the debate, that digital switchover should be funded as a separate item—not only because it is clearly a matter of public policy, but for tactical reasons. We all know that the reason the BBC wants the money for digital switchover is that once switchover has switched over, the BBC can

keep the money. It is a fantastic way of increasing one's budget. My hon. Friend the Member for Shipley (Philip Davies), who used to be a bookmaker, is not in the Chamber, but I would take bets that, once digital switchover has happened, the BBC will not turn up at the Department for Culture, Media and Sport and say, "Here's a cheque back for next year because we have done digital switchover."

In conclusion, as they say, there have been many wonderful contributions to the debate. There have also been some shocking moments from the hon. Member for Cannock Chase and a shocking moment from my hon. Friend the Member for Worthing, West (Peter Bottomley), who has spawned the "Save Jonathan Dimbleby" society on the Conservative Benches. We will be going to a small flat in Hammersmith this evening to begin to photocopy the leaflets. A consensus has emerged that the BBC is a well-loved institution with support on both sides, that it makes a very valuable, clearly defined, but also indefinable, contribution both to our public life and to broadcasting and the media, but that its power continues to increase.

The BBC cannot win because, as has been pointed out, when it is not doing well, we criticise it for not being able to compete with the private sector, and when it is doing well, we criticise it for crowding out that sector. However, in a flourishing and vibrant digital age, the BBC is in danger of squashing a lot of minnows that could well grow into impressive companies. The increase to the licence fee must be kept to a minimum, and the Government should perhaps examine again the slightly half-baked governance procedures that have been put in place.

9.25 pm

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): It is a great pleasure to follow my hon. Friend the Member for Wantage (Mr. Vaizey), who made a powerful and telling speech. I commend him for his patience and long suffering, because in our last such debate, he was also the last Member to be called before the wind-ups. It was all the better for waiting for such an excellent contribution. This is our third such debate in as many weeks. I welcome the Under-Secretary, the hon. Member for St. Helens, South (Mr. Woodward), across the Dispatch Box. He will wind up the debate, and I hope, for the first time, we will get some answers to the questions that have been posed.

We are essentially debating the future governance of the BBC in the form of the new agreement between the Department for Culture, Media and Sport and the BBC that will complement the charter for the next 10 years. It was helpful that the BBC's annual report was to hand during the debate, so we are grateful that its publication was brought forward.

The report is impressive and it underscores the fact that we are indeed fortunate, as my hon. Friend the Member for East Devon (Mr. Swire) said, to have such an internationally acclaimed public service broadcaster. We welcome the decision to renew its charter. However, the report highlights problems relating to audience share and reach, and it shows that cost-effectiveness in the BBC is going in completely the wrong direction.

Given such difficulties, it is more than ever necessary to get the structure and regulatory framework absolutely right. Concern has been expressed by hon. Members on both sides of the House that the charter renewal on the table is less than perfect. The trust will not be radically different enough from the old BBC board of governors. Several hon. Members, including my hon. Friends the Members for Maldon and East Chelmsford (Mr. Whittingdale) and for Wantage, and the right hon. Member for Rotherham (Mr. MacShane), pointed out that the BBC will be both judge and jury under the proposed structure.

There has been a missed opportunity to give Ofcom increased regulatory powers over and above those already given to it, and that point was supported by my hon. Friends the Members for Daventry (Mr. Boswell), for East Devon and for Shrewsbury and Atcham (Daniel Kawczynski). Such increased powers would have meant that the BBC would be seen to have a totally independent, impartial and rigorous regulator. Given that some members of the trust have been appointed and the trust is already in place before the beginning of the new charter period, it is vital that that group of people demonstrates a clear commitment to transparent independence from management and acts objectively in the interest of licence fee payers and, as many hon. Members have pointed out, competition in public service broadcasting. My hon. Friend the Member for East Devon and the hon. Member for Chesterfield (Paul Holmes) highlighted the fact that there is no adequate appeal process against a decision of the trust, save going to judicial review, which is of course both a costly and protracted process.

It would be churlish not to recognise that positive progress has been made in the new agreement to make the BBC more accountable and transparent. Such progress includes the introduction of service licences, the duty on the trust to have regard to competition and the introduction of the concept of a public value test, including a new role for Ofcom on the joint steering group to measure the market impact assessment. However, as my hon. Friend the Member for Maldon and East Chelmsford pointed out, the composition of that group will be 50 per cent. from the trust and 50 per cent. from Ofcom, with alternating chairmen. To many hon. Members that does not look like the BBC is giving up its control-freak tendencies. Contrary to what was said by the hon. Members for Feltham and Heston (Alan Keen), and for Selby (Mr. Grogan), there will not be two separate chairs for the BBC and for the trust. Indeed, paragraph 10 on page 9 of the revised draft royal charter states:

> "The Chairman of the Trust may also be known as the Chairman of the BBC."

As I pointed out earlier, the BBC has proposed the idea of a service licence for all its services as a major new way of improving governance and setting a standard against which a particular service can be measured, but although such service licences will apply to all TV and radio services, they will not, at this stage, apply to the BBC's ever-expanding web-based services. The BBC believes that a single service licence will suffice to cover all its internet and mobile services, but it ignores the way in which those services could affect—often detrimentally—the development of similar services in the private sector; my hon. Friend

[Mr. Malcolm Moss]

the Member for Wantage pointed in particular to BBC jam. For example, the BBC's mobile services will bring its digital news output into direct competition with newspaper and magazine publishers in what is, for the BBC, an entry into an entirely new market.

It is unfortunate that the debate on charter renewal is taking place separately from the debate on the licence fee negotiation, as the BBC's future role is inextricably linked to the question of funding. The fact that the announcement on the licence fee has been delayed until the end of the year suggests that agreement is a long way off. It is in the interests of licence fee payers and the creative media industries for the funding settlement to be made in the context of both the charter of renewal and the potential impact on the country's public service broadcasting ecology. As my hon. Friend the Member for East Devon said, it is ludicrous for us to order from the menu without knowing whether we can afford to settle up when the bill arrives.

It is clear from what the Secretary of State said herself that the BBC's bid for a licence fee increase of 2.3 per cent. above RPI each year does not meet with the Government's approval—a point made strongly by my hon. Friend the Member for Maldon and East Chelmsford. The case is not helped by the conclusions of two separate reports—one commissioned by the Department for Culture, Media and Sport from Panel, Kerr and Foster, and the other by ITV from Indepen—that the BBC could meet its objectives while offering licence fee payers better value for money. The BBC's figures were seriously challenged, and confidence was not shored up when it backed off from some of its own calculations. One particular example springs to mind—the cut in the costs of moving to Manchester.

The BBC's bid for £6 billion extra funding over the period of the next licence fee would result in the fee rising to about £180 by 2013. Many speakers, particularly the right hon. Member for Rotherham, emphasised the problem of the affordability of that form of regressive revenue collection for many of their less affluent constituents. Many people find the TV licence fee too high already, and the prospect of £180 for a licence fee fills them with concern, if not dread. That sum, of course, does not take into account the assistance package for digital switchover, which will be completed by 2012. The cost for that, as the director-general, Mark Thompson, has said, could be

"on the far side of a billion".

While we are on the subject of analogue switch-off and digital switchover, figures on what the Treasury will charge for spectrum have been bandied about. My hon. Friend the Member for Maldon and East Chelmsford tonight confirmed that a Treasury spokesman says that there is no intention whatever to charge for the new spectrum that will be released. The BBC has factored £300 million into its calculation to cover the cost, and it is important that when the Minister responds, he clears up the matter so that we know whether the Treasury will charge for the service or whether the £300 million can immediately be taken out of the BBC's calculations, thereby reducing the proposed increase in licence fee.

With digital switchover, the Government have embarked on what was described as one of the biggest engineering projects that the country has ever undertaken. It goes without saying that the decision was taken by Government without consultation with many other parties. The BBC was very keen on it, until it was told by the Government that it would be collecting the money through the licence fee and running the assistance package. It could add, as we have said, a huge amount of money to the licence fee requirement. It will be interesting to see what calculations the Government have done on what the licence fee will be in 2012 if, as has been stated, the extra cost of the assistance package is over £1 billion.

That is such a huge potential financial burden that no final agreement can be reached on the licence fee until that figure has been accurately calculated. As my hon. Friend the Member for East Devon asked, can the Minister give the House a figure, estimated or otherwise, for the projected targeted assistance? If he cannot give us that figure tonight, may we have a guarantee that the figure will be made available and the calculations behind the figure made transparent before any licence fee settlement is announced?

We have already noted substantial confusion in the licence fee debate on both sides of the argument. That is why several hon. Members suggested a key role for the National Audit Office in scrutinising both the finances of the BBC and the setting of the licence fee. The halfway house agreed to date with respect to the involvement of the NAO is unacceptable. Licence fee payers will never be satisfied that they are getting value for money, particularly in a scenario of rapidly rising licence fees, unless they get the independent and rigorous scrutiny that only the NAO can provide.

It is Parliament's responsibility to ensure that the BBC is independent, well regulated, transparent and funded to an appropriate level. The charter, unfortunately, fails to give Parliament, as the House of Lords Committee recommended, a greater role in debating and voting on vital matters, such as funding and the charter renewal. The Opposition support the BBC, but we have made many constructive suggestions to ensure that the licence fee does not get out of control and that the BBC continues to give an outstanding public service.

9.38 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): This has been an extremely good debate. It has been as informed at times as it has been entertaining. I should declare an interest, as I used to work for the BBC, but unlike my right hon. Friend the Member for Rotherham (Mr. MacShane), I never had a long enough contract at the BBC to reach the dizzy heights of any provision for a BBC pension—

Mr. MacShane: I will swap it for one of my hon. Friend's houses.

Mr. Woodward: My right hon. Friend makes a telling point and he would always be a welcome guest.

The past 10 years have seen a transformation in the market in which the BBC makes and transmits its

programmes. The next 10 years will see a transformation or, more probably, a revolution. As the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) observed, that revolution comes because of on-demand services, the competition and the revolution not only in what we watch but in how we watch it, and in where we will demand that content. In such a revolution, this charter and the agreement work to set the framework for the BBC for the future. It is absolutely right that we spend so much time getting this right and ensuring that the level of the licence fee is absolutely right. Despite pressure for an expedient settlement by Opposition Members, the Government will work to do what is right for the licence fee payer and for the BBC and its competition.

Speaking of expediency—*[Interruption.]* On cue, the hon. Member for East Devon (Mr. Swire) asks the question, and I come to his contribution. His attitude to the BBC is, in itself, something of a dual transmission, bordering on two contradictory messages. On the one hand he values the BBC, and just as he auctions off his admiration he proceeds to bring his gavel down and hammer it hard with the other. On the one hand he says that he wants less regulation, and less interference, but then proceeds to offer the House a prescription for, in his own words, what more should be done.

The hon. Gentleman demonstrates little or no trust in the new trust to regulate the BBC, and he would do well to focus on the substance of the changes, as did my hon. Friend the Member for Selby (Mr. Grogan), who rightly described the change to the trust from the governors as a radical departure. This evening we note the views of the hon. Gentleman's party on regulating BBC salaries and setting ceilings on remuneration. We also note—hon. Members could not really have missed—the Opposition's obsession with Jonathan Ross. They complain bitterly about his salary, yet they seem desperate to promote the right hon. Member for Witney (Mr. Cameron) on the programme. I can only ask, Mr. Speaker, that if the right hon. Gentleman seeks your advice on what to wear on a future Jonathan Ross programme, you will tell him to leave his hoodie at home.

If the debate offered us insight into Conservative obsessions this evening, it also offered us a brief glimpse into contemporary Conservative party policy-making. We were treated this evening to a new policy from Conservative Members as they put forward their policy for a free television licence for all students. It was interesting for us to see that emerge in the double act performed by the hon. Members for Wantage (Mr. Vaizey) and for Shrewsbury and Atcham (Daniel Kawczynski). All I can say is that we will cost their new proposal with relish.

Listening to the hon. Member for Wantage is always a delight, no matter where it takes the listener. We have travelled far and wide with him this evening across a broad range of subjects. At the end of the day it was really in the hands of the hon. Member for Maldon and East Chelmsford, the Select Committee Chairman, to give us the sober and serious considerations of policy this evening. He concerned us with points of real substance rather than a relentless preoccupation with the luncheon engagements of the Secretary of State and drinks parties to which he might not have been invited.

I should begin by reassuring the hon. Gentleman that the public value test will make a significant difference to the way in which the BBC operates in terms of future services, and despite the temptation on his part to suggest that the BBC would be moving into the business of antiques dealing or car dealing, I see absolutely no reason for it to move in that direction.

The hon. Gentleman asked about consultation—

Greg Clark (Tunbridge Wells) (Con): Does the Minister think that it is a good idea for the BBC to launch a current affairs magazine?

Mr. Woodward: It is a pleasure to see the hon. Gentleman, who I do not think has been in the Chamber for the debate this afternoon; none the less, as we have time, I am more than happy to take his question. The answer is that if the BBC believes that it is a service that would serve the public well, yes. But I remind the hon. Gentleman that the new codes set out by my right hon. Friend the Secretary of State in the agreement and in the charter will be looking for public value tests. That is a new and important departure. Indeed, in answer to the hon. Member for Maldon and East Chelmsford, the policies put forward in the Green Paper and confirmed in the White Paper, the charter and the agreement are firmly based on extensive consultation and research. The policy on governance is built firmly on the principle set out by Lord Burns and the independent panel. The policies on service licences, the public value test and the new competition framework reflect and recognise the concerns expressed most notably by the commercial sector.

The hon. Member for Maldon and East Chelmsford asked about market impact assessments. The agreement makes it clear that the content of the MIA is for Ofcom alone. The main role of the joint steering group is to agree terms of reference and a timetable. That will help to ensure that the market impact and public value assessments are compatible and enable the trust to make judgments on whether a proposal should go ahead.

The hon. Gentleman asked about there being a limit to the BBC's commercial activities, which has understandably concerned several hon. Members. There will indeed be a limit. Its commercial activities must comply with the criteria for commercial services as set out in clause 69 of the agreement. In particular, they must fit with the BBC's public purposes as embodied in the charter.

The hon. Member for Daventry (Mr. Boswell) asked about increasing the target for audio description. While I am happy to write to him on that subject, I can reassure him that Ofcom is reviewing its statutory code on television access services, and we expect a response to that later in the year.

My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) was right to talk about the BBC, as it sits in his constituency and he looks after White City. In response to his broad question about the Government's objectives for television and radio, they are entirely the same—

[Mr. Woodward]

namely, to create the best programmes, for the best value, for their respective audiences.

The hon. Member for Carmarthen, East and Dinefwr (Adam Price) began by giving a somewhat gloomy forecast about the BBC being too London-centric. I do not agree with that, but I enjoyed everything that he said. It is not often that Lord Reith and Abba are thrown into the same sentence, but he managed it. The hon. Gentleman referred to not wanting to hear services from elsewhere that do not relate to Wales. The future of the BBC's digital services should go some way towards dealing with that. With the prospect of people being able to enjoy up to 300 channels via all sorts of new services that come about as a consequence of digital services and convergences within digital services, he will increasingly have greater choice of local services. He ventured to criticise the BBC's work in advancing digital services. I believe that the pioneering and innovative work that it is doing will deal with those criticisms and satisfy many of his constituents.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) rightly observed that the debate resembled "Points of View". He talked about working conditions. I would be happy to look with him at a survey of working conditions published a few weeks ago in *Broadcast* magazine. It reveals some areas that we would do well to consider, particularly in relation to women returning to the workplace after they have had children, and to young people. In a field where there may be 200 applicants for every job, young people often find themselves working long hours in difficult conditions for no money whatsoever. That argument does not specifically apply to the BBC, but across the board in the broadcasting industry. I was well aware of those conditions when I worked in the television industry in the 1980s, and I think that they still exist. As television grows and competition increases, there may be pressure to drive down the salaries of those working in the industry. We should work together to address that. I would welcome working with my hon. Friend and the unions on that matter.

My hon. Friend also mentioned the proposals for a "window of creative competition", which aims to generate 50 per cent. of production from the BBC's in-house capacity. A further 25 per cent. will be open to competition, including from BBC in-house producers, and there is also the statutory 25 per cent. guarantee. The implementation is up to the trust, which will doubtless take account of his concerns.

My right hon. Friend the Member for Rotherham raised several issues. I hope that, at the end of the evening, he will change his mind and not abstain. I accept that his questions are reasonable and that his views are sincerely held, but we disagree with some of his conclusions. Although those views are held by some, we did not find them in the substantial body of work that we conducted with licence fee payers. Indeed, they were prepared to pay even more for the BBC.

However, if licence fee payers were to pay more, they would want value for money and efficiency to be requirements of the BBC and those running it. The Government should meet those requirements in sorting out the charter and the agreement and settling the licence fee. I urge my right hon. Friend to consider whether abstaining best serves the interests of the BBC and the licence fee payer. Conservative Members' view of the BBC is clear. Although they claim to support it, they are prepared to undermine it at every turn. I therefore ask him to reconsider.

The speech of my hon. Friend the Member for Feltham and Heston (Alan Keen) moved all hon. Members, and the hon. Member for Worthing, West (Peter Bottomley) rightly picked up on it. My hon. Friend reminded the House of the BBC's role in entertainment, and his love of sport, including football, is well known. However, he also shared with us his experiences as somebody who could not be persuaded to go to university but gained much of his education through the BBC. I am sure that many hon. Members know exactly what I mean when I say that the BBC has served us all well in terms of our collective education. My hon. Friend's characteristic remarks were self-effacing, generous and absolutely right. I only hope that Opposition Members pay as much attention to them as to their obsession with Jonathan Ross's salary.

My hon. Friend the Member for Great Grimsby (Mr. Mitchell) made a fine speech, as perspicacious as it was welcome. He was right that decisions about BBC programmes are best made by the BBC and nobody else. He is also right that the public need the confidence of knowing that the settlement of the licence fee will be properly handled and effectively audited. My right hon. Friend the Secretary of State has those arrangements in hand.

My hon. Friend the Member for Cannock Chase (Dr. Wright) spoke of his admiration for the BBC. He was right to talk about its role in a fragmented world. He spoke—at moments, in a Leavisite way—about a common culture. I thought that he might start telling us about a common pursuit. However, I suspect that his remarks will be remembered as much for his French colloquialism—in case you have not heard about it, Mr. Speaker, I am sure that the hon. Member for Wantage will sneak up to you later and give you full particulars—and his fond recollection of "Yes, Minister" as for the rest of his comments.

That brings me to the Liberal Democrats. They asked whether we had squared the respective circles of efficiency and quality. The answer to that is yes. They viewed it as a weakness of Michael Grade's that he could understand criticisms of the BBC. If one can see one's weaknesses, that is a strength and we should give Michael Grade credit for his extraordinary work in leading the BBC in the past few years. The hon. Member for Chesterfield (Paul Holmes) asked whether the trust would be effective and whether we would trust the BBC. The answer is that we will, as the public do.

Paul Holmes: How were my comments about Michael Grade interpreted as perceiving a weakness in him? I simply quoted his eloquent and sure analysis of what people view as the BBC's problems.

Mr. Woodward: If I have misunderstood the hon. Gentleman, I apologise. I believe, however, that he was

saying that there were criticisms and that Michael Grade was far too quick to recognise them.

It is absolutely right to get the licence fee right, and the charter and the agreement have to be right. It would be a huge mistake to behave in a political way with the BBC simply to satisfy the thirst of the Conservatives to have a number before the summer recess. This is an important settlement for the future of the BBC and for every licence fee payer.

One thing that has come out of this debate loudly and clearly is the regard in which the BBC is held by everyone—including most Members of this House—across the four nations. We are all aware of the extraordinary rate at which the broadcasting environment is changing, but as we said in the White Paper, none of us can afford to lose sight of the fact that public service broadcasting remains an essential part of the media landscape.

The next charter and agreement must provide a framework that will enable the BBC to remain in the pivotal broadcasting role that it has enjoyed in the past while ensuring that it has the ability to adapt to new challenges and to remain at the heart of public life. That is why this charter review has been the most thorough and open review ever.

Mr. Moss: Will the Minister give way?

Mr. Woodward: I will give way, but I will say to the hon. Gentleman that, in the last debate that we held, he refused to give way to me when I had the opportunity to correct a deliberately misleading impression that he had created about my right hon. Friend the Secretary of State. I will give way to him, but I do so in the spirit of taking up the thoughts of his party leader, who has said that he wants to end yah-boo politics, even though Conservative Members still continue the practice.

Mr. Moss: I am most grateful to the Minister for giving way. Before he finishes, I would like to put to him a question that my hon. Friend the Member for East Devon (Mr. Swire) and I have both asked. Will he give the House a figure for the assistance package for digital switchover? If he cannot give us that figure, will he give us a guarantee that we will have that figure before the licence fee is announced?

Mr. Woodward: The hon. Gentleman makes an important point. I know that all hon. Members are concerned about digital switchover and targeted help. We are in the final stages of negotiation with the BBC on this matter. When we publish the licence fee figure, we will also publish the details of the targeted assistance scheme. In so far as I can, and if it is prudent to do so in the course of the negotiations with the BBC, I will assist the hon. Gentleman with information about targeted assistance for his constituents and those of all hon. Members. However, he will have the figures that he has requested when we publish the licence fee.

This charter review has been the most thorough and open review ever in the history of the BBC. This is a crucial moment in the review process; the agreement with the BBC has been made and now awaits the approval of the House. The charter will be sent for approval by Her Majesty in Council. This is a new phase in the evolution of the BBC, and I urge the House to support it.

Question put, That the amendment be made:—

The House divided: Ayes 222, Noes 284.

Division No. 283] **[9.58 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Duddridge, James
Duncan, Mr. Alan
Elwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leigh, Mr. Edward

Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Michael Fabricant and Angela Watkinson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Hayard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Joñes, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Knight, Jim
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah

McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Ian Cawsey and Tony Cunningham

Question accordingly negatived.

Main Question put and agreed to.

Resolved,

That this House approves the Agreement (Cm 6872) dated 30th June 2006, between the Secretary of State for Culture, Media and Sport and the British Broadcasting Corporation, which was laid before this House on 3rd July 2006.

DELEGATED LEGISLATION

Mr. Speaker: I propose to put together the Questions on the five motions.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Climate Change Levy

That the draft Climate Change Agreements (Miscellaneous Amendments) Regulations 2006, which were laid before this House on 12th June, be approved.

Northern Ireland

That the draft Law Reform (Miscellaneous Provisions) (Northern Ireland) Order 2006, which was laid before this House on 12th June, be approved.

Data Protection

That the draft Data Protection (Processing of Sensitive Personal Data) Order 2006, which was laid before this House on 13th June, be approved.

Rehabilitation of Offenders

That the draft Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2006, which was laid before this House on 12th June, be approved.

Road Traffic

That the draft Motor Vehicles (Wearing of Seat Belts) (Amendment) Regulations 2006, which were laid before this House on 14th June, be approved.—*[Mr. Michael Foster.]*

Question agreed to.

PETITIONS

Willalla House

10.14 pm

Bob Spink (Castle Point) (Con): Willalla house is a group of sheltered homes for elderly people, and it is a very welcoming and lively community on Canvey island. Unfortunately, it has been without a permanent warden for far too long, and there is a feeling that the borough council is dragging its feet by not providing a warden, as it should do. The excellent residents of Willalla house and the other residential homes on Canvey island therefore decided to send a petition to Parliament, and Mr. Lake did so on their behalf.

I know that the House will listen very carefully to what these good people say. They deserve to get a warden without further delay, and I congratulate the wardens in place in Castle Point for their care of elderly residents.

[Bob Spink]

The petition states:

The Petition of the residents of Willalla House, Canvey Island, Essex,

Declares that the failure of Castle Point borough council to appoint a warden to Willalla House is unacceptable given the levy imposed on residents for this purpose and the duty of care owed to the residents by the council. Furthermore, the residents of Amelia Blackwell, Sweet Briar Lodge and Beatrice Littlewood residential homes are further neglected under the current system of rotating wardens of the aforementioned residential homes in order to attend part time to Willalla House.

The Petitioners therefore implore the House of Commons to call upon the Government to do all within their power to ensure that Castle Point borough council provides a permanent, full time warden to Willalla House in the interests of the welfare of the residents.

To lie upon the Table.

Thundersley Green Belt

10.15 pm

Bob Spink (Castle Point) (Con): The people of Thundersley who live around a site for a proposed assault course near Rivenhall in Thundersley are rightly deeply concerned about the implications of that proposal for their quality of life and their green-belt land. Mr. Stokes and the residents of Rivenhall are worthy people seeking to defend their community and green belt from inappropriate development and exploitation, and they do a great community service in bringing this matter before the House.

The petition states:

"The Petition of the residents of Benfleet and others,

Declares that the petitioners oppose the proposed development of a military style 'assault course' near Rivenhall, and in the Thundersley green belt, which would be up to five metres high and would cause undue and inappropriate alterations to the green belt. In addition, this development would cause extra traffic, noise and loss of privacy and would be detrimental to local residents' enjoyment of their homes.

The petitioners therefore request that the House of Commons call upon the Government to refer the matter to Castle Point Borough Council and urge the Council to reject the application.

To lie upon the Table.

Bus Services (Dorset)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

10.16 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I am going to concentrate during this debate on bus services in my constituency, although the problems do cover a wider area, as reflected in the vast number of letters in our local paper, the *Daily Echo*, and Saturday's front-page headline: "Bus Rage!"

My constituency is a mix of urban and rural areas and is served by a number of councils. For the purposes of this debate, the relevant councils are Poole unitary and Dorset county council. The main bus company is Wilts & Dorset, which, has been owned by the Go-Ahead Group since 2003. The current outrage among my constituents occurred after the interruption of a new bus timetable on 4 June. I have in fact received few representations from the most rural parts of my constituency, simply, I believe, because the services for places such as Bere Regis were already so infrequent that it was impossible to cut them any further.

The recent problems have occurred in the less rural parts of the eastern end of the county council area, and in the adjoining north Poole part of my constituency: Corfe Mullen and Upton, in the county council area; and Merley, Broadstone, Creekmoor and Alderney, in north Poole. Where we used to have a poor bus service for many people, we now have a dire or non-existent one. As elderly people are saying to me time and again, "What is the point of a free bus pass if there are no buses that we can use?" Of course, it is the most vulnerable who have been severely affected: elderly people who do not have a car; people who travel to work who cannot drive, perhaps because of visual impairment; the young; and those who cannot afford a car. People who cannot now travel to work are saying, "Shall I move, change my job or perhaps not work at all?"

My constituency is already an area of very high car ownership, particularly because of the existing difficulties associated with travelling by public transport, but I now know of some families who have purchased a second car because of the current situation. It makes a mockery of the Government's national policy to encourage more people to use public transport and to reduce car travel. It is of great significance to young people—how can they have things to do and places to go if there is no transport to get them there?

Wilts & Dorset bus company's new owners introduced their first route revision in 2004, another in 2005, and in June this year, a complete recasting of the network. The service revisions have been designed to improve the efficiency of the company by reducing costs, as the bus company tells me, or possibly, I suppose, by increasing profits. From Poole's perspective, the company's strategy has been the simplification of the network, which is intended to make services more direct and reliable to compete with a private car. Bus services have been diverted off side roads that penetrate estates to run down prime transport corridors at an increased frequency. The use of modern, bright and air-conditioned vehicles aims to

offer comfortable, accessible and safer travel, in an attempt to attract the motorist.

In terms of overall passenger growth, the company increased its patronage in the borough of Poole by more than 30 per cent. between 2004 and 2006. Unfortunately, the strategy of route simplification is fundamentally at odds with Poole's accessibility goals, as many elderly or disabled passengers cannot access the new direct services. They simply cannot walk to the main road bus stop or return with shopping bags. The most recent route revision in June saw approximately 10 per cent. of Poole's 850 bus stops left potentially without any form of bus service. That included what would once have been considered good bus-operating territory—large housing estates and tracts of what I would call "bungalow land". The county council concurs that the overarching feature is the withdrawal of services from parts of routes not considered to be part of the core network, and that the focus is now on fewer high-frequency routes on main roads, with less emphasis on penetrating residential and rural areas. I believe that that has happened in other parts of the country, but our area started from such a low base, with poor provision.

One could easily think that the route changes had been triggered by the free bus pass for elderly citizens—the cuts came about more or less at the same time—as the areas with the biggest cuts are typically where senior citizens might live. I have questioned the bus company at great length about whether it is satisfied with the negotiations over free bus pass travel. I have been assured that it is satisfied at the moment with the amount of money that councils are paying it, so we must assume that it is a sheer coincidence.

I appreciate that the Minister does not want to sit through a long catalogue of details about particular bus services affecting communities of which she has probably never heard. However, I want to describe the situation in just one community that, I believe, is the worst hit.

Corfe Mullen is right on the edge of the Poole conurbation and is served by Dorset county council. It has a population of 10,000 people and had an estimated 80,000 bus trips per year. It had five buses per hour, allowing residents to travel to Poole, Bournemouth and Wimborne to access a wide range of services. With very little notice, Wilts & Dorset bus company announced that it was ceasing all services from 4 June. As one might imagine, the local community was devastated by that news, and I have received hundreds of representations just from that community. As a temporary measure, the county council has managed to transfer £27,000 from subsidising evening and weekend services to subsidise a skeleton service until September. That means that there are now only two buses per hour, plus some limited peak-time direct buses to Bournemouth, with the previous service to Wimborne not running at all.

Corfe Mullen has limited facilities, so the loss of the route to Wimborne, a nearby market town where the administrative offices of East Dorset district council are sited, has created great difficulties. Access to Poole main hospital is difficult, as is access to the local college. It is basically impossible to travel by bus to various industrial estates.

The current situation is difficult, as has been illustrated by residents. One writes

"I am chronically ill, disabled, and living on the minimum pension, I rely totally on buses. We no longer have a direct service to Wimborne which is our nearest town centre and to which we need to travel regularly for doctor, hospital, dentist and shopping. Until June 4th the direct bus from my home took 8 minutes, now there are only 2 indirect routes, one takes 47 minutes, the other takes anywhere between 15 and 35 minutes and if a connection is missed possibly 2 hours and 5 minutes."

Another resident writes:

"Please restore our local bus service, so we can get to work, college, school, banks, doctors, hospital etc. Why should Wilts and Dorset take away my right to work. I work full time and 3 evenings a week, I will be a pensioner soon but cannot live on a pension alone.

My son works in Bournemouth and is finding getting to work very difficult indeed."

Another writes:

"My son is a student at Bournemouth and Poole College and relies on public transport—he has almost been thrown off his course due to the unreliability of the buses."

Travelling to the college is a complex process. A change of buses is necessary. There are a number of courses for young people with special needs at the college. Many could cope with one bus, but coping with more than one is difficult.

Poole hospital workers and patients have been affected. There are whole areas of housing where people purchased their properties because they were served by a bus route. Now a long walk is needed for people to gain access even to limited services. The evening bus services are very limited, and people feel that they are prisoners in their own homes.

That is the situation now. What will happen in September, when the current arrangement ends? Wilts & Dorset could refuse to continue to operate the current skeleton service, and give notice of its intention to stop. At that point, what could Dorset county council do? It could consider tendering services in Corfe Mullen for the first time, but it tells me that its bus subsidy budget was overspent last year. That means that funding is not currently in the base budget, and cuts in other areas would be required if the base budget could not be increased. The council has not generally gone along with subsidising routes other than Sunday and weekend services, and I believe that it is concerned about achieving value for money, given the dominance and power of Wilts & Dorset. It has suggested to me that the current review of all the services might be able to identify possible savings, and that there might be consultations with Poole borough council; but I fear that the problem will simply be pushed from one council to another, and that no overall solution will be found.

Another option suggested by Dorset county council is that it could rework the whole scheme, and—using subsidy initially, and perhaps purchasing a vehicle—could work with another company and eventually convert the service into something commercially viable. Potentially 80,0000 passenger journeys could be regained, but the process would take time and involve up-front costs.

Poole has given lifelines to several communities by subsidising additional routes with another much smaller company. The borough's limited budget for

[Annette Brooke]

subsidising bus services has also traditionally been targeted at providing evening and Sunday services. However, since the radical June 2006 network revision, it has been seen to be necessary for officers to let numerous contracts for additional services to cover gaps in the commercial network during the day.

One of those services has been a great success, wending its way through residential areas, stopping off at Poole hospital and calling at Tesco. It is performing above expectations, and is already carrying more than 100 passengers a day, although at present it runs only three times a day. I have had the most wonderful letters from elderly people who thought that they had no bus service, and then discovered the small bus service subsidised by Poole council. They say that the driver is wonderful and so kind, and that it is saving their lives. Their one request is for more than three buses per day. Currently they reach a place, and then have to return within 40 minutes. That looks as though it will be possible. I am not sure that the county council is prepared to take such an approach.

Why are we in this mess? Obviously, there is the general strategy, but there is also the fact that, without a doubt, the bus company has faced the rising costs of drivers' wages, fuel in particular and insurance, which are undermining profit margins. That is its argument for taking that action. At a Local Government Association meeting in December, it was flagged up to councils that contract prices would increase significantly and that budget provision would have to be made. Increases in the price of the tenders of between 10 and 20 per cent. were expected, I believe, so how much do my local councils spend on subsidising bus services? These are interesting figures. I will look just at the figures on subsidising buses, not taking on board the provision of bus shelters, advertising and school transport.

In 2003-04 the borough of Poole spent about £564,000; in 2004-05, its expenditure approached £600,000; and in 2005-06, it was £653,000. The improvement in resources falls back in 2006-07, just when it appears that more money is needed, to just over £611,000. Obviously, therefore, there is an issue here. What sort of figures does the Minister think will be necessary to support bus services, given that the commercial bus companies, which since the Transport Act 1985 do not have to provide any social routes, are moving forward in terms of hoping to increase their passengers, but backwards in terms of vulnerable residents?

We should bear in mind the fact that the population in the county council area as a whole is approaching 400,000, whereas the population of Poole is about 140,000. We are looking at bus subsidies going straight to the bus operators. In 2003-04, the spend by Dorset county council on subsidised bus services was around £900,000; in 2004-05, it was only £838,000; in 2005-06, it was over £1 million; and in 2006-07, it was over £1 million. When I asked how much was spent in the eastern part of the county, which is more densely populated for the most part, the figure for 2005-06 was only £116,000. The figures that I have been given show that that is a change of 315 per cent. on the previous year. That shows that the county council has had a different approach to supporting bus services, using its rural grant in possibly innovative ways, but now we are facing this crisis, there is a problem with the level of funding.

Are my councils allocating enough? Is it so difficult to work in partnership when one company is dominant? People are concerned that perhaps Corfe Mullen is being used almost as a ransom by the bus company. The figures from the bus company this morning make it clear that it was making massive losses on the services that were provided, but it is unsustainable for the community to be left in this position.

The bus company is responding a little—perhaps it could respond more—by saying that perhaps it got that bit wrong. It is important that I keep on making representations to the bus companies. There are other issues across my constituency. For example, tokens are given to those elderly people who are too disabled to use the bus in the Dorset county council area but not in the Poole area. That is causing some unrest. If there are buses, elderly people can use their bus passes earlier in the day in the Dorset county council area than they can in the Poole area.

The main point that I want to raise with the Minister is: are the councils allocating enough of their resources? My councils would say that they cannot allocate any more because the Government do not give them sufficient funds. The county council in particular is reviewing all its expenditure and proposing many cuts, because its expenditure commitments are rising at a rate of 7 per cent., but its projected income is rising at only 5 per cent. The county council will not find it easy, therefore, to allocate more resources to address that serious problem. What advice can the Minister give to the councils and what help can the Government give them, financially and in the provision of support for partnership working? I hope that the Minister will be able to help my constituents who are upset and outraged by the situation.

10.35 pm

The Parliamentary Under-Secretary of State for Transport (Gillian Merron): I congratulate the hon. Member for Mid-Dorset and North Poole (Annette Brooke) on securing this debate and providing an opportunity for the House to discuss the important subject of bus transport in her constituency. I agree that buses are a crucial element in meeting the nation's transport needs. With public sector support for bus services now totalling more than £2 billion a year, they clearly have a very high ranking in our transport priorities, for many of the reasons that the hon. Lady mentioned.

Over the past few years, with the industry and local authorities working together, we have made some good progress in many respects, with record levels of investment by industry and Government, and new initiatives and partnerships that have increased bus use in many areas. The Government's massive increase in our provision for concessionary fares for older and disabled people has also been a part of that.

Of course, there is room for further improvement. What has been happening in the hon. Lady's constituency is an example of the more mixed picture

nationally. In parts of the constituency, in particular Poole, we have seen investment by the bus operator, leading to significant increases in bus use. But the other side of the picture is the difficulty in sustaining local services and ensuring access for all, especially in the more rural areas of the constituency. Operators and local authorities always have faced, and always will face, decisions on how best to allocate resources.

As the hon. Lady said, in parts of the area there has been a good local bus network supported by the Go-Ahead Group. It has invested £11 million in new buses and launched the award winning More bus network. Bus patronage rose on those routes by 30 per cent. across Poole last year, as the hon. Lady acknowledged, and the local authorities have played their part by providing new bus stop infrastructure to raise the general standard of services.

Bus patronage growth in rural Dorset has outperformed the south-west regional average, and that of England. We welcome those positive trends. However, I recognise that there have been difficulties, including the problems elderly people have in accessing some bus services. I also understand that following a review of local services some destinations have had services withdrawn. Indeed, I am aware that both Dorset county council and the borough of Poole have had many letters from constituents concerned about recent changes.

As is always the case, difficult challenges have to be faced in maintaining rural public transport services in the face of competing priorities for funding. I understand that Poole council has taken prompt steps to restore services to a number of destinations that no longer had a service, and that it is also carrying out a thorough review of its bus subsidy provision. The begiven priority to give to supporting bus services is of course a local decision, and I know that the council has had some interesting debates about the reductions in funding for supported services in the borough.

I want to make direct reference both to the considerable Government funding for buses in the hon. Lady's constituency and to the role of local authorities. For our part, we have for some time recognised the particular needs for bus support in rural areas, which benefits from the main Government sources of funding for buses—the bus service operators grant—and the Government's revenue support grant to local authorities. Both represent major investment.

The bus service operators grant provides a rebate of about 80 per cent. of the duty paid by bus operators on the fuel they use; in the case of environmentally friendly fuels, the rebate is 100 per cent. That contributes to the financial viability of many rural services. However, conventional bus services are not always the most cost-effective way of meeting rural public transport needs. Community transport makes a significant contribution to meeting those needs.

As well as the benefits of that general support, we have long recognised the particular needs of rural communities by providing separate specific funding for rural bus services. Since 1998, they have benefited from the rural bus subsidy grant. In its first year, the grant provided £32 million to local authorities for new bus services in rural areas. Since then, the grant level has been increasing and it is now more than £54 million across England, providing for 2,000 rural services and more than 30 million passenger journeys a year. I am sure that the hon. Lady will acknowledge that that is a considerable support to our rural communities. Funds are allocated on the basis of the number of people living in rural areas within each authority.

Since 1998, Dorset has received just under £7 million of the grant for rural bus services and Poole council has received about £89,000. Dorset receives almost £1 million a year, which provides more than 30 services in the county. The grant can be used not only for conventional buses but for a wider variety of flexible or demand-responsive services. The local authority is of course best placed to decide how to use those funds and which services to support. In addition to that grant, all authorities can use their own resources to support bus services, and the bulk of local authority support for buses comes from the Government's revenue support grant.

I draw the hon. Lady's attention to the rural bus challenge and Kickstart funding that we have provided to support innovative schemes in rural areas. Between 1998 and 2003, challenge funding provided £110 million for 301 schemes, and those financial resources enabled many local authorities to try out more innovative schemes to address rural transport needs.

In Dorset, the rural bus challenge funded the Blackmore Vale accessible community transport scheme, which was awarded nearly £500,000. The award-winning Jurassic coast links service, developed in partnership with Devon county council, also benefited, with £665,000 of rural bus challenge funding.

Since 2003, we have used a new approach called Kickstart, which provides pump-priming funding for services that have the potential to become self-sustaining after three years. I am sure that the hon. Lady and her constituents would agree that it is disappointing that Dorset was not able to submit more successful bids during the six years that the rural bus challenge funding was available, and similarly that its bids for Kickstart funding have not been successful.

Annette Brooke: Will the Minister give way?

Gillian Merron: Yes, although there is only a short time left for the debate.

Annette Brooke: Can the Minister give some advice about the future for the community of Corfe Mullen, where 10,000 residents face having no bus services whatever? The county council says that it has no extra money to save the situation. What can be done?

Gillian Merron: I refer the hon. Lady to what I have already said. The local authority failed to submit successful bids for funds that were available to it, and are available up and down the country. It is important that she and her constituents should be aware of the extra Government funding that could have been available. The local authority could have successfully applied for that funding, but did not. I refer her to all the points that I have made about the level of financing that is available.

[Gillian Merron]

I also refer the hon. Lady to concessionary fares. They will have a direct impact on the experience of many bus users. We are going to see an increase in bus patronage. It is worth noting that some 22,000 free bus passes have been issued to the over-60s and disabled people in Poole alone. If her constituency is anything like mine, I imagine that they will be very well received.

Having outlined the Government support that has been, and is, available, I urge the hon. Lady, who is hearing directly of problems with access to public transport in her constituency, to bring those issues to the attention of her local authority. Many authorities are already working hard to try to address such issues as part of their local transport plan, for which they are funded well. It is important that local authorities work closely with local bus operators to get things right. I hope that the hon. Lady will urge her local authority to do so.

Question put and agreed to.

Adjourned accordingly at fourteen minutes to Eleven o'clock.

House of Commons

Tuesday 11 July 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Carlisle Railway Station

1. **Mr. Eric Martlew** (Carlisle) (Lab): What representations he has received on the number of birds killed at Carlisle railway station. [83847]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): We have received no representations about the number of birds killed at Carlisle railway station, though I am aware that some have become trapped in roof netting and have subsequently died. Network Rail tells me that work is due to take place later this year in an effort to resolve the issue.

Mr. Martlew: May I apologise to the House and to my hon. Friend for having to table that question? For three years many other passengers and I have been trying to get Network Rail and Virgin to take away the netting on the station. At present there are 40 dead birds decomposing on the netting. The starlings and pigeons get in and cannot get out. At this time of year, they are being roasted to death. Is it not ridiculous that it takes a parliamentary question to get action on the matter?

Derek Twigg: My hon. Friend is a great advocate for the west coast main line development and takes a great interest in all the happenings at Carlisle station, including those involving birds. The situation is clearly unacceptable. Network Rail and Virgin are working together and hope to do something about it later this year. It is possible that something could be done to remove the dead birds and deal with the netting and access in future, but it is a particularly difficult area to deal with because of the nature of the station. Hopefully, action can be taken in August to resolve the problem.

Road Congestion

2. **Philip Davies** (Shipley) (Con): What plans he has to tackle road congestion; and if he will make a statement. [83848]

The Secretary of State for Transport (Mr. Douglas Alexander): The Government's strategy is based on three elements—first, sustained investment, adding road capacity where appropriate; secondly, making the most of the existing network through better management; and thirdly, in line with our manifesto commitment, the Government are exploring the scope for developing a national scheme for road pricing.

Philip Davies: Saltaire roundabout is probably the most congested part of the whole of the Bradford district and is the responsibility of the Highways Agency. The Highways Agency, with Bradford council, has done a joint study on what could be done to alleviate the congestion there. Given the importance of Saltaire as a world heritage site, will the Secretary of State ensure that the money is available to put in place the recommendations made by that joint study?

Mr. Alexander: I appreciate that the Saltaire roundabout on the A650 suffers from congestion. It is certainly the case that the Highways Agency and Bradford council are working together to find a solution to address both safety and congestion concerns in relation to the roundabout, and I hope to be able to announce the outcome of that work and decisions on funding in the autumn.

Kerry McCarthy (Bristol, East) (Lab): I welcome the announcement this week of £42 million of investment in the Greater Bristol bus network, which will play a major role in freeing up the roads and easing congestion in the centre of Bristol. Can my right hon. Friend advise me about the progress of the road pricing pilot, for which Bristol is always working on a bid?

Mr. Alexander: My hon. Friend recalls the recent announcement, which is only one part of the £1.7 billion that is provided for buses annually by the Department. We are working with a number of local authorities, including the authorities in Bristol, looking at the pilot projects for road pricing. In recent days I met representatives of one of the other local authorities to hear directly of their plans, and I can assure my hon. Friend that a number of local authorities are moving forward in anticipation of bids being received by the Department in the course of next year.

Mr. Brooks Newmark (Braintree) (Con): Given that the Minister acknowledged that road pricing schemes can cut congestion, what plans do the Government have for a potential toll road on the M11 between London and Stansted?

Mr. Alexander: We are not at present planning a toll road, as the hon. Gentleman describes it. On paper, road pricing can lead to significant cuts in congestion, but we are maintaining our approach to targeted investment on our road network in the meantime.

Mrs. Ann Cryer (Keighley) (Lab): Since I live only a few hundred yards from Saltaire roundabout, I agree with the remarks of the hon. Member for Shipley (Philip Davies). I was becoming a little hopeful because the island there is weed-strewn instead of being planted, as it usually is, so I had hoped that alterations would be made there. Is that not the case?

Mr. Alexander: I do not feel qualified to comment on the specific detail that my hon. Friend has observed while passing the roundabout, but I am happy to note for the record that the A650, to which both my hon. Friend and the hon. Member for Shipley (Philip Davies) have referred, has already benefited from the £47.9 million Bingley bypass, which opened ahead of schedule in December 2003.

Chris Grayling (Epsom and Ewell) (Con): Last month, I pressed the Secretary of State to give some detailed answers about how his planned road pricing pilot will work, but he chose not to do so. May I press him about the overall principle of his policy? I heard what he said to the hon. Member for Bristol, East (Kerry McCarthy), but is he still planning a major single pilot project of his proposed national satellite-based road pricing system in an area such as Greater Manchester, the west midlands or Bristol in about 2010? Is it still Government policy to launch such a scheme on a national basis in about 2015?

Mr. Alexander: I tested the thesis that the hon. Gentleman put to me at the last Transport questions in a recent meeting with the authorities in Manchester, and I do not recognise his characterisation of the pilots, which we are taking forward with local authorities, given my conversations with the Manchester authorities. The Manchester authorities are pressing forward on the detail of their proposed bid, which they aim to get to the Department by about next July with a view to the Department having reached a conclusion by the following December. Equally, we are already in close dialogue with the west midlands authorities, and we have made it clear to them that they need to come forward with specific proposals for the west midlands. The pilots will, of course, inform our thinking on national road pricing. We want to see them implemented by the earliest possible time scale, which will probably be four to five years. We hope to be able to develop a national scheme by about the middle of the next decade.

Chris Grayling: Given the fact that we are discussing probably the largest technology project ever seen in this country and the central part of the Government's transport strategy, the Secretary of State's responses are astonishingly vague, so I shall press him again. When will most people in this country start to experience road pricing? When does he expect to tell us in detail how his proposals will work? And will any national scheme that he plans be revenue neutral?

Mr. Alexander: We hope that the pilots will be operational in four to five years. We face considerable technological questions, which is why we want to gain experience from local pilots to inform our thinking on the national scheme. On the national scheme and revenue neutrality, road pricing involves moving away from the present system of motoring taxation.

Graham Stringer (Manchester, Blackley) (Lab): I am sure that my right hon. Friend is aware of the recent report on road pricing by Professor Glaister of the independent transport commission. Professor Glaister has concluded that revenue neutrality will be difficult to achieve and that it is almost inevitable that road users in urban areas will pay more than everybody else. Will my right hon. Friend assure me that if there is a pilot project in Manchester, it will not be a scheme that effectively transfers taxation from rural areas to urban areas?

Mr. Alexander: Through the local pilots, we want a fair deal for motorists in urban areas, and I discussed that subject with the leaders of the authorities in Manchester when I visited the city last week.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I urge the Secretary of State to be a little less cautious on road pricing. He has outlined three legs of his policy today, of which road pricing is by far the most important. He will be aware that the difficulties that he anticipates have not been experienced by the scheme in Germany. What lessons has his Department drawn from that?

Mr. Alexander: We have looked at the international comparisons—indeed, a study examining the international experience of road pricing has been published in the past couple of weeks. A balance needs to be struck between advancing a national debate and gaining individual experience within the discrete pilot areas, which will cover a significant portion of the population. As we seek to build a national consensus, it is incumbent on us all to engage with the discussions and to gain practical experience, which only the pilots can provide.

Bus Companies

3. **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): What steps he is taking to make bus companies more accountable to the communities they serve; and if he will make a statement. [83849]

The Parliamentary Under-Secretary of State for Transport (Gillian Merron): We encourage bus companies to work in close partnership with local authorities and the communities that they serve. That can be done through voluntary agreements, quality partnerships or quality contracts.

Mrs. Riordan: I could give countless examples of how the bus deregulation policy introduced by the Tories is failing the people of Halifax. As part of any policy review, will the Minister consider re-introducing a system of regulation to ensure that buses are run in the interests of local people and not of the profit margins of cherry-picking bus operators?

Gillian Merron: Like many hon. Members, my hon. Friend is rightly concerned about bus services in her area. I assure her and the House that we intend to take a long hard look at the various issues over the coming months to identify the right framework to reverse declining bus patronage outside London. I emphasise that no decisions have been made. Our job is to find the right framework, because local circumstances dictate what works best.

Mr. Christopher Chope (Christchurch) (Con): Does the Minister agree that one of the reasons for declining bus patronage is that companies such as Yellow Buses in Wiltshire and Dorset are removing their services from the people they are meant to be serving, namely pensioners living in my constituency? Is it not time that we gave the traffic commissioners some teeth to deal with the haughty way in which these bus companies change routes without consultation?

Gillian Merron: In order to change a route or a timetable, a bus operator must give 56 days' notice to the traffic commissioner and the local authority. There is a specific reason for that—namely, to give the local authority time to replace the bus service if necessary. Of course, local authorities are able to do that if it is the right decision for the local area.

Railway Industry

4. **Albert Owen** (Ynys Môn) (Lab): What steps he plans to take to improve further the performance of the railway industry. [83850]

The Secretary of State for Transport (Mr. Douglas Alexander): My Department continues to work with Network Rail and the train operating companies to secure further improvements in performance. Punctuality and reliability is now at 86.8 per cent., the highest level for six years, and continues to improve steadily. The industry has committed to achieving in excess of 88 per cent. by March 2008.

Albert Owen: The Secretary of State will be aware of the huge investment in the west coast main line, which benefits services from London on the important Euro-route to Holyhead in my constituency. He will be further aware that the post-2008 timetable refers to additional through trains. However, there is confusion as to whether those trains will go from London right the way through to the north Wales coast. There is also the question of a maintenance depot in the area, which is vital to improve the railways for the future. Will my right hon. Friend agree to meet a delegation of myself and hon. Friends to discuss these important issues?

Mr. Alexander: I am always happy to meet parliamentary colleagues. The scheme in relation to the Holyhead rail depot is being discussed between Network Rail and the train operators but is also being considered by the Welsh Assembly Government. The post-2009 timetable is being discussed by officials in my Department but also by Network Rail and Virgin Trains, with further discussions between the Department, the Welsh Assembly Government and local authorities.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): What is the Secretary of State's current thinking on the thorny problem that was described by his predecessor as transporting fresh air around the country?

Mr. Alexander: Perhaps unsurprisingly, I find myself agreeing with my predecessor that we want to see an expanding rail network. During previous questions in the House, the Under-Secretary of State for Transport, my hon. Friend the Member for Halton (Derek Twigg), posed a challenge to a questioner who suggested that we had secret plans to close a number of stations. We are still awaiting word on what stations Opposition Members were suggesting that we intended to close. None the less, a feature of an expanding rail network would be our ability to take serious decisions reflecting the changing nature of the network given changing patterns of demand in the future. We need to keep all options open, but we have no plans to reduce the number of people travelling on the railways; indeed, numbers have significantly increased in recent years.

Kelvin Hopkins (Luton, North) (Lab): Does my right hon. Friend accept that we are facing a shortage of route capacity, particularly for freight? Will he look positively at the possibilities for developing dedicated rail freight capacity for the future?

Mr. Alexander: My hon. Friend is right. There has been a 46 per cent. increase in rail freight since 1997, sitting alongside the significant uplift in the number of passengers choosing to use the rail network during those years. We are giving serious consideration to what scope there is for further investment in rail freight. That is why only last month I announced that we would take forward several of the transport innovation fund productivity bids, which included rail freight as one of the considerations.

Adam Price (Carmarthen, East and Dinefwr) (PC): On average, a £10 fare will carry a passenger 38 miles in the UK, 107 miles in France and 315 miles in Poland. Why is it that, nine years into a Labour Government, we have the most expensive, most overcrowded and least punctual rail service in Europe?

Mr. Alexander: I do not recognise that description of an expanding railway system—indeed, the fastest growing passenger railway in Europe.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the improvements that have been made in the train services for my constituents, especially the introduction of the new improved high-speed rail link. However, is my right hon. Friend aware that the new Virgin lines that have been provided are not guaranteed post-2009? What reassurances can he give my constituents that those services will be not only kept but improved post-2009?

Mr. Alexander: I know that my hon. Friend represents an area that is close to the growth areas, which were so designated by the then Office of the Deputy Prime Minister. I assure her that the needs of the growth areas will be considered when we publish the high level output specification next summer.

Stephen Hammond (Wimbledon) (Con): The biggest problem on our railways today is overcrowding. Lloyd's corporation has estimated that 60 per cent. of commuters into London travel on overcrowded trains. It is estimated that passenger growth nationally will increase by 30 per cent. between now and 2014, yet there are no plans for capacity increases. The

Government's strategy emerged a couple of weeks ago—they intend to do deals to price commuters off the railways by increasing fares. Will the Secretary of State confirm that his solution to overcrowding is pricing people off the railways?

Mr. Alexander: No, that has never been the Government's approach. We recognise that capacity will be a challenge in the years ahead. That is one of the main criteria for the high level output specification, which will be published next summer. We must acknowledge that the challenge that we now face on the railways is that of success. More people want to use them, with significantly increased passenger usage in recent years. Few solutions to capacity do not involve a sustained commitment of public investment. It is incumbent on parties that raise capacity to commit themselves to the amount of funding to which Labour Members remain committed.

Mr. Gordon Prentice (Pendle) (Lab): I saved the taxpayer a fortune by getting a cheap ticket down here from Leeds. However, my connecting train was late and the guard told me that I would have to pay up. I refused point blank to leave the train or pay any more money. *[Interruption.]* Indeed, direct action. What will we do about the confusing multiplicity of fares, which leads to people becoming victims without realising it?

Mr. Alexander: I know that my hon. Friend has a long history of direct action, although I would not recommend that he engage in such action on the railways now or in the years to come. However, he makes a fair point. Notwithstanding the significant uplift in passenger numbers in recent years, the Transport Committee has identified a genuine problem with the complexity of fares. When one considers, for example, the discount airline carriers, one realises that it is possible to have variable fares and simplicity for the customer. That is why it is important both that the Government reflect on the Transport Committee's report and, more directly, that the train operating companies recognise that they have a responsibility to tackle the problem, which is a genuine concern for passengers.

A5 (Hinckley)

5. **David Tredinnick** (Bosworth) (Con): What improvements to the A5 in the Hinckley area are proposed. [83851]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): Several improvement schemes are under way on, or proposed for the A5 around Hinckley. They include: safety works at Stretton bends, including new lighting, surfacing and footways; anti-skid surfacing schemes at Nutts lane and Smockington hollow; the signalisation of the junction of the A5 and the M69; a scheme to improve the capacity of the Dodwell's island junction; improved warning signs at Hinckley rail bridge; improvements to the A5/A444 Red Gate junction, and changes to speed limits and associated signs.

Additionally, preliminary design work is under way for improvements between Stretton house and the M69 junction.

David Tredinnick: I thank the Minister for that list but, given that the Hinckley and Bosworth area has to build 9,000 houses in the next 20 years, thanks to the local development framework, is not it time to put dualling the A5 between the M69 and the A47 back on the agenda? Although the Minister talks about improvements at Stretton bends, will he confirm that they will not take place in July as promised, nor will the £5 million improvements at Dodwell's island, which the Government also promised? Will he confirm that the works to realign the M69 island will take place in January 2007, as promised, or is that another broken promise of the Government's?

Dr. Ladyman: The Government break no promises. We are delivering sustained improvements in the area around the A5 at Hinckley. There are safety problems on that road—that is why such a list of improvements has been made to it. On a major scheme such as dualling the A5, I advise the hon. Gentleman to work in his region to influence the prioritisation of major schemes when the regional funding allocation is reconsidered in two years.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Minister has rightly given the House a long list of works scheduled to take place on the A5. However, he did not include the nearby project that has just been announced to bypass Earl Shilton on the A47 on the eastern fringes of Hinckley. Does he agree that this is a demonstration of the success of the tenacity, patience and energy of the people of Earl Shilton, led by the Labour councillors Dennis and John Bown in this Labour enclave in a Conservative and Liberal Democrat area? Does my hon. Friend also agree that, no matter how persuasive and effective the campaign, what was needed in the final analysis was the commitment of the resources to be allocated by the Government to achieve this long-delayed and much-welcomed bypass for Earl Shilton?

Dr. Ladyman: Humility prevented my hon. Friend from mentioning his own role in that campaign. He is absolutely right; it will provide a much-needed improvement. It has been included in the regional funding allocation, and that is because local people made the case locally to ensure that we received the necessary advice about the importance of the scheme. The advice that I would offer to Members on both sides of the House is that, if they want to influence major projects such as these, they should become active in their own region and their own local community to ensure that the regional funding advice that the Government receive reflects the true priorities of the local people.

Andrew Selous (South-West Bedfordshire) (Con): The A5, which runs through my constituency south of Hinckley, is horrendously congested. The Comptroller and Auditor General wrote to me recently to say that the Highways Agency intended to put in a new junction, 11A, at the same time as widening the M1 to

save £10 million. However, I learned from a letter from the Secretary of State yesterday that that is only a possibility. Will the Minister write to me to tell me exactly what the Highways Agency is doing?

Dr. Ladyman: The situation to which the hon. Gentleman refers has arisen because the region did not prioritise that particular piece of work. We want to stick as closely as possible to the advice that we receive from local people, local councils, regional assemblies and regional development agencies—people who know what the priorities are on the ground—and the road scheme to which the hon. Gentleman refers was not prioritised. However, we want to ensure that if the region changes its priorities, the work will be able to go ahead as expeditiously as possible. That is why we will continue with the work around that particular scheme, in case the region changes its mind in two years' time.

Mr. Andrew Robathan (Blaby) (Con): Closer to Hinckley than the constituency of my hon. Friend the Member for South-West Bedfordshire (Andrew Selous)—about five miles to the south-east on the A5—is the hamlet of Wibtoft. To the north and the south is a dual carriageway—the old Watling street—along which very heavy traffic thunders until it gets to Wibtoft, where a single carriageway snakes its way through the village. There is no speed limit; nor is there any proper visible traffic calming. The Highways Agency has refused to contemplate imposing a speed limit or laying a quieter road surface. Will the Minister ask the agency to reconsider its decision, and to impose a speed limit of, say, 30 mph through the residential area of Wibtoft? Many other places along the A5 have exactly that.

Dr. Ladyman: I will certainly pass on the hon. Gentleman's comments to the Highways Agency. I would also advise him to engage with his local road safety partnership to see whether it can make representations to the agency. If such villages need a speed limit, and if there is evidence of safety concerns, I will certainly do what I can to encourage the agency to be helpful.

Road Humps

6. **John Mann** (Bassetlaw) (Lab): What advice he has given to local authorities about the use of road humps. [83852]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): Advice on the design and implementation of road humps is given in the Department's traffic advisory leaflets, and a bibliography of these is available in the Library of the House. The Department also plans to publish a local transport note later this year. This will draw together all previous advice on traffic calming policy, including advice on the use of road humps.

John Mann: The evidence on the use of concrete cushion road humps over the past 10 years is not very good. People can drive motorbikes between them, they fail to take into account on-street parking, and 4x4s can straddle them at great speed. Would the Minister care to come to Market Warsop in my constituency to road test the concrete road humps there?

Dr. Ladyman: I am happy that I get to road test many things in my job, but so far a road hump has not been one of them. I am happy to come to my hon. Friend's constituency at some point, but I would point out to him that certain types of road calming measures are suitable in certain locations. It is for local authorities to decide which type of traffic calming is most appropriate, which type of road cushion is used, and whether it should have gaps in the middle of it for motorcycles. Local people should make decisions about improving those road humps, and I hope that the advisory note that we produce at the end of this year, to which my hon. Friend has contributed, will help them to make those decisions.

Mr. Julian Brazier (Canterbury) (Con): While road humps obviously have an important safety role, is the Minister aware of the study by the London Ambulance Service three years ago, which suggested that if one minute could be saved on ambulance times by removing unnecessary road humps, 500 lives a year would be saved in cases of stroke, heart attack and so on? Another issue is the reluctance of paramedics to fit drips to critically ill patients who must travel over road humps.

Dr. Ladyman: I am, of course, aware of that study. That is why, when local councils decide on traffic calming measures in a particular area, it is important that they consult the emergency services and take into account the advice of the ambulance service, fire brigade and police about what is appropriate. I remind the hon. Gentleman, however, that road safety is the reason why local authorities install traffic calming measures, and that road humps might avoid ambulances having to do quite so much work in future.

Stephen Pound (Ealing, North) (Lab): Further to the motorcycling Minister's last response, and in the interest of getting traffic moving, is he aware that the A406 was brought to a complete halt by an accident early this morning? Strong men wept behind the wheels of their cars and toddlers sobbed in the back seats as they saw the school day recede from them. What can the Government do to try to get traffic moving faster after accidents?

Dr. Ladyman: I was not aware of that particular problem this morning. One of the things that we are doing, however, is making available nearly 1,500 highways officers around the country to clear up after accidents, remove debris from the road and keep traffic moving as fast as possible. Those highways officers work with the police, relieving them to perform other more important duties, and concentrate particularly on keeping the traffic moving. That is one practical way in which the Government are keeping the traffic moving on the trunk road network.

Miss Anne McIntosh (Vale of York) (Con): In addition to the Minister's advice to local authorities on road humps, will he advise them to consider the cost

and effectiveness of installing equipment that merely flashes the speed rather than taking a picture, as I think that they will find that that is both cheaper and more effective than road humps and speed cameras?

Dr. Ladyman: I entirely agree that those types of speed advisory sign have their place and can be very effective in the right location. I repeat, however, that it is for the local council and local people who know the area best to decide what is the right sort of traffic calming. The sort of signs to which she is referring can be very effective, and I would always ask local councils to consider them.

Reading Railway Station

7. **Martin Salter** (Reading, West) (Lab): What progress has been made in bringing forward plans to upgrade Reading railway station; and if he will make a statement. [83853]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): A business case for upgrading Reading station has been prepared by the borough council working with the region and rail industry partners. The plans include additional platforms and improved passenger facilities. We are working with the council, its partners and Network Rail to explore how the plans can best be progressed.

Martin Salter: Does the Minister accept that upgrading Reading station to improve track and platform capacity from 23 to 60 trains an hour is vital to removing the bottleneck from the Great Western main line? Does he also acknowledge the importance of the partnership working between Reading borough council, the local business community and other stakeholders in making such a powerful case for a 21st century station for Reading?

Derek Twigg: We do recognise the need for work at Reading station. I praise my hon. Friend again for his help in developing the good partnership working with Reading borough council. As he knows, Network Rail's progress plans for resignalling work for 2011-2014 include Reading, and its business plan base case submission last week included Reading as part of the high-level output specification.

Mr. Rob Wilson (Reading, East) (Con): I hope that the Minister has been made aware that I have been working for some time with all interested parties—both public and private-sector organisations—on the Reading station development. As a result, there is now a major opportunity to bring about a transformation of the entire area which will create jobs, regenerate part of the town centre and give Reading one of the best station developments in Europe. That can be done through a Government contribution of about £80 million to start it off. Will the Minister now offer his support for that further ambitious project and will he meet me and other interested parties to take it forward?

Derek Twigg: A great deal of good work has been done in partnership and I know that my hon. Friend the Member for Reading, West (Martin Salter) has been working for some years on taking these developments at Reading station forward. It is important that such partnership working takes place. The programme has already been set out by Network Rail in its progress plans, and its business case has been made about what it would like to see included in the high-level output specification. We will consider that. As I have always said, if Members seek a meeting with me, I will do my very best to ensure that it happens.

Dr. William McCrea (South Antrim) (DUP) *rose—*

Mr. Speaker: Order. May I tell the hon. Gentleman that Reading station is some distance from the green hills of Antrim, but I may be able to do something for him when we move on to other questions?

Railways (Vandalism)

8. **Ann Winterton** (Congleton) (Con): What action he is taking to combat vandalism on railways and at railway stations. [83854]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): The primary responsibility for combating vandalism on the national rail network lies with Network Rail, which works closely with the British Transport police, train operators, local authorities and, of course, the wider community. The cross-industry national route crime group steers the industry's efforts to reduce the risks posed by trespass and vandalism.

Ann Winterton: The Government's 10-year transport plan promised that people would be able to travel safely and feel secure, yet only about a third of stations have CCTV. The Minister may think that I am a big toughie, but I have to tell him that even I do not feel at ease at Congleton station on a cold winter's night with the wind whistling down a poorly lit platform, with nowhere to shelter because of vandalism, no CCTV and no information to reassure one that the train that is already late is actually coming. Will he knock together the heads of the train operating companies and Network Rail and ensure that passengers indeed feel secure, especially when they are waiting for that train?

Derek Twigg: I of course accept that vandalism and trespass are serious problems on the railways and we need to deal with them in the best way possible. That includes making sure that we have a good partnership approach to finding solutions to deal with those problems. It is also important to deal with the wider community. The British Transport police are also involved and we have seen a significant increase in their number, as well as a significant increase in the number of CCTV cameras on stations. In respect of the south-west franchise, we are looking to improve the accredited secure station status in terms of 80 per cent. of the footfall. There are therefore a number of areas that we can seek to improve. The industry needs to take that forward and address those problems.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The Minister knows that I am not even a little toughie. I hope that he will agree that the British

Transport police in the north-west have not only followed the programme that he mentioned, but put forward imaginative schemes to involve children and schoolchildren in protecting non-manned stations. Will he pay tribute to that work and ensure that the specialised knowledge of the British Transport police is not in any way dissipated in the future?

Derek Twigg: I will not comment on her toughness, but my hon. Friend always makes a very important point. She is absolutely right that one of the approaches of Network Rail and others is to work with schools and young people at a variety of community events or to provide information through websites. It is important to get home to young people the dangers of trespass and vandalism on the railways—dangers not only to themselves, but to those who work on the railways and those who use them. It is important for the industry to take that sort of community work forward. It is right to work with schools and young people to reduce the amount of trespass and vandalism on the railways.

Dr. William McCrea (South Antrim) (DUP): I am sure that the Minister will agree that combating vandalism on railways and at railway stations is a problem not only in England and Scotland, but throughout the United Kingdom. May I therefore encourage him to speak to his colleagues in the Northern Ireland Office, to ensure that the problem is dealt with in Northern Ireland as well, because there is no other forum by which we can deal with the situation and ensure that our passengers feel safe at railway stations?

Derek Twigg: I am happy, of course, to bring the hon. Gentleman's comments to the attention of my right hon. Friend the Secretary of State for Northern Ireland.

CONSTITUTIONAL AFFAIRS

The Minister of State was asked—

Mesothelioma

22. **Mr. Iain Wright** (Hartlepool) (Lab): What steps she has taken to ensure that people with mesothelioma are able to claim compensation. [83868]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): I intend to table an amendment to the Compensation Bill, which is due to be debated in the House next Monday, to provide that negligent persons should be jointly and severally liable in mesothelioma cases, so that the claimant can recover full compensation from any relevant person.

Mr. Wright: I thank the Government for what they are doing and I pay tribute to other hon. Members and organisations, such as the GMB union and Thompsons solicitors, in helping to bring about this change. On Saturday, I attended the Durham miners gala, which is a celebration of traditional industries in the north-east; but because of that industrial legacy, up to 5,000 people die from asbestos-related diseases each year in the north-east. Will my hon. Friend ensure that the proposed changes to the law are retrospective, so that people who lost out under the Barker decision can claim their full original compensation, so that what may well be their final days are dignified and comfortable?

Bridget Prentice: My hon. Friend makes a very important point and I have every sympathy with all he says. I want to put on record my thanks to my right hon. and hon. Friends who have been campaigning on this issue for some time—in particular, my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham). The Government also realise that the Barker decision makes claims much more difficult, and I am hopeful that the amendment will enable us to achieve the retrospectivity that my hon. Friend seeks.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does not the Minister recognise that the Barker *v.* Corus case, which she mentions, was brought by the Government and therefore that she is seeking to overturn with that amendment what the Government argued for in court? We welcome that, but does not she accept that that is hardly joined-up government? Many victims of this crippling disease still cannot trace an employer or an insurer, so they will not be able to make a claim at the moment. Will she examine my new clause 6 to the Compensation Bill and the proposals of the Association of British Insurers and others to consider whether it is feasible to set up an independent body to assess claims and pay out compensation speedily to all those who contracted mesothelioma in the workplace, and then to recover the money from all those who should, in fairness, share liability?

Bridget Prentice: Of course the hon. Gentleman is right that all those who are responsible should share liability where it is possible to trace them. That is why we have been working very closely with all relevant stakeholders, including the ABI, to find a scheme that will be fast, efficient and fair and will reach the people who, as my hon. Friend the Member for Hartlepool (Mr. Wright) rightly said, are in incredible pain and in the last days of their lives in some cases, so that we can secure some comfort for them and their families.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I thank my hon. Friend for all the work that she has done in introducing the amendment. May I tell her that retrospectivity is very important? I received an e-mail from the Liverpool asbestos group yesterday, to say that a request for deferment had been made in a certain case until such time as Parliament had sorted out the Barker decision. The judge would not allow a deferment. The case went ahead, and the person suffered a substantial reduction in the compensation received. I hope that there is a way—perhaps in the Appeal Court—to review that case.

Bridget Prentice: I understand exactly my hon. Friend's point, and it was of course entirely up to the judge to make that decision; it would not be right for

me to intervene. Judicial process can still obtain in that case, but we are aware of the gap that might now exist in terms of ongoing cases, which is why we are looking carefully at getting a proper scheme in place that will ensure that everyone involved in this terrible, harrowing disease is properly compensated.

Mr. Peter Bone (Wellingborough) (Con): A few weeks ago, Councillor David Childs died of this terrible disease and Rushden lost a dedicated person who looked after the interests of the town. His death was a great tragedy. I welcome what the Minister has said, but despite all the words, what many sufferers are looking for is fast action to relieve the problem. I urge the Government to act quickly.

Bridget Prentice: I convey my deepest sympathy to the family of Councillor Childs and to the town of Rushden, which has lost such a dedicated and public-spirited person. We are very aware that the big issue is making sure that we get as fast a response as possible, and we are ensuring that that will happen.

Mr. David Anderson (Blaydon) (Lab): I congratulate the Minister on the great work that has been done. As one of the people who raised this issue when it first became clear how bad the problem was, I am very proud and pleased that my party and my Government have put it right. But can we go a step further by introducing what I, as somebody who always wants more, shall call the Oliver Twist clause? Will the Minister ask the Secretary of State for Health to request that the National Institute for Health and Clinical Excellence lift the limits on the use of the drug Alimta, so that people can have not only proper financial compensation but their lives extended?

Bridget Prentice: I again congratulate my hon. Friend on the work that he has done in this area. I will of course express his concerns relating to the drug and NICE to my right hon. Friend the Secretary of State for Health, and if his suggestion is a suitable and helpful solution, I hope that it will be progressed.

Mr. Andrew Dismore (Hendon) (Lab): I welcome what my hon. Friend has said, but there are two other issues that need to be looked at. One is the Crown Proceedings (Armed Forces) Act 1987, which forbids claims by members of the armed forces exposed to asbestos before 1987 who only now exhibit the symptoms of the disease; that is a manifest injustice. The second issue is pleural plaques. The Court of Appeal recently indicated that no claims could be brought for asymptomatic pleural plaques, despite the risk of mesothelioma, which might well occur later. Perhaps my hon. Friend will look sympathetically on the new clauses to the Compensation Bill that I have tabled today, so that we can take this opportunity to ensure that we address the issue of mesothelioma compensation claims properly and comprehensively.

Bridget Prentice: My hon. Friend warned me that he would table amendments to the Compensation Bill and I will take a careful look at them. I should point out to him and to the House that pleural plaques is a significantly different disease in terms of how it manifests itself; diagnosis is not as straightforward as it is for mesothelioma. I do not want to go into that issue any further as I am not a medical expert, but that is my understanding. However, I will of course look at his amendments to see whether they can ensure that the principle that we are setting out today can be carried through.

Court Buildings

23. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When she next expects to meet representatives of the lay magistracy to discuss improvements to court buildings. [83869]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): I meet magistrates on a continuous basis and discuss a wide range of issues with them, including improvements to court buildings.

Mr. Bellingham: I am grateful to the right hon. and learned Lady for that reply, but when looking at improvements to magistrates courts, will she ensure that her Department always makes a priority of ensuring that justice is kept close to local communities? Does she agree that local hooligans and vandals need to be tried as close to their homes as possible, so that they learn to respect the administration of justice? Does she also agree that it is important that there be no further court closures in East Anglia?

Ms Harman: The hon. Gentleman makes an important point about the need for people to see justice happening in their local area. In addition, we want to ensure that the courts in which people are tried have proper facilities for victims and witnesses, and disabled access. If possible, we also want to ensure—certainly on the civil side—that people can get disputes resolved without having to go to court. We must balance all those issues and get good value for money out of the courts estate—including judges' lodgings.

Mr. Jonathan Djanogly (Huntingdon) (Con): What impact will the significant cuts in the Courts Service budget have on the court building and refurbishment programme?

Ms Harman: Obviously the courts estate budget is part of the Courts Service budget as a whole. People want value for money from all public services. As the hon. Gentleman will know, the Government have invested across the piece in public services such as health, education, law and order and indeed the justice system, but we must make absolutely sure that we secure value for money, and that is what the Courts Service will try to do.

Verbal Testimony

24. **Mrs. Claire Curtis-Thomas** (Crosby) (Lab): When she last met Court of Appeal judges to discuss verbal testimony. [83870]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Vera Baird): I have met a good many Court of Appeal judges in my time, two of them very recently, but I have not met any to discuss verbal testimony, and I have no plans to do so in the immediate future.

Mrs. Curtis-Thomas: Every day many prisoners who witnessed serious crimes are interviewed by the police in prisons up and down the country. I am immensely concerned about the integrity and transparency of the procedure, as many of those prisoners subsequently claim compensation. Having discussed the matter with many senior members of the judiciary, I share their view that such interviews should be video-recorded. Does my hon. and learned Friend agree?

Vera Baird: Matters relating to the way in which police procedures are carried out are for the Home Office, and of course my hon. Friend's suggestion has resource implications. However, when it comes to the hearing of such evidence in court, I can only agree with her, and with the senior members of the judiciary to whom she has spoken, that taped or even video-recorded interviews with witnesses in serious cases who are vulnerable or whose evidence is likely to be strongly contested would provide better protection for all parties.

Asylum and Immigration Tribunal

25. **Paul Rowen** (Rochdale) (LD): What the backlog of appeals is at the Asylum and Immigration Tribunal; and if she will make a statement. [83871]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): The Asylum and Immigration Tribunal did accrue a sizeable backlog between April and October 2005, which has caused delays in some appeals. We expect all those appeals to have been heard by the end of the year.

Paul Rowen: I thank the Minister for her answer, and for a letter that she sent me earlier in the week. Does she agree that part of the problem lies outside the AIT—in some embassies' delays in sending information and in the quality of judgment elsewhere, which the Court of Appeal then reverses? What steps can she take to ensure that information is given to the tribunal speedily so that it can set a date, and also to ensure that decisions made elsewhere do not necessitate the hearing of appeals?

Bridget Prentice: I have a great deal of sympathy with what the hon. Gentleman has said. I can tell him two things. First, last month we began trying to streamline the entry clearance process. We hope that that will reduce the period that elapses between bundles being received and being sent out by seven weeks, which I believe would make a substantial difference. Secondly, it is expected that 100 new judges will be recruited this year. That will also help to reduce waiting times.

I intend to visit some of our high commissions to see what problems entry clearance officers face, and to establish whether we can take direct action to improve their procedures.

Keith Vaz (Leicester, East) (Lab): I appreciate the enormous efforts that the Minister has made personally to deal with the backlog at the AIT, but the hon. Member for Rochdale (Paul Rowen) is right. Part of the problem is the decision-making process in posts abroad—I welcome the Minister's proposed visit to the subcontinent—but there is also the fact that documents are being lodged at Loughborough and Leicester, photocopied, sent back to the posts abroad and then returned. That means a 56-day period at the beginning of the process which adds to the delay.

Will the Minister undertake to examine the appeal process and ensure that it is revised so that cases, once lodged, can be dealt with as quickly as possible? Then constituents of ours who want to attend weddings here will be able to do so, and the appeal process will not be taking place when the wedding has already happened.

Bridget Prentice: I congratulate my hon. Friend on his recent appointment to the Privy Council. He is right, in that the system he describes has existed in the past; but we are trying to persuade posts abroad to stop engaging in the lengthy photocopying procedure and to use slightly more modern techniques such as e-mail so that the information reaches us more quickly. The listing times for entry clearance and family visitor appeals currently average 11 weeks across the AIT, which is down from the 16 weeks that it was earlier this year.

Simon Hughes (North Southwark and Bermondsey) (LD): The Minister's replies to the previous two questions were helpful, but if appeals are submitted at foreign missions, they can take only six weeks—and that is good. Can she direct that such times should also be achieved if appeals are submitted here in London? On some occasions, the tribunal has allowed entry clearance officers to take 11 weeks or even up to 17 weeks just to get their papers ready. That means that the service can be up to three times worse. If an appeal is successful, but the Home Office wants to challenge it, can it be required to do so promptly, not six or nine months later? That sort of delay is disgraceful.

Bridget Prentice: The hon. Gentleman makes a valid point and I understand the problem as I, too, have many constituents making such appeals. We are continually looking for ways to reduce the time taken, and he will know that I have held forums with MPs to discuss some ideas, many of which have now been incorporated in the system. I understand that my hon. Friend the Minister for Immigration, Citizenship and Nationality will visit the tribunal here in Britain and I hope that, through co-operation, we will be able to achieve a better standard across the piece.

Coroners

26. **Mary Creagh** (Wakefield) (Lab): What powers coroners have to investigate deaths abroad. [83872]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): A coroner has the duty to investigate a death abroad where the death was violent, unnatural, sudden or of unknown cause.

Mary Creagh: I thank my right hon. and learned Friend for that reply. In July 2000, my constituent, Alison Miller, lost her son, Matthew, when he was knocked over and killed by a speeding driver on the island of Minorca. In Spain, when a death is accidental, prosecution has to be requested by the injured party, but because of a clerical error between the Foreign Office and the British consulate, the time limit expired before Ms Miller could file for a prosecution and she could not get access to justice for her son. What contact have my right hon. and learned Friend and her officials had with the Support Abroad for Equal Justice Foundation, which my constituent set up to ensure that other bereaved British families get access to justice abroad when they lose loved ones in such tragic circumstances?

Ms Harman: As it turns out, before my hon. Friend tabled her question, I had already arranged to meet Alison Miller as part of a group of families who were coming to see me about the coroner system and about how we can ensure that those who are bereaved by a sudden death get answers to their questions. Relatives want answers to sudden deaths when they happen in this country, but it is especially difficult for people to get information when it happens abroad. If a local coroner cannot get information from Spain or another country that they need to complete an inquest, our new proposed chief coroner—part of the reform of the coroner system that we will put before the House—will be able to ensure that they get the information instead of struggling to do so or failing, as they often do at present.

Dr. Vincent Cable (Twickenham) (LD): Will the Minister investigate the extreme staffing crisis in some coroners' courts, especially south-west London, which has resulted in prolonged delays in the hearing of cases and great distress to the families concerned?

Ms Harman: I will look into the staffing situation in south-west London. As the hon. Gentleman will know, we plan through the coroner system reform to have national standards so that we do not have delays in certain areas. We want to have proper training and we need an overview of what resources there are to support coroners' offices in their work. At the moment, we do not have a proper national picture and we cannot monitor the situation, but I will look into his particular concerns. Bereaved relatives need to know that there will be a prompt inquiry and that their questions will be answered.

Court Facilities

27. **Jessica Morden** (Newport, East) (Lab): How many courts have separate facilities for victims and witnesses. [83873]

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): There are 93 Crown courts, 88 of which of have dedicated witness facilities. Of the 355 magistrates courts, 302 can provide dedicated facilities for witnesses and victims.

Jessica Morden: One of the successes of the domestic violence court pilots was that better facilities for witnesses and victims improved people's experience of the system. Will my right hon. and learned Friend elaborate on any plans that the Department might have to roll the provision out further and to invest in more facilities throughout the court system?

Ms Harman: My hon. Friend makes an important point. In the past, no one was surprised that many domestic violence cases did not stay the course. Abused wives and girlfriends did not give evidence because that meant that they had to sit in the court waiting area, opposite the defendant and all his friends and relatives. The introduction of proper facilities for victims and witnesses is long overdue, especially as they are often intimidated. We are therefore planning to roll out the provision across England and Wales.

Mr. David Kidney (Stafford) (Lab): Is my right hon. and learned Friend planning to admit journalists to family courts? If so, will she assure the House that victims and witnesses waiting for their cases to come up will not face unwanted approaches from journalists?

Ms Harman: My hon. Friend will know that we are consulting on how to ensure not only that justice is done in family courts, but that it is seen to be done. We want those courts to be more open and accountable, and we are proposing to allow the press in, subject to reporting restrictions. Hon. Members are welcome to engage in the consultation, but we are concerned to ensure that people waiting to give evidence in family courts are property protected, and not hassled by journalists.

Learning Disability Services (Cornwall)

3.31 pm

Julia Goldsworthy (Falmouth and Camborne) (LD) (*Urgent Question*): To ask the Secretary of State for Health if she will make a statement, pursuant to her written statement of 6 July, on the timetable for implementing the national recommendations contained in the joint inquiry into the position of learning disabled services at Cornwall Partnership NHS Trust by the Healthcare Commission and the Commission for Social Care Inspection.

The Secretary of State for Health (Ms Patricia Hewitt): Let me begin by apologising, on behalf of the NHS, to the vulnerable people in east Cornwall who have suffered from individual and institutional abuse, and to their families, who have shared their distress.

As I told the House in my written statement on 6 July, the Healthcare Commission and the Commission for Social Care Inspection recently published a report of their investigation into abuse at the Cornwall Partnership NHS Trust. I fully accept the conclusions and recommendations of their report, and have already agreed to the immediate application of special measures.

The failings identified by the two commissions are horrifying. People with learning disabilities are entitled to be treated with the same dignity and respect as every other member of the community. Abuse of those particularly vulnerable people is absolutely unacceptable and I am determined both that matters should be put right in Cornwall and that lessons should be learned nationwide, where necessary.

In 2001, our White Paper "Valuing People" set out the principles of rights, independence, choice and inclusion for people with learning disabilities. Had those principles been followed in practice in Cornwall, then of course the abuse would never have happened.

Action has already been taken in Cornwall. An external team was appointed in October 2005 to start improving services. Disciplinary action was initiated against seven members of staff, five of whom have been dismissed. More than 200 community care assessments have now been completed for everyone using the trust's services. However, more is still required.

The special measures now being taken include an external independent review of the board's membership and workings. They also require the external team to remain in place in the trust for a further 12 months to oversee the necessary transformation of the service.

It is not only Cornwall Partnership NHS Trust that needs to take action. The North and East Cornwall primary care trust is shortly to be joined with the West of Cornwall and Central Cornwall PCTs to become the Cornwall and Isles of Scilly PCT. Along with Cornwall county council, those PCTs are responsible, as commissioners of the services involved, for ensuring the highest possible standards of care. They signally failed to do that.

As we said in the White Paper "Our health, our care, our say" in January:

> "We expect PCTs to be robust in their management of services that do not deliver the necessary quality. Where there are deficiencies in service quality, PCTs will be required to set out a clear improvement plan",

which

> "may include tendering for the service where standards fall below those expected."

Let me make it clear that unless, in the very near future, fundamental improvements are seen in those services in Cornwall, I expect the new PCT and the county council to look to other providers, in line with the White Paper principles, to ensure that they discharge their responsibility to those vulnerable people.

We are also considering the implications for learning disability services across the country. The commissions say in their report:

> "While we accept that there may be other pockets of poor practice found elsewhere in the country, this does not excuse poor practice at the trust and, in our view, the extent of unacceptably poor practice in Cornwall is unusual."

None the less, I strongly welcome and endorse the Healthcare Commission's decision to conduct a national audit of services for people with learning disabilities. My Department is working with the Healthcare Commission and the Commission for Social Care Inspection in developing that national audit, which will assist in addressing national recommendations; for example, it will check that services are properly registered under the Care Standards Act 2000, where required by law. The audit process will be tested on three sites in September this year and will then be implemented nationally from January 2007.

Let me stress, however, that there is no need to wait for the conclusions of the national audit, necessary though it is. If any service user or their family, any professional or member of the public believes that abuse is going on in any setting elsewhere, they should come forward now. Any allegations will be fully and properly investigated.

I shall be asking strategic health authority chief executives to take immediate action to ensure that NHS bodies that provide services in a housing association, voluntary or charitable sector are registered with CSCI and, if they are not, that they apply for registration immediately.

As I said in my written statement, my Department is already taking other steps to provide additional safeguards for the protection of vulnerable adults. The Safeguarding Vulnerable Groups Bill is currently going through Parliament, and will assist in responding to the national recommendations for safeguarding vulnerable adults. In particular, it will ensure that unsuitable people are not employed by the NHS in future. We have also issued statutory guidance to directors of adult social services, stressing their responsibility for ensuring that local arrangements for safeguarding vulnerable adults are working effectively. We will have further discussions with the Healthcare Commission and CSCI to ensure that, if necessary, regulatory arrangements are strengthened so that that learning disability services are properly inspected everywhere in future.

What happened in Cornwall was shameful and must not be allowed to happen again. But the situation in Cornwall should not be allowed to cast a shadow over the excellent services provided for many adults with learning disabilities by thousands of staff—in the NHS

[Ms Patricia Hewitt]

itself, in social care services and in the private and voluntary sectors. Many people and their families are immensely grateful to those staff for the care and support they provide. While thanking those staff for the services they provide, I underline to the House our determination to take the necessary steps, both locally in Cornwall and nationally, on the basis of the reports that have been presented.

Julia Goldsworthy: I thank the Secretary of State for her statement, and on behalf of my constituents, particularly those affected, I thank her for her apology on behalf of the NHS.

People all over the country, as well as many of my constituents and the House, will be deeply concerned to learn of the unacceptable treatment of individuals with learning disabilities, and to learn that although those abuses were reported, action was not taken by the trust management in response. It is entirely right that we have the opportunity to discuss these matters on the Floor of the House, and I am sorry that the Secretary of State did not choose to do so of her own volition, bearing in mind the seriousness of the findings.

It is important that every effort is made to ensure that the physical, mental and financial abuse of vulnerable adults with learning disabilities, such as has been reported at the Cornwall Partnership NHS Trust, can never be allowed to happen again—in Cornwall or anywhere else in the country. The national recommendations in the report will go only part of the way to achieving that—

Mr. Speaker: Order. I granted the hon. Lady an urgent question, so she must now put questions to the Secretary of State rather than making a statement to the House.

Julia Goldsworthy: Has the Secretary of State assessed how many NHS bodies will be affected by the national recommendations contained in the report? How long will they take to implement? What proportion of those providing services for the learning disabled are currently not in compliance with the recommendations? What are the cost implications of the recommendations for NHS bodies and local authorities? Despite existing budgetary pressures, both Cornwall county council and the primary care trust are facing additional unanticipated expenditure of roughly £2 million each this financial year.

In addition, will the Secretary of State please look again at the inspection system? The Healthcare Commission found terrible levels of abuse in its inquiry, but failed to pick up any of those problems in its two previous inspections of the trust, which covered the same period and which resulted in the trust being awarded three stars and two stars respectively. Does she agree that that points to failings in the inspection system that are not covered in the report's recommendations? They must be urgently addressed. How could the management failings go unnoticed in those inspections, and why was the widespread abuse and mismanagement not dealt with on those occasions? Although registering with CSCI will ensure that minimum standards are met in relation to homes and domiciliary care, without performance indicators, the treatment of adults with learning disabilities will not be integrated into the strategy—

Mr. Speaker: Order. We have to bear it in mind that the House has other business. I agree that this is an important matter— I would not have agreed to the urgent question otherwise. However, if there are any other supplementary questions, the hon. Lady must write to the Secretary of State.

Ms Hewitt: On the first group of questions that the hon. Lady asked, the Healthcare Commission said that it believed that the situation was unusual—not only in relation to the extent of the outrageous abuse that was taking place, but in the sense that, although the NHS trust claimed to be offering treatment and assessment services, it was actually providing something in the nature of a long-stay residential home that, if it was going to provide services, should have been registered with CSCI. We will not know until we have conducted the national audit whether there are other organisations in that unusual position or others not in compliance with the national recommendations. At this stage, we have no reason whatsoever to think that the situation in Cornwall is replicated in large numbers of organisations in other parts of the country.

The hon. Lady asked why the failings were not picked up earlier in inspections by either the Healthcare Commission or CSCI. That matter is addressed, in part, in the report of the two organisations. In part, there is the rather unusual structure of the trust and the fact that, after the earlier merger of the provider trusts, responsibility for learning disability services was not passed to the social services department of the county council, as it was in most other parts of the country. My hon. Friend the Under-Secretary of State for Health will discuss that matter further with the two commissions.

As for why the management failings went unnoticed and the complaints in 2001 and 2003 were so inadequately dealt with, that comes down to issues about board governance. In line with the Healthcare Commission recommendation, we will now review that matter by means of the external independent review of the board's operation that we will be commissioning very shortly.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): If there is sufficient evidence to dismiss five people, is there sufficient evidence to start criminal proceedings against them?

Ms Hewitt: The police are involved in looking at the cases. The cases of 40 vulnerable adults have now been referred to the team responsible for protecting vulnerable adults. The police are part of that team and therefore they will make the necessary investigations. Other cases involving irregularities in the handling of service users' money have already also been referred to the police. At this stage, obviously, I cannot say whether proceedings will follow, but certainly the police are involved.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I share the Secretary of State's sense of concern and outrage at the extent of the abuse disclosed at the Cornwall Partnership NHS Trust, particularly given that in so many places across the country—such as Meldreth Manor in my constituency, where Scope is looking after young people with profound learning disabilities—such considerable care and quality of care is given to those with learning disabilities. She responded to a number of questions. The report made some particular recommendations that bear on the national circumstances and were designed not simply to buttress the process of inspection and the audit that is to come next year, to which she referred, but to try to build some of the principles of valuing people into the care that is given to those with learning disabilities. May I just ask a few questions about those?

First, one of the things that are rather disturbing is quite how far away from home people with learning disabilities live, which is on average 74 miles, but in some cases up to 300 miles. What steps can be taken soon to try to reduce how far people with learning disabilities are from home?

Secondly, the debate on the Safeguarding Vulnerable Groups Bill has disclosed that whereas it was originally intended that the IMPACT computer system to enable the exchange of data between agencies would be in place by 2007, it will not be in place in full until 2010. Will the Secretary of State say whether she, or indeed the Home Office, which leads on this, will be able to improve on that, because the delay might have serious implications?

Thirdly, one of the important recommendations in "Valuing People" back in March 2001 was that everyone with a learning disability should have received a

"Health Action Plan by June 2005."

Will the Secretary of State say whether that has indeed happened? If it has not happened yet, when will it have happened?

Finally, a recommendation in the latest report was that the supported living fund should be paid to individuals and managed locally. The Secretary of State said that she accepted all the recommendations, but that had no timetable attached to it. Will she thus attach a timetable to that important recommendation as well?

Ms Hewitt: The hon. Gentleman raises an important point about the distance that many people with learning disabilities live away from home. That is very much a matter for commissioners. As primary care trusts and social services authorities review services, in accordance with the White Paper principles, they should take that into account. In some cases, there might be good reasons why people are living a considerable distance from home—for instance, so that they can get the services that they need—but clearly being so far away from their home and family is likely to increase their vulnerability to poor services, or even abuse. I would expect commissioners to take that issue into account when considering whether more services need to be provided locally for this particular group of people.

The hon. Gentleman asks about the exchange of data between agencies. I am aware that there are various difficulties in ensuring that the barriers to exchanging data are removed. I will write to him with further details of the progress that we are making on that point.

The hon. Gentleman asks about health action plans for people with learning disabilities. I understand that some areas have put those in place for all people covered by the recommendation. However, that is not the case universally, and, again, it is something that commissioners and health providers need to consider.

The hon. Gentleman referred to the recommendation about the supported living fund. I would add to that the work that we are already doing following the January White Paper on extending individual budgets and direct payments, which is already giving many adults with learning disabilities much more choice about, and control over, where they live, what kind of support services they have, and who provides those services. Those features were almost wholly absent from the experiences of the people in Cornwall. All those issues and others will be considered in more detail by the Under-Secretary of State for Health, my hon. Friend the Member for Bury, South (Mr. Lewis), who will be leading a high-level group in the Department of Health to ensure that the recommendations are implemented and that we follow up to ensure that this does not happen again.

Sandra Gidley (Romsey) (LD): We must all be concerned when we become aware of widespread institutional abuse. Part of the problem was that the Healthcare Commission realised that it had to involve CSCI. Does the Secretary of State agree that the sooner the two bodies are merged, the better, so that other people will not fall through the gaps in inspection? Does she also agree that it would probably be a good idea to increase the number of unannounced inspections because that could more easily pick up some of these problems? Most importantly, will she ensure that those who are accused of malpractice are not placed in a situation in which they are investigating themselves, because that happens far too frequently?

Finally, it took five families working with the help of Mencap to highlight the situation. What chance does she have of reassuring a single family that its voice will be heard and that we will not be in a similar position in the years and months to come?

Ms Hewitt: We have announced our intention to merge the Healthcare Commission and CSCI by 2008. In the meantime, however, the two organisations are working together much more closely, and we will continue to ensure that they do so in anticipation of the merger and, indeed, even before that takes place. The hon. Lady is quite right about the desirability of unannounced inspections. As the Healthcare Commission and CSCI operate on the principle of better regulation, they have already ensured that their inspections are based on a proper risk assessment, complemented by both random and unannounced inspections to pick up problems.

The hon. Lady referred to the problem, which was particularly prominent in Cornwall, of people investigating complaints about matters for which they were responsible or in which they had colluded. That is completely unacceptable, and it should be standard good practice for the board of any trust that provides services to ensure that complaints are investigated.

[Ms Hewitt]

When they are investigated internally, that should be done by someone who is not implicated in the matters to which the complaint relates. As for ensuring that proper attention is given to complaints even from a single user or family, we have already taken steps to strengthen the NHS complaints procedure. From my own constituency experience, I have been impressed by CSCI's response to concerns—for example, about the treatment of a vulnerable elderly person—raised by one family, and by the way in which it has looked at the situation in the care home or whatever is the subject of complaint. We certainly need to ensure that the voice of the most vulnerable people in our community is heard by the staff who look after them, by the board responsible for the organisation that employs those staff, by commissioning organisations and by the regulators. As Members of Parliament, we can assist with that process, but we must ensure, too, that the regulatory and complaints system is as it should be, and that is what we are doing.

Matthew Taylor (Truro and St. Austell) (LD): People both inside and outside the House will be shocked by those appalling events, none more so than people in Cornwall. While there were terrible shortcomings at a local level, the Minister will accept that the inspection regime, which should have guaranteed that those individuals' interests were well protected, failed. Can she confirm that there will be an immediate step up in unannounced inspections so that that can never happen again for such a long time without it being picked up? Finally, will she reflect on the fact that while appalling events have taken place, nationally and, indeed, in Cornwall, many people caring for individuals with learning disabilities do not treat their patients that way. An enormous amount of good work is done by many people, not least in the NHS in Cornwall, but they may believe that their efforts are unappreciated.

Ms Hewitt: I have made it clear that the Healthcare Commission and CSCI, in particular, have changed their inspection regime, both to ensure that they look at organisations when there is reason to believe that people may be at risk and to use unannounced inspections. In Cornwall, the problem was not an absence of unannounced inspections but the fact that the inspections did not look at what was happening in learning disability services, partly because of a curious arrangement for services provided in what appeared to be a health service establishment. The regulators are looking at that problem. As for the excellent services provided by many staff and organisations in different parts of the country, I entirely concur with the hon. Gentleman and stressed that point earlier.

Mr. Dan Rogerson (North Cornwall) (LD): Further to the Secretary of State's comments on the good work that is being done, many families in Cornwall who have experienced the care provided by the trust are far more positive about smaller establishments. They are particularly nervous about change, so can the Secretary of State provide reassurance that the needs of those clients and the preferences of their families will be taken into account as we move forward?

Ms Hewitt: The hon. Gentleman raises an important point. In its report the Healthcare Commission stressed that most of the staff to whom it talked were warm, kind and committed to doing their best for the people in their care, but did not have the training, support and the proper systems in place to enable them to do that. Of course, it is a central principle of good care for vulnerable people that they and their families are fully consulted about any changes that may need to be made in the services that are provided. That is part of the purpose of the care assessments that have already taken place.

Energy Review

3.55 pm

The Secretary of State for Trade and Industry (Mr. Alistair Darling): With your permission, Mr. Speaker, I would like to make a statement on the energy review which was announced by the Prime Minister last November. Today I am publishing a report setting out the conclusions of that review. Copies will available in the Vote Office in the usual way. The report is extensive, and of necessity my statement has to cover proposals in some detail.

We face two major long-term challenges—first, along with other countries, to tackle climate change and the need to cut damaging carbon emissions, and secondly, to deliver secure supplies of cleaner energy at affordable prices. Increasingly, we will come to depend upon imported gas and oil as our own plentiful but harder to exploit North sea oil reserves decline. The proposals that I am announcing set out our approach to meeting our energy needs over the next 30 to 40 years. Many of the proposals contained in the report will need further consultation. Thereafter, the Government intend to publish a White Paper around the turn of the year.

The starting point for reducing carbon emissions must be to save energy. If we are to meet our goals of a 60 per cent. reduction in carbon dioxide emissions by 2050, we need not just to reduce carbon intensity through low energy sources such as renewables, but also to save energy. We therefore make a number of proposals to encourage greater energy efficiency.

For consumers, we need better information about the amount of energy used, smart metering, real-time energy use displays, better and clearer energy bills, and more information for new buyers and tenants on energy efficiency in homes. It is estimated that leaving electric appliances on standby uses about 7 per cent. of all electricity generated in the UK, so we will work with industry and others to improve the efficiency of domestic appliances and to phase out inefficient goods, thus limiting the amount of standby energy wasted.

We also propose a range of measures to take us towards a long-term goal of carbon-neutral developments. New homes can use around a quarter of the energy to heat, compared with the average home. We aim to make the Government estate carbon- neutral by 2012. We will also provide strong support for the use of on-site electricity generation, such as solar panels. Energy efficiency will help people on low incomes especially. The review sets out our approach.

If we are to make a real difference to reducing energy demand, we need a radically different approach. We need a stronger obligation on energy companies to provide energy saving measures and a radical plan to change the way in which they sell their services. Yes, we will encourage Britain's 27 million homes to become more energy efficient, but it is also essential that we incentivise Britain's big six energy suppliers to work with homeowners to make their houses more energy efficient. Today, companies have the incentive to sell as much as they can. Instead, we need to give energy producers incentives to make homes more energy efficient and to sell them more insulation products. We are consulting on the most effective way of doing that.

The European Union emissions trading scheme, which covers 11,000 high intensity users of energy, and the climate change levy are key to encourage businesses such as power stations or steelworks to save energy and to cut emissions, but there are in addition around 5,000 large businesses and public services in the UK that are not covered by the scheme. We want to reduce energy inefficiency for those companies too. One supermarket chain in the UK alone is one of the biggest single users of energy in the country. Those businesses should be incentivised to reduce their emissions, so we shall consult on a proposal for an emissions trading scheme for them, along with other options to cut the amount of carbon produced—something they support. That makes economic and environmental sense.

Saving energy in businesses and homes is essential, but so too is the need to cut emissions from road transport. Fuel efficiency in transport continues to improve. We will encourage the use of lower carbon fuels, especially biofuels, and there will be more cost-effective opportunities to save carbon as new technologies are developed. Company car tax and vehicle excise duty have been reformed to encourage energy efficiency, and we will continue to press the European Union to consider the inclusion of surface transport in the emissions trading scheme as well as aviation.

Last November, we announced the renewable transport fuel obligation—5 per cent. of all fuels to be from renewable sources by 2010. Today, we propose that that obligation, after consultation, should be extended after 2010, provided that some important conditions are met. That could provide a further carbon reduction of 2 million tonnes, which is equivalent to taking another million cars off the road, once it is fully implemented.

Providing the right incentives to reduce energy is critical, but we also need to do more to make the energy that we use cleaner. We have a number of proposals. Most of our electricity is generated in large power stations, and around three quarters of our heat comes from gas fed through a national network, which delivers economies of scale, safety and—crucially—reliability. However, the Government believe that we can do more to encourage the generation of electricity on a smaller scale near to where it is used. Today, less than 0.5 per cent. of our electricity comes from microgeneration, while combined heat and power provides about 7 per cent. We need to do more.

There are technical and other obstacles to overcome, but we want to remove barriers to the development of what is known as distributed generation. We can do more to make microgeneration more attractive and to make it easier to set up combined heat and power schemes. The Government believe that this is a major opportunity for the United Kingdom to invest in renewable energy and other low carbon technologies. The environmental transformation fund, which was announced recently, will provide investment for energy funding services. Details of the scale and scope of that fund will be announced in the spending review in 2008. We will also encourage low carbon alternatives such as biomass, solar and heat pumps.

Over the next two decades, it is likely that we will need substantial new electricity generation capacity as power stations, principally coal and nuclear plants, reach the end of their lives—their output is equivalent

[Mr. Alistair Darling]

to about a third of today's generating capacity. Power stations are long-term investments, and we need to implement the right framework to incentivise investment decisions to limit carbon emissions. We remain committed to carbon pricing in the UK through the operation of the emissions trading scheme, and it is essential that there is a carbon price to encourage us to use less of it. Today, around 90 per cent. of the UK's energy needs are met by fossil fuels, so we need to do more to encourage the renewable generation of electricity.

The renewable obligation is key to support the expansion of renewables. It has resulted in major developments, particularly in onshore wind power generation, landfill gas and the use of biomass in coal stations. Far from getting rid of the renewables obligation, as some have proposed, we intend to increase it from 15 to 20 per cent. We also want to give a boost to offshore wind energy generation and other emerging technologies—for example, tidal—to encourage growth. We will consult on banding the obligations to encourage those developments.

The Government also see a continuing role for both gas and coal-fired generation. We will convene a coal forum to bring together UK coal producers and suppliers to help them find solutions to some of the long-term problems of UK coal-fired power generation and UK coal production. Coal-fired generation continues to meet around one third of electricity demand, and last winter it met as much as half, which shows the important role that coal can play in UK energy security.

If coal-fired generation is to have a long-term future, however, we need to tackle its heavy carbon emissions. Carbon capture and storage could cut emissions by 80 to 90 per cent., and we have some natural and commercial advantages such as a strong oil industry and old oil fields where CO_2 can be stored. The next step is a commercial demonstration, if the technology proves to be cost-effective. We are working with the Norwegian Government and the industry on development, and a further announcement will be made in the pre-Budget report. Carbon capture could lead to our saving several million tonnes of carbon by 2020.

The Government believe that a mix of energy supply remains essential and that we should not be over-dependent on one source, which is especially true if we are to maintain security of supply in the future. We will continue to do everything that we can to promote more open and competitive markets, which is why we are backing the Commission in securing the effective implementation of the energy market. We will also take steps to secure gas supplies, maximising the exploitation of oil and gas from the UK continental shelf. Last month, we saw a record number of applications for further development in the North sea. We also need to facilitate the construction of sufficient storage and import infrastructure.

Against a background where Britain's nuclear power stations are ageing, decisions will have to be taken on their replacement in the next few years. If we do nothing, the proportion of electricity generated by nuclear could fall from just under 20 per cent. today to just 6 per cent. in 15 years' time. Moreover, nuclear has provided much of the electricity base load, contributing to consistency of supply as well as security of supply. While some of that capacity can and should be replaced by renewables, it is more likely than not that some of it will be replaced by gas, which would increasingly have to be imported. The Government have concluded that new nuclear power stations could make a significant contribution to meeting our energy policy goals. It will be for the private sector to initiate, fund, construct and operate new nuclear plants and cover the cost of decommissioning and their full share of long-term waste management costs.

The review makes a number of proposals to address barriers to new build, and the Health and Safety Executive is developing guidance for providers of new stations. For nuclear new build, considerations of safety and security will be paramount, as they are now. We are setting out a proposed framework for the way in which the relevant issues on nuclear should be handled in the planning process, and we will consult on that before the publication of the White Paper. The Committee on Radioactive Waste Management—CoRWM—published its interim recommendations in April, confirming its preference for geological disposal of nuclear waste. The committee is to be congratulated on the open and transparent way in which it has conducted its work and the broad consensus that it has developed for securing the future long-term management of the UK's nuclear waste. It will publish its final report this month, and the Government will respond thereafter.

If we are to see any of these developments, whether they be renewables or conventional power stations, we believe that we need to change the planning laws in this country. We will work with the devolved Administrations to ensure that we have an effective planning regime. We can make some changes now—for example, bringing together the planning process and consents on the Electricity Act 1989—but the Government believe that the current planning regime needs fundamental reform, and we will consult on proposals to do that later this year.

The proposals that I have set out will result in a reduction of between 19 million and 25 million tonnes of carbon by 2020, over and above the measures already announced in the climate change review programme. We are on course to achieve real progress in cutting emissions by 2020 and on the right path to attaining our goal of cutting the UK's carbon emissions by 60 per cent. by about 2050. The proposals will help us to meet our twin objectives of tackling climate change and providing security of supply. The scale of the challenge is great. The proposals show how we can overcome them to secure our prosperity and the health of our planet. I commend the statement to the House.

Mr. Alan Duncan (Rutland and Melton) (Con): First, I thank the Secretary of State for his courtesy in giving us advance sight of his statement.

This review has been much heralded, but sadly we find today that it amounts to almost nothing. After six months' work, 2,000 submissions, and hundreds of thousands of civil service hours, the conclusion is that nuclear power

"could make a significant contribution"

to meeting our energy supply goals. This statement is not carbon-free but content-free. We have been told for months that urgent decisions must be made now. We have been told that delaying those decisions would risk the lights going out and that this is the most fundamental review of our energy needs ever undertaken—and then all we get today is this statement.

The statement proposes six new consultations—[*Interruption.*]

Mr. Speaker: Order. Let the hon. Gentleman speak.

Mr. Duncan: The statement proposes six new consultations and the convening of a new forum, and says that there is much to consider, yet there are no real policies, no real action, no real decisions, and no real energy review at all. There is nothing here. Everybody believed that the Prime Minister had made a decision to build new nuclear power stations and that this review followed to provide the air cover for that decision. Instead, the Secretary of State announced at the end of his statement that the Government believe that

"new nuclear power stations could make a significant contribution".

Did the Prime Minister realise that he was so out on a limb that his views are not shared even in his own Cabinet, and that the Secretary of State for Wales agrees with us rather than with his Prime Minister?

Last week, we set out our findings. We said that the key aims are reducing carbon emissions and securing supplies—exactly what the Secretary of State echoed on the radio this morning.

We proposed a tougher carbon regime to tackle emissions; a capacity payment scheme to build security; a long-term framework to encourage investment, and a change in market structures to encourage decentralised energy and efficiency measures. Those combined proposals will spark a green revolution and guarantee reductions in carbon emissions. Almost everybody, even Stephen Hale, who used to be special adviser at the Department for Environment, Food and Rural Affairs, welcomed our proposals.

The subject is very important. Does not the Secretary of State believe, like us, that political consensus is essential if we are to build the climate for investment in the energy sector that is badly needed? Even the Liberal Democrats announced today that they were not against nuclear power in principle.

Where there is agreement, we welcome it. The Government attacked our position on nuclear power, but now they seem to have changed their stance. They attacked us for saying that the renewables obligation was not working, but now they agree with us and say that they will consider—only "consider"—reforming it. They claim that they want to streamline the planning system—we agree. They say that there should be no subsidies for nuclear—we also agree. If they say that the costs must be transparent and a solution for waste must be found, we agree with that, too.

The Government say that they want to promote energy efficiency—we agree. They say that they approve of the EU emissions trading scheme—we do, too. Indeed, we went further because we made proposals for extending carbon trading. However, where is Government action? Perhaps we will have to conduct another energy review.

We do not agree that Nirex and the Nuclear Decommissioning Authority should be joined up. Independent bodies are better placed to ensure that safety remains paramount in the nuclear industry. Will the Secretary of State therefore confirm that those bodies will remain separate?

What are the proposals in the statement for increased gas storage? Where are the exact proposals for supporting decentralised energy? When will genuine action be taken to amend Ofgem's remit? We have to wait until paragraph 55 out of 60 to reach the words,

"There are some changes we can make now".

Even that means simply a further period of consultation on the planning process. The review is vague even about the future of nuclear power.

Far from being back on the agenda with a vengeance, as the Prime Minister told us, the Secretary of State now says that nuclear power

"could make a significant contribution to meeting our energy policy goals."

Is not it the truth that the Prime Minister's rhetoric is only rhetoric? That applies to the announcement of the Franco-British nuclear forum last month. In response to my questions, the Secretary of State was unable to say what it would do, who would pay for it, what its remit would be or even if it exists after all.

The Prime Minister says that he wants new nuclear power stations. However, the review does not tell us how he will make that happen. What exactly will the Government's role be in ensuring that new nuclear power stations are built? Is it their intention, as reported today, to take existing nuclear sites away from British Energy and place them under Government control? To what extent will there be Government interference to get new nuclear power stations built? What deals have the Prime Minister or the Secretary of State done, about which they have not told us? How many power stations does the Prime Minister expect? Does the Department of Trade and Industry have a target—six, 12, any more bids? Will a number be set? Does the statement contain anything to match the Prime Minister's macho, pro-nuclear rhetoric?

We need to spark a revolution in energy and we need green security. After nine years, six Secretaries of States, three energy reviews and God knows how many Ministers for Energy, carbon emissions continue to rise. The review could have done so much more. Three years ago, we were promised final decisions. Today, we have not got them. The review appears to have done almost nothing. It is a grave and perilous let-down.

Mr. Darling: Let me start with the hon. Gentleman's first point—the desirability of political consensus. It would be highly desirable, given the long-term nature of the planning required for energy, for such a consensus to exist.

Mr. Duncan: Get on with it.

Mr. Darling: The hon. Gentleman says, "Get on with it", but I suggest that he start in his own backyard. In January, he said in the Chamber:

"I have... an instinctive hostility to nuclear power."—[*Official Report*, 17 January 2006; Vol. 441, c.779.]

[Mr. Darling]

Only two or three months later, the shadow Chancellor said:

"I am happy to see nuclear power."

Then, last week, the Leader of the Opposition gave the impression that he was for nuclear power, but maybe not yet. Once the Conservatives manage to get a consensus on what their policy is, I will happily talk to them about what we might do in the future.

The Government believe that nuclear power could provide—*[Interruption.]* Yes, I use the word advisedly. It is for the generators to come forward with proposals, whether they are for nuclear, renewable, oil or gas. The Government believe that some of the barriers that make it difficult for such developments to proceed ought to be removed. Yes, there needs to be consultation in some cases. Apart from anything else, if we are to provide a clear statement of need for planning inspectors, there will need to be a White Paper, and that will require some consultation before we produce it. However, we have a very clear sense of direction. We need a mix of energy supplies. We are quite clear about that. That mix has served this country well over the past few decades, and it will continue to do so.

The hon. Gentleman seems to have some difficulty with renewables. In the policy announcement that the Conservatives made last week, they made it clear that, under the Tories, the renewables obligation would go. The Leader of the Opposition made a classic statement on this, saying:

"There must be a level playing field for renewable and decentralised energy to compete on equal terms with nuclear power."

Is he saying that nuclear should be subject to the renewables obligation, or that nothing should be subject to it? If there were no renewables obligation, even the renewable development that we have seen so far would simply disappear, because it needs that incentive. Anyone who is contemplating a future with more renewable energy, not only onshore but offshore, as we are, should be in no doubt that there would be no renewables obligation under the Tories. They would throw that whole industry into uncertainty. All their green talk is completely undermined by their actual policy.

We have set out a clear sense of direction, and a framework that will allow development to take place. As I said, nearly a third of our generating capacity will need to be replaced over the next 20 to 30 years. There is now a clear sense of direction to allow industry to plan, and there are measures to ensure that we reduce our demand for energy and become more energy efficient. It is no wonder that the hon. Gentleman is so embarrassed.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Secretary of State for his statement and for making an early copy available to me. Three years ago, the Government had an energy review, which the Prime Minister described as a "milestone in energy policy". The then Secretary of State said that her White Paper established an energy policy "for the long term". What went wrong? Will the Secretary of State tell us, for example, why the Government are not on track to meet either their renewable energy targets or their energy efficiency targets, which were set only three years ago, and why carbon dioxide emissions are increasing, not falling?

On energy efficiency and conservation, I welcome much of what the Government are now promising, but is it not possible to go further and faster on energy efficiency? Why, for example, after this review, will our building regulations still be weaker than those in Scandinavia? The Secretary of State has said some very sensible things on renewables, but he must be aware of the range of major renewable energy projects such as harnessing tidal power from a lagoon-based Severn barrage, the proposed 10 GW North sea wind farm, and the massive potential for marine energy in the Pentland firth. What sort of leadership and encouragement will his policy give to the market for such ideas? Is not there a huge danger that, by going nuclear as well, the Government will undermine and crowd out investment in energy efficiency and renewables?

The right hon. Gentleman's predecessor told the House in 2003:

"It would have been foolish to announce...a new generation of nuclear power stations because that would have guaranteed that we would not make the necessary investment and effort in both energy efficiency and in renewables."—*[Official Report, 24 February 2003; Vol. 400, c. 32.]*

What has changed? Is not there also a danger that nuclear energy could crowd out investment in clean-coal technology and carbon capture and storage? Surely we should instead be finding new ways of bringing forward major investment in those technologies, as they have the potential to deliver faster than nuclear. The Secretary of State talks about security of supply, but will he confirm that, under his plans, it will not be possible to build any nuclear power station within the next 10 years? Will he also confirm that the difference between a nuclear and a non-nuclear strategy in terms of gas supplies is actually not very large?

The Secretary of State has laid out an attractive future for decentralised energy generation. Does he not accept, however, that nuclear power would tie us into a centralised grid infrastructure that would minimise the potential for microgeneration and local combined heat and power? He said in recent interviews that he is a late convert to nuclear. He said today that, under his plans, nuclear power will get no subsidies or financial favours. Will he now answer the question that he failed to answer at last week's Trade and Industry questions, when he could not name a single nuclear power station in the UK or abroad that had been built on time, on budget and without public subsidy? Is he prepared to guarantee for the entire life of the nuclear plants, that there will be no hidden subsidy, no super-long unfair price contract, no cap liabilities, no Government support for nuclear waste decommissioning, no assistance with waste disposal and no stealth nuclear tax for consumers? If business does not build nuclear plants as he proposes, what happens to his policy?

On nuclear waste, can the Secretary of State confirm that the Committee on Radioactive Waste Management's interim report only dealt with existing old waste? It only offers a solution over several decades for past waste, which still needs yet more billions of taxpayer's money. Will he admit that the committee's interim report was not a green light for nuclear, especially when it talks of the need to consider

"the social, political and ethical issues of a deliberate decision to create new nuclear wastes."

As for Nirex, surely merging it and NDA would threaten independence in waste disposal, which would be a disaster.

The Government have put forward some sensible ideas today on energy efficiency and renewables. By caving in to the nuclear industry lobby, however, they have destroyed the potential for cross-party consensus. I regret to say that that means much greater uncertainty in future energy policy.

Mr. Darling: If the Conservatives have problems with consensus within their party, so do the Liberals. I can only refer the hon. Gentleman to what his hon. Friend the Member for Twickenham (Dr. Cable), who is in his place, said:

"Dogma about new nuclear power is unhelpful, for and against".

One would not know that to listen to the Liberal spokesman today.

In relation to renewable energy, I am grateful to the hon. Gentleman for saying that he supports renewable electricity. In particular, he refers to renewable generation in the north of Scotland. Perhaps he will have a word with those Liberal Democrat Members who say that they are in favour of renewable energy and then object to wind farms when they are planned, and object to the power lines to take electricity from wind farms to where it is needed. If the Liberals are serious about those things, they must face up to the difficult and sometimes unpopular decisions, as well as the populist decisions that he set out.

When the hon. Gentleman talked about distributed energy, he gave the distinct impression that he was against having a national grid. I am in favour of distributed energy, and I think that we could do a lot more in that regard. However, having a national grid and being able to draw on such energy sources across the country, whether gas or electricity, serves us well. Apart from that, I more than happy to work with him on achieving whatever consensus is left between us.

The hon. Gentleman made points about wave and tidal power and mentioned the Severn barrage. In relation to the renewables obligation—which I believe is essential, although I am not sure what the Liberals' position is—I said in my statement that we want to consult on banding that in future, so that it encourages newer and emerging technology. I think that we can do an awful lot more on that.

It is important that, when we consider our energy requirements, we have a mix of energy. I said to the hon. Gentleman that nuclear currently provides about 20 per cent. of electricity generation. If we do not do anything, that will decrease to 6 per cent., and the risk is that gas will be a bigger percentage, which would be deeply regrettable.

I totally reject the argument that if we go for nuclear, nothing else will happen. I remind the hon. Gentleman that, under the renewables obligation, the renewables industry will get the equivalent of about £1 billion a year subsidy by 2010.

Several hon. Members *rose—*

Mr. Speaker: Order. We are now into Back Benchers' time. I remind all hon. Members that they must put only one supplementary to the Secretary of State.

Mr. David Chaytor (Bury, North) (Lab): I congratulate my right hon. Friend on delivering a measured statement this afternoon. Will he clarify, however, the point in paragraph 49 of his statement that nuclear generators will be required to pay their full share of long-term waste management costs? Does that mean 100 per cent. of waste management costs, and how can we guarantee that, as we do not yet know what the waste management costs will be?

Mr. Darling: The statement does mean that they are expected to meet the full share of those costs, which I would have thought was self-evident. My hon. Friend will no doubt be aware that, following the CoRWM proposals, it will be necessary to make provision for existing waste, but the cost of any new waste generated by any new plants would have to be met by the generators.

Peter Luff (Mid-Worcestershire) (Con): I hope that the House will be given an early opportunity to debate the report at great length, as it relates to a very complex subject. In deference to your ruling, Mr. Speaker, I shall concentrate on one issue. Does the Secretary of State understand that while his analysis of valuing carbon is very good, his policy conclusions are, I fear, inadequate? He clings to the climate change levy and complex climate change agreements, which do nothing for the long-term market-based costing of carbon emissions and he invests too much hope in the EU emissions trading scheme. I do not believe that he is creating the stable market for carbon that will bring forward investment in clean-coal technology, renewables or, indeed, new nuclear power stations.

Mr. Darling: The EU emissions trading scheme is, at the moment, the only scheme, so I believe that we should invest substantial time and effort on trying to make it work. Given the nature of the problems that we have to deal with, it is important that any action is Europe-wide. I know that the hon. Gentleman has only recently got a copy of our proposals, but the Government have made it clear that they believe that there must be a long-term carbon price; otherwise, investors cannot make a sensible decision about whether to go ahead with proposals for new plant.

As to carbon capture, I believe that it is essential to do as much as we can. Britain can not only benefit itself from this technology, but benefit other parts of the world such as India and China, where they are building coal-fired power stations. Unless we take steps to capture that carbon, those power stations will be extremely damaging to the environment.

Finally, on the climate change levy, I know that the Conservative policy is to abolish it, but the fact is that, so far, it has made a major contribution to reducing the amount of carbon generated and I believe that it would be a big mistake to abolish it.

Mr. Don Touhig (Islwyn) (Lab/Co-op): My right hon. Friend's statement recognises that there is no single solution to our energy requirements. In welcoming the prospect of further investment in renewable energy, I am pleased that he also recognises the contribution that deep-mined coal can yet make to

[Mr. Don Touhig]

our energy needs. Research has shown that clean-coal carbon capture technology can deliver sustained and large-scale reductions in CO_2 emissions.

My right hon. Friend has announced today that he plans to set up a coal forum, bringing together producers and suppliers. Would it not also be valuable to include Members of the House who represent former coal-mining areas and have experience of mining and mining communities, and also representatives of operations such as the hugely successful Tower colliery in south Wales, who would hugely benefit the discussions in the forum?

Mr. Darling: My hon. Friend is quite right that coal has made a substantial contribution. We relied on it very heavily last winter. The model we have in mind is similar to the system set up to bring together the oil industry and the Government, which is known as "pilot" and has been working quite well since 1998. That arrangement allows both sides of industry, suppliers and producers, to talk to each other and to the Government. I am sure that my hon. Friend the Minister for Energy will be happy to meet hon. Members who have coal mines in their constituencies and have further discussions with them. It is important to do whatever we can to encourage the coal industry and the point about carbon capture is equally important if we are to remove the harmful effects of CO_2.

Mr. John Maples (Stratford-on-Avon) (Con): Can the Secretary of State foresee any circumstances in which he could meet his carbon dioxide reduction commitment without at least replacing, if not increasing, the share of nuclear generation in our overall generating capacity?

Mr. Darling: Without that generation it would certainly make it more difficult to meet that commitment, which is why I believe that nuclear should be part of the mix. The Government are not specifying that people should come forward with proposals for nuclear, but we have tried to set a framework—we have started the process today—that will encourage generators to consider that option. Nuclear does mean that we can generate electricity without carbon emissions and it has the further advantage that I mentioned earlier of providing a consistency or base load in electricity that wind power, by its very nature, cannot provide.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): When the energy gap left by phasing out Magnox and advanced gas-cooled reactor nuclear power stations by 2020 is reckoned by the Government to be about 14 per cent. of electricity generated and when even the nuclear industry itself, no less, in the form of AEA Technology, has recently acknowledged in a comprehensive study that 25 per cent. of Britain's electricity needs could be readily met by offshore wind power capacity within the time scale required, up from 4 per cent. today—in other words, far more than meeting the necessary gap—why are we going down the nuclear route at all? Nuclear power is far more expensive and hopelessly uneconomic. Decommissioning costs are enormous. There are mountains of nuclear waste, which we do not know where to put, and it will increase our risk of terrorism—

Mr. Speaker: Order. We must be fair to other hon. Members.

Mr. Darling: I think that I know where my right hon. Friend is coming from in this argument. As I said, in the light of the fact that we are likely to have a dramatic reduction in nuclear power generation, I believe that nuclear power ought to be part of the mix. I know that he does not. I said earlier that I want us to give a major boost to renewables, because they can do a lot, but I do not think that they can take the place of all the capacity that would otherwise go. I would add that my right hon. Friend has said—I know that he believes this—that we want more offshore electricity generation. I do too. However, those plants are equally as prone to planning objections as onshore plants. That is why the planning system needs to be changed as well.

Mr. John Gummer (Suffolk, Coastal) (Con): The Secretary of State will know that hydrofluorocarbons will produce about 4 per cent. of our emissions. Why have the Government allowed the Home Office and almost every subsequent Government building to use HFCs, whereas the private sector is moving away from doing so? Why did they vote with the non-green group in the European Union not to put a date on banning HFCs? When will they actually do something about that essential issue and why has he not even mentioned it in the document?

Mr. Darling: I know of the right hon. Gentleman's concern about these things. The Government took the view that the date was not practical, but I agree with him that we should do everything that we possibly can to try to make buildings as environmentally friendly as possible. I mentioned that we want to make the Government estate carbon-neutral by 2012; other measures are necessary as well.

Dr. Gavin Strang (Edinburgh, East) (Lab): If economic changes were to make nuclear power significantly more costly—for example, because of continued rises in uranium import prices—can my right hon. Friend advise the House whether, under the policy that he has announced this afternoon, the possibility remains that no new nuclear power stations would be constructed?

Mr. Darling: As I told the House earlier, the Government's policy on all electricity generation is that it is for the generators to come forward with proposals. Generators, looking at what the Government policy is, at the carbon price and at the prospects in relation to fuel and so on, will form a judgment on whether or not it is economic to build a nuclear power station, the life of which might be 20 or 40 years. The generators say to us, "You set out the framework, so that we can make these plans. You tell us what the parameters are." The Government are not going to build a nuclear power station or, indeed, any other sort of power station. We are setting out a clear direction so that generators can make their decisions on investment in nuclear and other plant as well.

Mr. Michael Jack (Fylde) (Con): The nuclear fuel workers in my constituency will welcome the Secretary of State's remarks today on the future of their industry,

but does he recognise that, if their skills are to be retained for the benefit of new nuclear build, the legislative and regulatory framework decisions must be made in the very near future? Can he assure me that those changes will be introduced for the House to decide upon before the end of this Parliament?

Mr. Darling: As the review document says, there are a number of things that we need to change, some of which may require primary legislation and some secondary legislation, but I very much agree with the right hon. Gentleman: we want to provide as much certainty for the industry as possible, including for those who work in it.

Mr. Elliot Morley (Scunthorpe) (Lab): There is a great deal to welcome in the review, particularly the emphasis on energy efficiency, renewables and new technologies and the structures to encourage them. On the nuclear question, I very much welcome my right hon. Friend's very clear statement that there will be no public subsidies, but he will know, as I do, that there has been a history in the nuclear sector of bankruptcies over the years. What guarantees will there be? For example, would he consider asking for a bond on new investment to cover decommissioning and nuclear waste charges?

Mr. Darling: I am grateful to my hon. Friend for his welcome for much of what is in the review. During his nine years as a Minister, he substantially contributed to the Government's thinking, particularly on energy efficiency. In relation to nuclear, I refer him to what I said a short while ago about the costs, and about the contributions to be made by the industry. He mentioned the difficulties in the past. Quite simply, that is a classic case of something that happened to successive Governments too often: people did not make the right calculations and, in the case of the nuclear industry, they did not factor in all the costs that they would have to meet. I am clear that, if generators come forward with a proposal, they must meet the costs of the construction, running and decommissioning of a nuclear power station.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I welcome the fact that the Secretary of State did at least say on this occasion that we should maximise our oil and gas production as part of meeting our energy needs. As we have them on our own doorstep, it makes sense for us to get the best out of them, but how does he expect to deliver that? We are at a crucial stage in the North sea, in which, if anything goes wrong now, the oil and gas will be locked in forever, and investors will not return if we lose the infrastructure. Therefore, will he ensure that the Treasury has bought into the statement and that it will deliver a stable and reliable fiscal regime to encourage investment?

Mr. Darling: I think that the hon. Gentleman will find that the Treasury is in complete agreement with anything that I say this afternoon, and with anything I stated in the report.

I recognise the point that the hon. Gentleman makes about North sea oil. We need to ensure that we have the right fiscal regime, so that we can exploit the resources that remain in the North sea. There is a lot of oil and gas still to be got out there and we want to encourage that. He may be aware that, despite the fact that last autumn many people—including a Member sitting right behind him—predicted gloom and doom after the tax changes made by my right hon. Friend the Chancellor, last month there was a record number of applications for exploration in the North sea. That just goes to show what a vibrant sector this is.

Jeremy Corbyn (Islington, North) (Lab): Will the Secretary of State assure the House that there will be no subsidy whatever to the nuclear industry in construction, operation or waste management or disposal as a result of the White Paper?

Mr. Darling: I have answered that point, and in view of the fact that so many Members still wish to speak, I do not want to labour it. The position is clearly set out in the review and I suggest that my hon. Friend take a look at it.

Mr. Ian Taylor (Esher and Walton) (Con): The Secretary of State is right to say that there would not be renewable energy use if there were not some subsidy, largely because the unit cost of such energy has to be driven down to the level on the grid. However, although I accept that he is not proposing to introduce a subsidy for nuclear, will he make sure that the rules for nuclear investors are clear and that his remark about planning is rapidly clarified, because there can be no investment if there is uncertainty about the planning process?

Mr. Darling: I agree. It is evident that, without the renewables obligation, there would not have been even the comparatively modest development of renewables that there has so far been; everybody in the industry is clear about that. That subsidy will be worth about £1 billion a year by 2010. That is why we want to increase the obligation, not abolish it, as the hon. Gentleman's Front-Bench team has suggested.

Nuclear will not be subject to a renewables obligation. What the industry needs is a clear framework that will allow it to make sensible investment decisions. It wants a carbon price—it wants the certainty of that, as the hon. Member for Mid-Worcestershire (Peter Luff), who chairs the Trade and Industry Committee, has said. It also wants a planning framework, so that it can get a sensible decision—a yes or a no—within a reasonable time. I hope that the official Opposition—indeed, the whole House and the other place—will support us when we make proposals to reform fundamentally the planning system. Without such reform, I find it difficult to see how we will get any large infrastructure in this country—for energy, transport or anything else.

Joan Ruddock (Lewisham, Deptford) (Lab): I congratulate my right hon. Friend on the boost that he has today given to energy efficiency and renewables, although I believe that he is sending the wrong signals to the financial institutions by bringing new nuclear back on to the agenda. He said in his statement that, by 2020, the proportion of nuclear generation of

[Joan Ruddock]

electricity would be down to 6 per cent. What contribution would new nuclear generation of electricity make by 2020? What proportion of electricity would come from nuclear and what carbon savings would result?

Mr. Darling: I acknowledge my hon. Friend's strongly felt opposition to new nuclear plant and I acknowledge that, on any view, nuclear power stations cannot be brought on-stream instantly. Given the planning process and the time taken to commission and construct such stations, they are bound to be some time down the line, but with respect, I do not think that that is a particularly good point. We are dealing with energy policy and generation over the next 20 to 40 years, which is why I believe that setting out a framework now that allows people to take long-term decisions, including in relation to nuclear, is the right thing to do.

Miss Julie Kirkbride (Bromsgrove) (Con): The Secretary of State said today that he is giving the green light to the nuclear industry, that he wants companies to come forward with plans for new build, and that, to achieve that, there should be a price for carbon. I agree, so can he tell the House when we will have detailed and robust plans for carbon pricing? Without it, no companies will produce robust financial plans for building the nuclear power stations that he and I would like to see.

Mr. Darling: I congratulate the hon. Lady on adopting a slightly clearer position than did the Conservative Front-Bench spokesman. I agree that there needs to be a carbon price and the Government are clear that the best carbon price is the one that is fixed and Europe-wide. However, we have said that if, for one reason or another, that does not happen, the need for a carbon price remains very clear. We are working with the European Union, and there is a carbon price in Europe, which affects us. We should seek to maintain and build on that system, which is the best way to ensure consistency.

Rob Marris (Wolverhampton, South-West) (Lab): I welcome much of the statement, particularly what was said about reducing energy demand, but of course, nuclear is a contentious issue. Will my right hon. Friend confirm that there will be no indirect subsidies to the nuclear industry, such as guaranteed prices, guaranteed purchases or insurance cover?

Mr. Darling: On guaranteed prices, no. My hon. Friend will of course be aware of the European directive on insurance, which requires all states to carry a certain amount of insurance. I do not know where he stands on nuclear, and I know that there are many Members—in all parts of the House—who are against it, but I have tried to make the position as clear as possible. If people come forward with proposals to build nuclear, they have got to consider meeting all the costs that I referred to.

Mr. David Heathcoat-Amory (Wells) (Con): The limp and tentative language on nuclear power in the Secretary of State's statement is a major disappointment. Will he be assured that, if the forthcoming White Paper firms up this commitment, he will receive the support of those who want to do something serious about the threat of climate change, and of those who are worried about security of national supply—a consideration not adequately captured by any purely market solution? Given the urgency of the situation, what is his target for reducing the presently long period between proposal and completion of a nuclear power station?

Mr. Darling: I can see now that the right hon. Gentleman must have been one of those whom the hon. Member for New Forest, West (Mr. Swayne) had in mind when drafting his e-mails on the conflict within the Conservative party. I agree with the right hon. Gentleman that there needs to be a degree of certainty for anyone considering making a long-term investment. On our consulting on the planning processes, the time that can elapse between first application and the ultimate conclusion of a planning inquiry is important. I want that to be reduced, so that we can have certainty, and it also helps objectors to know what the position is—yes or no—regarding a particular planning application. However, I disagree with him in that the Government's position is now clear. We have a clear direction of travel not just on nuclear, but on renewables and other forms of generation.

Mr. Jamie Reed (Copeland) (Lab): I welcome the Secretary of State's announcement, in particular on behalf of the 40,000 nuclear workers in the UK and the 17,000 in my constituency; indeed, I welcome the nuclear element. Where the Government have shown courage on nuclear, the Liberal Democrats have shown confusion and the Conservatives have shown cowardice. May I suggest a new slogan: "Vote blue, go yellow"? The Secretary of State will of course be aware that time is of the essence. May I volunteer Copeland as a site for new nuclear reactors—at least one, but we will take more? May I also say that, as probably the only—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman has asked one question. If he wasted some words in his preface, that is too bad.

Mr. Darling: I think that that constituted a general welcome for our proposals and I accept it in that spirit. The whole House will be aware of my hon. Friend's interest, and that of his constituents, in the nuclear industry.

Mr. Mike Weir (Angus) (SNP): My colleagues and I are pleased that the Government are to encourage the use of electricity near where it is generated, especially as Scotland produces six times as much electricity as we actually use, and there is no need for new nuclear power stations. However, will the Secretary of State give a clear, unequivocal answer to this question? Does a full share of the long-term waste cost mean 100 per cent.—yes or no?

Mr. Darling: The internationalist tendency of the Scottish National party is there for all to see. The SNP is saying, "We do not need any more electricity, so we do not need any more power generation." I am glad

that the hon. Gentleman welcomed what I said about renewables. Let me tell him what I told the Liberal Democrats: that is fine, but let us now see a bit of support for some of these wind farms rather than the pretence that they can be built in someone else's constituency. As for nuclear power, I have nothing to add to what I have already said.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I welcome what the Secretary of State said about facing up to responsibilities to the United Kingdom people and not being blinded by ideology, which seems to inform many of the arguments against nuclear power. I am sure he has considered the fact that since we began to run down Magnox, there has been an increase—between 2000 and 2004—of 3 million tonnes in the amount of carbon used just for electricity generation. Can he assure me that the carbon price will be set at a level that will allow people who wish to invest in nuclear power and other forms of carbon-reducing energy to be rewarded adequately for their efforts and their investments?

Mr. Darling: My hon. Friend is right: there has been an increase in the amount of gas and coal burnt. That was especially the case last winter, and it is likely to be the case next winter as well. We want to avoid precisely that problem in years to come. We do not want the gap between demand and supply to become so narrow that there is not enough capacity in the system. As for the carbon price, the motive behind it is to ensure that there is certainty. The European trading scheme is designed to reward those who are more energy efficient than others. By any reckoning, the present system needs to be tightened and improved, and we are working with the European Commission and others to ensure that that happens.

Mr. Bernard Jenkin (North Essex) (Con): Does the Secretary of State welcome the fact that "consensus" seems to be the word on the lips of many Members? I certainly welcome the new consensus on the Government Front Bench and the chucking out of the old consensus. We are seeing a welcome U-turn.

Does the Secretary of State recognise that the consensus in the industry and beyond is that this debate is five years late? A good deal of urgency attaches to the Government's discussions. The framework he described must be established as soon as possible to secure our long-term energy supplies.

Mr. Darling: I agree that the framework needs to be completed and consensus is highly desirable, but we shall have to wait and see. What I am clear about is that the review represents an important step towards providing a framework that will encourage people to make the long-term investments that the country needs.

Dr. Brian Iddon (Bolton, South-East) (Lab): Yesterday, representatives of the heavy energy using industries came to a meeting in the House organised by Amicus. They strongly expressed the view that the high gas prices that they face at present are due to a rigged gas market, and they pointed fingers at the owners of the interconnector. What hope can my right hon. Friend give those important industries that they will be in business next year, the year after and well into the future?

Mr. Darling: Along with the Minister for Energy, my hon. Friend the Member for Croydon, North (Malcolm Wicks), I met some high energy users last week. There is understandable concern about high energy prices and about the fact that the market in Europe is not operating as it should. That is why we strongly back the European Commission's action against some companies. We need an open, transparent system. There should be a market that functions properly across Europe so that we can obtain the gas that we need. If anything is preventing that, the Commission must take firm action to ensure that it stops immediately.

Mr. Nick Hurd (Ruislip-Northwood) (Con): One of the greatest risks to climate stability is the degree to which we allow dirty coal to be burned in both the developed and developing world over the next 15 years. I put it to the Secretary of State that simply announcing today a talking shop for UK coal producers and reheating an old announcement about a demonstration project is a wholly inadequate response to the risk and opportunity of clean coal.

Mr. Darling: I thought that the hon. Gentleman was going to make a further proposal, but there we are. It is important that we develop carbon capture: I said that in my statement and repeated it in several exchanges this afternoon. However, as the hon. Gentleman will know—at least, I assume that he knows—the technology is comparatively young and much development work will be necessary to ensure that it is technically possible and cost effective. The Government recently announced an agreement with the Norwegian Government to do some further work on it and, if it is successful, we want to see it proceed. We have huge potential in this country to ensure that that happens.

I disagree with the hon. Gentleman on the coal forum. The oil industry and the Government entered into a similar arrangement seven years ago, which has been very successful, with both sides understanding the problems and the Government playing their part in encouraging the oil industry. As for the coal industry, I do not know whether the hon. Gentleman represents a coal mining constituency—I have my doubts—but he may find that those hon. Members who do take a different view.

John Mann (Bassetlaw) (Lab): As a matter of urgency, will the Secretary of State encourage EDF Energy and UK Coal to resolve their current contractual disputes so that we may have a coal industry that could participate in the coal forum?

Mr. Darling: My hon. Friend makes a sensible suggestion. Part of the rationale behind the coal forum is to try to ensure that more regular discussions take place. I hope that the hon. Member for Ruislip-Northwood (Mr. Hurd), who is no longer in his place, has heard what my hon. Friend said.

Dr. Vincent Cable (Twickenham) (LD): Will the Secretary of State spell out the Government's responsibilities when the market price of electricity falls below the cost of privately generated nuclear power, making the company insolvent? Is it not inevitable that the taxpayer will have to subsume the liabilities, as it did with British Energy in the past?

Mr. Darling: The system that we have in place should ensure that we have viable generating companies. The hon. Gentleman referred to problems in the past that, as I said earlier, largely stemmed from the fact that successive Governments did not pay enough attention to the true economic costs of generation, especially nuclear power. The system that we have now is far more robust than the system we had then.

Ian Lucas (Wrexham) (Lab): I warmly welcome the Government's statement that they will provide strong support for on-site electricity generation, including solar panels. That will be warmly welcomed in Wrexham and by Sharp, which manufactures solar panels. Some £50 million was made available by my right hon. Friend the Chancellor in the Budget for microgeneration, but when will the detailed roll-out of that scheme be clarified by my right hon. Friend's Department?

Mr. Darling: I am grateful to my hon. Friend for his support. He is right that solar panels have made a contribution, and I hope that they will make a greater contribution, to providing energy for households. We should be in a position to make some further proposals in the not-too-distant future.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Secretary of State aware of how disruptive offshore wind farms are to inshore fisheries? Is he aware that there are no proper compensation arrangements in place for fishermen, especially those who fish in the Wash? Will he look carefully at that issue before the offshore wind farm programme is further rolled out?

Mr. Darling: I noticed that the e-mail from the hon. Member for New Forest, West said that wind power did not get a good review. He obviously had the hon. Member for North-West Norfolk (Mr. Bellingham) in mind. I am well aware that many people find offshore wind farms visually intrusive and fishermen have expressed concerns. However, it is possible to reach a compromise on all those matters. I visited a wind farm off the north Kent coast this morning. It generates a substantial amount of electricity, enough for about 100,000 houses. The hon. Gentleman perhaps illustrates the problem that, whatever form of generation we decide on, there will always be people prepared to object to it. I happen to think that offshore wind generation should be encouraged, provided that we get the arrangements right in each case.

Mr. Gordon Prentice (Pendle) (Lab): Will the private sector bear the whole cost of providing security at nuclear plants? Would another Chernobyl mean another energy review?

Mr. Darling: I have said that people coming forward with proposals to build a nuclear power station will be responsible for meeting the costs of building, operating and maintaining the plant, and of decommissioning it. I appreciate where my hon. Friend is coming from, but I happen to disagree with him as I think that it will be important to have a mix of energy generation in the future.

Richard Ottaway (Croydon, South) (Con): Given what Labour Members on the Benches behind the Secretary of State have had to say, I do not think that he is in a position to lecture anyone about consensus. I welcome his nod towards nuclear, but his statement leaves more questions than answers. A few months ago, the Minister for Energy announced that co-firing would be included in the energy review. I assume that the right hon. Gentleman knows what that process is—

Mr. Darling *indicated assent.*

Richard Ottaway: I see that the right hon. Gentleman understands. Will he explain what his conclusions are?

Mr. Darling: Of course I understand what co-firing is. It is referred to in the energy review, and it is something that we ought to encourage. It is useful in the disposal of waste, and it also means that less coal is burned.

David Taylor (North-West Leicestershire) (Lab/Co-op): Approximately 800 million tonnes of coal lie under my county of Leicestershire—part of which I represent—and under the constituency of the hon. Member for Rutland and Melton (Mr. Duncan), who speaks for the Opposition on these matters. I therefore welcome the references that my right hon. Friend the Secretary of State made to the role of coal in future energy policy, but within what time frame does he expect the investment in clean-coal and carbon-capture technology to bear fruit? There is a real risk that a continued and expanded role for coal will be met only through higher coal imports and more open-cast coal extraction, in England and elsewhere.

Mr. Darling: I agree that we need to press ahead as fast we can, but the answer to my hon. Friend's question depends on how quickly we can solve the remaining technical problems. However, I assure him that I feel very strongly about the matter and that I want to make progress. A bigger role for coal would benefit this country and the industry right across the world. It represents a huge opportunity, if we can only get it right.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I am afraid that we must move on. No doubt we will come back to this subject in due course.

Tax Credits

4.57 pm

The Paymaster General (Dawn Primarolo): Tax credits today provide support to 20 million people, including 6 million families and 10.1 million children. Tax credits take-up is at unprecedented levels, with 93 per cent. of families on incomes below £10,000 claiming their entitlement to the child tax credit. That compares with the 57 per cent. take-up in the first year of family credit.

Tax credits have improved work incentives, reduced the tax burden on low-to middle-income families, and helped to reduce child poverty dramatically. Tax credits and economic stability have helped to increase the number of people in work by more than 2 million since spring 1997, and since 1997, long-term unemployment has been reduced by 450,000. Tax credits have also ensured that the Government have implemented our commitment to ensure that work pays over welfare. For example, the changes that we are making mean that, from October 2006, a couple with two children moving into full-time work on the national minimum wage will be £41 per week better off in work.

The tax credit system has also played a key role in tackling child poverty. Since 1996-97, 700,000 children have been lifted out of relative poverty, whereas child poverty had doubled in the previous 20 years. In addition, there are now more than 1.8 million fewer children in absolute poverty, before housing costs are taken into account, than was the case in 1996-97.

A figure of £2.2 billion is often referred to for adjustments leading to overpayments, with the suggestion that that represents the amount lost to the Exchequer. However, that total includes moneys that have been recovered or are still to be recovered. Once error, fraud and adjustments leading to overpayment are taken into account, the net total estimated not to be recovered for 2003-04 is between £1.24 billion and £1.74 billion, as reported to the House in the documents that have been laid before the House today. That figure takes into account Her Majesty's Revenue and Customs estimates of claimant error and fraud through the random inquiry programme, and which are being published today.

I remind the House that those figures relate to three years ago, when claimants were unfamiliar with the new rules and processes and the Inland Revenue was experiencing initial IT problems. The HMRC is today publishing a detailed account of what it is doing, and will do, to tackle error and fraud in tax credits, setting out the detailed programme of action that is in place to ensure that claimants receive the tax credits to which they are entitled, at the right time.

To help reduce claimant error, the HMRC is pursuing a number of measures, such as targeted advertising, including the current campaign to encourage claimants to renew their tax credit claim in good time, an improved claim form to reduce claimant error and redesigned award notices that include a clearer summary of the tax credit award and how it has been calculated. The HMRC is improving the information given with award notices—for example, by providing a ready reckoner—and improving access to contact centres.

Identity theft is a serious and growing problem for the United Kingdom. It is increasingly linked to organised crime and is the source of significant amounts of financial fraud in both the public and private sectors. The Home Office estimates that the cost of identity fraud is £1.7 billion a year, of which tax credit-related fraud is a small proportion. A separate statement will be issued today announcing that Sir James Crosby is to head a public-private forum on identity to explore issues relating to identity management and associated technologies. Our aim is to do everything that we can, at all levels, to prevent identity fraud.

To tackle fraud, the HMRC is pursuing a range of measures, which include further refining of its risk assessment, putting compliance specialists in contact centres and increasing pre-payment checks on claims where fraud or non-compliance is suspected. In addition, the HMRC will continue to use the information it holds, as well as data held by other Departments and third parties, to support and enhance its compliance operations.

Tax credits and economic stability have helped to increase the number of people in work by more than 2 million since spring 1997, and since 1997 long-term unemployment has reduced by 450,000. Tax credits have improved work incentives, reduced the tax burden on low-to-middle-income families and helped dramatically to reduce child poverty.

Mr. Mark Francois (Rayleigh) (Con): I thank the Paymaster General for her statement and for providing me with a copy in advance.

About 6 million families claim tax credits, at a cost of about £16 billion a year, which is equivalent to 5p in the pound on the standard rate of income tax. As we pointed out in our recent Opposition-inspired debate on the subject, according to the latest available figures about 2 million families were overpaid, while just under 1 million families were underpaid, so nearly half of all payments in the system were wrong.

According to the figures in the statement, more than £1.2 billion a year is going astray in error and fraud. Is not it embarrassing beyond belief that the Treasury—of all Departments—has to have the accounts of one its principal arms qualified by the National Audit Office because it has failed to control fraud and error in a system that the Chancellor personally introduced? Given that situation, I have four specific points to put the Paymaster General. First, when did she realise the true scale of fraud in the tax credits system? She announced last December that she was closing the e-portal because of fraud via the tax credits website, but the amount concerned was miniscule compared with today's figures. When did she really know how bad the problem was and why has the Treasury not done more actively to combat it?

Secondly, the right hon. Member for Birkenhead (Mr. Field), who is in his place, previously warned publicly that the system was open to fraud and recommended additional counter-fraud measures, but, as he knows and has put on the record, they were not adopted. Will the Paymaster General confirm that although the fraud now appears to be much greater than previously admitted, the Government's recent response has been to reduce the number of qualified

[Mr. Mark Francois]

anti-fraud officers within the anti-fraud compliance organisation and to replace them with less qualified administrative staff? I have here a copy of an internal HMRC plan to do exactly that. It is entitled, "Claimant Compliance Restructuring Project" and it was recently leaked to my hon. Friend the Member for South Norfolk (Mr. Bacon). It confirms the plan in considerable detail. How on earth does it make sense to let go experienced anti-fraud officers, most of whom recover many times their own salary, when the degree of fraud in the system appears to be spiralling out of control?

Thirdly, will the Paymaster General now concede that the current tax credits system is increasingly discredited and urgently needs to be reformed? When the House debated the problems with the system in our Opposition day debate on 7 June, the Chief Secretary to the Treasury, who is in his place, called for a consensus across the House on the operation of tax credits. We remember it well. As part of that, given the scale of the fraud and error that has been revealed today, will Ministers finally admit that the current system is now discredited and has to be reformed, as we on these Benches have argued for quite some time?

Fourthly, although we welcome the presence of the Chancellor this afternoon, why did he not deliver the statement to the House? Tax credits are his personal creation, but for the past year he has not answered a single oral question about them. When will the Chancellor stand at the Dispatch Box and explain why his overcomplicated and increasingly discredited system is now causing so much misery to exactly the low-income families that it was introduced to help in the first place?

Today's figures relate only to 2003-04 and we are now in financial year 2006-07, so we suspect that the problem of fraud in the tax credits system remains much greater than the Government are currently willing to admit. Indeed, the Comptroller and Auditor General says in his accompanying report, which was published today:

"There is currently no evidence to justify a lower estimate for 2005-06. Consequently I have qualified my opinion on the Trust statement."

If it proves to be the case that the fraud and error on this scale continues to persist at these levels, or if it transpires that the right hon. Lady knew about all of this much earlier than she is letting on, her position must surely become untenable.

The Prime Minister told the House a few weeks ago at Prime Minister's questions that the working families tax credit was working well. The Working families tax credit was abolished three years ago. The Chancellor has created a system that is so complicated that even the Prime Minister does not understand it. The Chancellor is the real culprit in this whole fiasco. The Paymaster General mentioned 1997. The Labour manifesto in that year said:

"we must crack down on dishonesty in the benefit system."

This is not a crackdown; it is a meltdown—and it is the Chancellor's personal meltdown. It is he, more than anyone else, who has let down low-income families and it is he who should ultimately be held to account for this fiasco.

Dawn Primarolo: The hon. Gentleman clearly has not read the Comptroller and Auditor General's report. I will address each of his points in turn, but I also say to him that there are 6 million families—10 million children—in the tax credits system. Progress is being made on reducing child poverty, which increased and doubled under family credit and his Government. We are helping 6 million families, while his Government helped 600,000—there is no comparison. The hon. Gentleman cannot get away from the fact that his party is not committed to eradicating child poverty.

Let us deal with the hon. Gentleman's points. First, I remind him that since 1997, the number of families with children paying no net tax has risen from just fewer than 2.5 million to more than 3 million in 2006-07, which is a result of tax credits and benefits reform. On the point about error and fraud in the system, regrettably, most of the error is on behalf of the claimant—we must remember that this is the first year. The figures on error and fraud in tax credits that were published today show an incident range of 8.8 to 10.6 per cent. The range for the working families tax credit was 10 to 14 per cent., while the figure for jobseeker's allowance was 13.2 per cent. The figure for income support was 9.2 per cent. Those are based on figures from when the Government first collated data on a comparable basis. The hon. Gentleman is simply not concentrating.

The hon. Gentleman asked about the e-portal. I refer him to paragraphs 2.31 and 2.33 of the Comptroller and Auditor General's report. That report clearly sets out the period of the attack on the portal and confirms the information that has been repeatedly provided to the House. The hon. Gentleman also said that staff are being cut, but there is absolutely no substantiation of that point. In fact, in paragraph 2.27, the Comptroller and Auditor General refers to the fact that more staff are being employed in tax credit compliance, not fewer.

The hon. Gentleman referred to reform. We know the reform that the official Opposition wish to undertake—they want to undermine tax credits and, if they ever get the chance, to abolish them. That is the message to take out to tens of thousands of families in every constituency in the country. The hon. Gentleman should read the report before he stands up and makes accusations.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): I represent a constituency with traditionally and historically high unemployment. Tax credits have played a significant role in providing families with incentives to work, as well as reducing child poverty. Will the Paymaster General comment on fraud and the work that she is doing with companies such as Network Rail to ensure that fraud is closed down? Will she break down the causes of overpayment into those that are the responsibility of the HMRC and those that are the responsibility of the claimants?

Dawn Primarolo: If my right hon. Friend looks at the documents that were published today on the error and fraud statistics for 2003-04, he will see that there is a breakdown of error between claimants and fraud. The difference is that in order to ascertain that there has been fraud, an investigating officer must be utterly convinced that the intent of the claimant was to

defraud, as opposed to an error having occurred when the application was returned. The figures show that fraud is put at £70 million.

I concur with the points of the Comptroller and Auditor General with regard to the work that needs to go forward. We now have the base year for figures, and there must be improvement and development on those figures. As I set out in my statement, there are steps in place, including the changes that were announced in the pre-Budget report in 2005. The CAG also acknowledges that there is improvement in the system, and we are continuing to build on that.

Mr. David Laws (Yeovil) (LD): Is not the truth that we have just heard an extraordinarily complacent statement from a Minister in denial about a system that is clearly in a mess? A moment ago, the Paymaster General referred to the National Audit Office report. I am delighted that she has read it, because she did not refer to it or any of the information that it cites in her statement. Can she confirm some facts that were not in her statement? The original estimate for fraud for the first year of operation was £460 million, but it may now be as high as £1.28 billion. Will she confirm that the figure for the second year of the operation of the system is expected to be as high again? She suggested that fraud is falling, but will she confirm that it is likely to rise in the system and that, in the past year alone, £131 million was lost to organised fraud by criminal gangs? Can she confirm that tax credit fraud and error account for more fraud and error than any other benefit and that the error and fraud rates in tax credits are higher than in any other welfare benefit? Can she confirm, too, something that her Department has clearly told the Comptroller and Auditor General, but not the House? For the third year of operation, the Department expects overpayment on tax credits of £1.8 billion, and it estimates that there will be overpayments of £5.8 billion in the first three years, and £2.4 billion in fraud. Can she confirm those figures, which she left out of her statement?

Can the Paymaster General confirm something that her Majesty's Revenue and Customs staff told us—that there has not been a proper anti-fraud culture in the tax credits department, and that it is so obsessed by take-up that it has left the stable doors open to fraud? She implied that problems arose with the e-portal shortly before she closed it in December 2005, but can she confirm that the document by the Comptroller and Auditor General says that those problems were known about at the end of 2004, and that the number of suspected organised fraud cases gradually increased throughout 2005? Why, therefore, did it take so long to do anything about the problem and why were claimants using the e-portal not required to produce documentary evidence of their identity and address?

The Paymaster General did not say anything about payments to individuals subject to immigration control, which were written off by the Inland Revenue because they should not have been made. Why were the verification procedures, specifically rule 12, suspended for 18 months after April 2003? Was she aware of the decision at the time, and did she approve it? Why has it taken her so long to implement the recommendations in the ombudsman's report? The Chancellor and the Paymaster General know that many Liberal Democrat Members want the system to work rather than abolish it, but the Government's complacency about fraud, error and overpayment is undermining the very system designed to help people on low incomes, and has affected people on lower incomes in particular. The Government are in a persistent state of denial, but is it not time not only for new ministerial leadership on the issue in the Department, but for a Minister who will seek solutions instead of making excuses?

Dawn Primarolo: The hon. Gentleman never misses an opportunity to try to spread innuendo and undermine the tax credits system. If he read paragraph 2.28 of the report, he would see, far from his accusation that the compliance strategy is not working, that the Comptroller and Auditor General details the amount that was prevented from going to people who made fraudulent attempts to claim tax credits. It shows that the HMRC prevented payments of £447 million, so the majority of attempts were dealt with. The hon. Gentleman touched on the e-portal, but if he continues to read paragraph 2.28, he will see that all the figures are provided, including those on the questions of suspected organised fraud and the specific attack on the e-portal.

If the hon. Gentleman still needs convincing, he should refer to tables 10 and 11 in the Comptroller and Auditor General's report, which detail how the HMRC dealt successfully with attacks on the tax credit system. He has been provided with that information, but he persists with innuendo. He should present the House with proof or stop trying to undermine the system.

Mr. Frank Field (Birkenhead) (Lab): Does the Paymaster General accept that there is a natural tension in a radical Government who want to redistribute large sums of money to the poorest people in society, while making sure that taxpayers' money is spent properly? Historically, we have done that through one Department paying the benefit and the Treasury watching over the Department that pays out that money. Given that the Treasury now pays out the benefits and watches the taxpayers' interests, will she reflect further on whether the Treasury has the balance right between helping poor families and protecting taxpayers?

Although the statement today is about fraud and the associated problems, is there not also a problem of take-up? Even those of us who are not enamoured by tax credits ought to admit that the poorest families have gained more help through this measure than through any other measure that any other Government have introduced. I have noticed in my constituency that mothers who might be eligible for the first time claim child benefit, but are not aware of the tax credit side. May I suggest that my right hon. Friend considers combining the form for applying for child benefit with tax credits? When applying for child benefit, that person has to produce a genuine birth certificate. That might stop some of the fraud in the system.

Dawn Primarolo: My right hon. Friend makes a series of important points. Surely the test of the policy is whether it is successfully lifting children out of poverty, and it is. All the independent reports indicate the substantial contribution that tax credits are making to the delivery of the Government's target of lifting children out of poverty. A careful balance needs to be

[Dawn Primarolo]

struck, but the huge benefits that we can see as a result of the tax credits, the fact that more people are returning to work, the fact that lone parents are being supported into work, the fact that take-up among the poorest—under £10,000 a year per family—is at 93 per cent. and rising, and the fact the child care element is at record levels and rising, all address his first point.

On my right hon. Friend's second point, paragraph 2.10 of the Comptroller and Auditor General's report shows that as a result of the flexible system being run through the tax credits, in 2004-05 some £700 million went to families, which would not have happened without the disregard and the way the present system operates. In the previous year, £800 million more went to families than would have done under a fixed system. Although he is right to press the Government to focus on take-up and make the system better, which we have been doing—the figures are from the first year—I still believe that the direction of travel is correct and that we are delivering our policy objectives.

Mr. Michael Fallon (Sevenoaks) (Con): Why does the Paymaster General again blame claimants, instead of apologising to the 2 million families who have been wrongly paid? Given that she and the Chancellor are entirely responsible for designing a system that has become a fraudsters charter, will she reflect on the fact that if the two of them worked in the private sector and lost £1.5 billion, they would not simply be sacked—they would probably both be prosecuted?

Dawn Primarolo: I am surprised at the hon. Gentleman, who is experienced in the House. It is rubbish to suggest that the tax credits system is a fraudsters charter. He knows that because he is the Chairman of the Treasury Sub-Committee, which produced an excellent report saying how much it valued the contribution that tax credits make to lifting children out of poverty and helping families back into work. He knows full well from comparisons of benefits in their first year of operation that the issue is always challenging. There were particular problems with the computer system in 2003-04, but he knows full well that since that period the improvements that I have announced in this Chamber and that the Chancellor announced in the 2005 pre-Budget report have made significant inroads into improving tax credits. The hon. Gentleman should be honest: he does not want to help the poor, because he wants to abolish tax credits.

Mr. George Mudie (Leeds, East) (Lab): As a member of the Treasury Committee, I urge on the Paymaster General in the battle against fraud; as a Back-Bench inner-city constituency MP, however, I urge her to continue her efforts. The tax credit policy has pulled thousands of kids out of absolute poverty in my constituency and it has put single parents who have been on benefit for the whole time that I have been an MP into work, which allows them to earn for their families, for the community and for the economy and to give their kids a better standard of living. I hope that the Paymaster General will not be disheartened by the Opposition's petulant carping.

Dawn Primarolo: I assure my hon. Friend that I am not disheartened. Indeed, I am encouraged by the excellent communications that have been sent to me and to other hon. Members describing how tax credits have helped single parents and families. Tax credits also help the Government in our historic challenge of eradicating child poverty. At some point, the Opposition parties must decide whether they are going to continue to oppose tax credits. If they are, what will they say to the tens of thousands of families in their constituencies who will lose hundreds of pounds a month?

Mr. David Gauke (South-West Hertfordshire) (Con): The Paymaster General has referred to the excellent Treasury Committee report, which criticised her and Her Majesty's Revenue and Customs for failing

"to establish a complete picture of patterns of claimant error and fraud in 2003-04".

Assuming that she has finally established a complete picture—one wonders what the Chancellor of the Exchequer and she have been doing for the past three years—will she set a target to improve those appalling figures?

Dawn Primarolo: While we are discussing the Treasury Committee report, I shall remind the House of what it said:

"the regime...enjoys a great deal of support and goodwill...We agree that the policy underpinning tax credits of taking people, and especially children, out of poverty, is laudable, and that the programme has had considerable success... We welcome the fact that the Government is seeking to improve the operation of the tax credits regime by introducing a package of reforms".

If the hon. Gentleman examines the report by the Comptroller and Auditor General, he will see the continued improvements, which have been monitored, and how the Treasury is developing tax credits to ensure their smooth operation.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the measures to tackle identity fraud announced this afternoon. I, too, am a member of the Treasury Committee, and I underline the fact that the report welcomes the way in which tax credits have targeted child poverty, and so it should. The system helps 9.9 million children, whereas the old family credit helped only 1.6 million children. In moving forward with the tax credit system, will my right hon. Friend make sure that the child care element is protected, because it allows women to go out to work, which ultimately improves living standards for children in this country?

Dawn Primarolo: My hon. Friend regularly discusses child care payments in this House because she is an absolute champion for making sure that such payments not only operate properly, but reach more and more families, and I am considering how we can ensure that that happens. On identity fraud, I remind her and the House that the Treasury identified the stolen identities, that it stopped the majority of those claims and that it is now working with banks, the Home Office and other Departments to take forward a strategy. The creation of bank accounts caused the difficulties in the tax credits system. What I announced today, in referring to the written statement as regards Sir James Crosby and

the public-private forum on identity, is how we can all learn, in the private and public sectors, how to eradicate identity fraud.

Sir George Young (North-West Hampshire) (Con): There is widespread support among Members on both sides of the House for policies that help low-income families in work. However, it is clear not only from today's statement but from the endless debates that we have had in this Chamber and in Westminster Hall over the past nine years that the present system is not fit for purpose. Will the Paymaster General now answer the question that has been put to her twice: has not the time come to devise a better interface between the low-paid citizen and the state?

Dawn Primarolo: The evidence clearly demonstrates that tax credits are working, particularly in getting resources to those who are lower paid or unemployed and want to return to work, including women who need to pay for child care arrangements. None of that was available under the previous Government. The right hon. Gentleman is right in his assessment that the Government should be redoubling their efforts to eradicate child poverty and to ensure that tax credits play their proper role. When he has an opportunity to read the Comptroller and Auditor General's report, he will see that it clearly sets out how Her Majesty's Revenue and Customs is going about that.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I recently spoke to a single parent in my constituency who has two young children. She told me that without tax credits she would find it difficult, if not impossible, to carry on working, and therefore would be forced back on to benefits and unable to give her children the standard of living they had been used to. Last year, the shadow Chancellor refused to acknowledge the part that our tax credits have played in reducing child poverty. Does my right hon. Friend agree that that shows how out of touch the Conservatives are with ordinary people's lives?

Dawn Primarolo: I agree with my hon. Friend. Opposition Members have become so obsessed with attacking elements of the tax credits system in the House that they are not listening to thousands of their constituents who are benefiting from the presence of tax credits and support them. As the Treasury Committee report says, tax credits enjoy widespread support within our communities. Opposition Members are foolish to ignore that point.

Mr. Richard Bacon (South Norfolk) (Con): I have a constituent who has had to give up work because of tax credits. HMRC keeps telling her that she is disabled, but she is in fact a dance teacher. The Paymaster General should know that the system is not working for many hundreds of thousands of people.

What is the Government's estimate of the amount of money lost through eastern European nationals who have come to the UK, set up tax credit claims, and then headed home while the Government continue to pay taxpayers' money into their bank accounts?

Dawn Primarolo: I should remind the hon. Gentleman that the rules that are followed with regard to European nationals are those laid down by the European Union. Provided that they are registered with the Home Office workers registration scheme, nationals from the new member states who are working in the UK are entitled to tax credits on the same basis as other European economic area nationals working here—for example, French or German nationals. If the hon. Gentleman has proof of the allegations that he makes, he should bring them forward. I have made it clear today that, as is demonstrated by the National Audit Office report and the other publications that I have put before the House, the Department takes seriously any attempt at tax credit fraud and is dealing with it.

Mr. Gordon Prentice (Pendle) (Lab): My question is about recovering overpayments. Many claimants report changed circumstances to the tax credit people in a phone call, and a great dispute often subsequently takes place about who said what. What point have we reached with keeping a record of—and perhaps digitising—telephone calls so that there is an accurate record of what happened?

Dawn Primarolo: That has always been part of the tax credit system. All calls to the contact centres are recorded and, when the content of the call is disputed, it can be recalled and presented to the claimants so that they can hear exactly what was said and when.

Stewart Hosie (Dundee, East) (SNP): Last year, the parliamentary ombudsman said in "Tax Credits: Putting Things Right" that

"recovery of overpayment... of tax credits can be challenged if the overpayment was due to official error and in circumstances where a customer thought they were being paid the correct amount."

In the statement, the Paymaster General said that HMRC would pursue "a number of measures", including "improving the information given with the award notice such as providing a ready reckoner." Given that tax credits can be complex, especially for those on low and variable incomes, does the Paymaster General seriously believe that a ready reckoner is all that is required? Several of my constituents receive numerous letters—sometimes on the same day—from HMRC, detailing different amounts. Does not the proposal constitute complacency? Is not it simply a sticking plaster covering a gaping hole?

Dawn Primarolo: A series of statements have been made to the House about the improvements in the award notice, the guidance notes of two pages and explaining exactly what claimants should check on receiving the award notice and the facts that are presented to them. I suggested today that we could take those attempts to reassure the claimants further by adding a ready reckoner. I did not offer it as a solution. If the hon. Gentleman cares to read any of the tax credit literature, he will realise that it clearly sets out the basis on which claimants should check the information that HMRC confirms has been supplied to them.

[Dawn Primarolo]

Active constituency Member of Parliament though the hon. Gentleman may be, I doubt whether he has personally spoken to the many thousands of families in his constituency who benefit from tax credits and are grateful for them.

Ann McKechin (Glasgow, North) (Lab): Since the introduction of tax credits, which has benefited the largest income group in Glasgow, the number of occupied shop units in the poorest areas of the city has rapidly increased. It would be greatly beneficial if the Treasury could, in future, make some assessment of the economic regeneration effects of the introduction of tax credits.

Dawn Primarolo: I agree with my hon. Friend. Surely all hon. Members agree that we would all be better off if child poverty were eradicated from our society. It is about time that Opposition parties started to support that aspiration instead of constantly trying to undermine it.

Alistair Burt (North-East Bedfordshire) (Con): The individual learning account scandal of four or five years ago exposed the dangers of trying to encourage take-up while disregarding basic security checks in pursuing a political commitment. We could all have done so much more with that money for the people whom we want to help. Why did not the Treasury learn any lessons from that previous fraud scandal?

Dawn Primarolo: The Department had security checks in the system. If the hon. Gentleman examines the report, he will realise that the Comptroller and Auditor General specifically refers to them and how well they worked. Paragraph 2.35 contains a specific statement to the effect that the arrangements were adequate and have worked. The lessons that the hon. Gentleman claims that we need to draw are predicated on his belief that the system did not contain preventions to squeeze out fraud. He is wrong about that, and there is no proof of it.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Does the Paymaster General accept that tax credits have been enormously beneficial to large numbers of my constituents and a great help to many poor families? However, does she also accept that the scheme is not perfect? A recruitment company in my area reported to the Treasury that some employees from the accession countries have made false claims. Although that has been drawn to the Treasury's attention, it has told the company to go ahead and pay them. The problem applies especially to seasonal workers, who come here for a time, return home and continue to claim tax credit throughout that period. That undermines the credibility of the whole system.

Dawn Primarolo: What undermines credibility is the continual assertion of allegations without the support of facts. Whenever an allegation is made to the Department, there is an investigation into the facts. I have explained to my hon. Friend before how the rules work with regard to the A8 accession countries. If he is asking me to admit that I am not perfect, of course I would agree with that. The system that is operating now might be able to be improved, but if it were eradicated, child poverty would rise again, which would be a disaster for our constituents.

Mr. Richard Spring (West Suffolk) (Con): In her statement, the Paymaster General referred to a fraud and overpayment situation in 2003-04 of between £1.24 billion and £1.74 billion. It would be very helpful if she could give us the cumulative total since the inception of the scheme.

Dawn Primarolo: There is not a cumulative total. We are looking at the scheme's first year of operation and putting together all the figures that we now have available for that year. What confuses Conservative Members is that they are trying to mix figures from 2003-04 with those from 2004-05, and they are all saying slightly different things. That leads them to draw the wrong conclusions.

Greg Clark (Tunbridge Wells) (Con): The Paymaster General has made an astonishing statement today. A year ago, the National Audit Office said that a fraud and error rate of 3.4 per cent. was unacceptable, yet the right hon. Lady has just announced that that rate has doubled in a year. When the new tax credits came in, Ministers promised that fraud and error would halve. Who is going to take responsibility for this failing policy? Will it be the Paymaster General or her ever-gallant Chancellor?

Dawn Primarolo: The fraud figure is £70 million. That is the figure that is in the report, and the hon. Gentleman will know that because I expect that he has taken the time to read it. He is trying to blur the lines. The fact is that, when compared with the comparable figures for the first year of operation of the working families tax credit, income support or jobseeker's allowance, the fraud and error rates for tax credits are better, although of course they have to be improved. He mentioned the rate of 3.4 per cent., but he knows full well that that was an interim figure that was given with huge health warnings pointing out that the exercise was only 30 per cent. complete and that it would be necessary to wait for the full figures. The full figures are now here, and the facts are before the House.

Peter Luff (Mid-Worcestershire) (Con): Did the Paymaster General by any chance watch "Doctor Who" on Saturday? If she did, she might understand why her statement today reminds me of a cyberman coming, appropriately, through a portal from a parallel universe and insisting that its purpose was to upgrade humanity to achieve perfection. I freely acknowledge that the tax credit system has done much good, but in the universe in which I live, I hear of another case of despair and misery caused by the malfunctions in the system virtually every day. Unlike the heartless cybermen in "Doctor Who", will the right hon. Lady at least acknowledge that harm has been done and apologise to the families who have suffered so much?

Dawn Primarolo: Perhaps the hon. Gentleman would like to travel back in the Tardis and experience the despair and destitution that existed when his party was in government and child poverty doubled. That was a disgrace, and it is about time that he joined the real world and supported the Government's objective to eradicate child poverty, and of reaching our first target of halving it as soon as we can.

US-UK Extradition Treaty

5.43 pm

Mr. Nick Clegg (Sheffield, Hallam) (LD): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 24, to debate an important matter that requires specific and urgent consideration, namely,

the extradition treaty between the United States and the United Kingdom.

The Prime Minister's defence of this lop-sided treaty in the House last week posed more questions than it answered. The British people simply do not understand why we are stringently enforcing a treaty that has still not been ratified in Washington, why three British citizens will be extradited on Thursday when our own judicial authorities saw no reason to prosecute them here in Britain, and why there appears to be such an imbalance between the minimal information required to extradite a UK citizen to the US and the more substantive justification required to extradite US citizens to the UK.

This is an issue of overwhelming public interest, yet it has been a real struggle to get the Government to acknowledge its significance. A letter placed in the Library of the House last month reveals that the extradition treaty was not even raised during the last visit of the US Secretary of State to the UK at the end of March, despite the then Foreign Secretary's assurances on 21 March that he would write to her prior to her visit.

This comes at a time when extradition from the US to the UK has dropped from six cases in 2003, before the Extradition Act 2003 came into force, to two last year. Extradition from the UK to the US, however, has more than doubled to 13 cases. The treaty was negotiated in secret and was granted only cursory scrutiny in the House in December 2003, when the only Members who signalled their objections were my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) and my hon. Friends the Members for Somerton and Frome (Mr. Heath) and for Southport (Dr. Pugh). I am sure that the House will wish to applaud their foresight. There is now a strong feeling on both sides of the House that we should make up for the absence of scrutiny then with a full debate in the House today, not least in view of the controversy surrounding the fate of the three former NatWest employees.

I understand from contacts with US officials that there is some disagreement over whether the terms of the treaty are reciprocal. Even if there is a debate to be had on those legal details, it is difficult to understand why the Government should enact such important legislation without also exercising the political pressure in Washington, which is only this week belatedly being brought to bear, to encourage the US Congress to enact its side of the bargain.

In keeping with Standing Order No. 24, I hope that I have demonstrated that this is a specific and important matter that merits the full and urgent attention of the House.

Mr. Speaker: The hon. Gentleman seeks leave to move the Adjournment of the House under Standing Order No. 24 for the purpose of discussing a specific and important matter, which he thinks should have urgent consideration, namely the extradition treaty between the United States and the United Kingdom. I am satisfied that the matter is proper to be discussed under the Standing Order.

The leave of the House having been given, the motion stood over under Standing Order No. 24 (Adjournment on specific and important matter that should have urgent consideration) until the commencement of public business tomorrow.

Points of Order

5.48 pm

Mrs. Jacqui Lait (Beckenham) (Con): On a point of order, Mr. Speaker. This morning, I learned that the Mayor of London has announced that on Thursday he will hold a joint press conference with a Minister from the Department for Communities and Local Government on the transfer of further powers over Londoners to him. As this transfer of powers will involve the legislative process in the House, have you had a request from any Minister from that Department to come to the House to inform us of what is proposed, as is only right and proper?

Mr. Speaker: If legislation is involved, which the House is required to pass, the House will obviously get an opportunity to discuss the matter in full.

Andrew Mackinlay (Thurrock) (Lab): On a point of order, Mr. Speaker. On behalf of Back Benchers, may I have your support in relation to our next item of business, which is the discussion of the Intelligence and Security Committee's annual report? As at 11 o'clock today, the Government's response to the report was not available in the Vote Office. I do not regard that as dealing from the top of the pack. The notion that we have simultaneously discussed the report and the response is a fiction. It is only by accident that I know of the existence of the response. I put it to you, Mr. Speaker, that very few Back Benchers and just a few Opposition Privy Councillors are aware that it was available, yet history will show that, apparently, we took its contents into account this afternoon. That is unacceptable, and I hope that you, Mr. Speaker, will admonish the Government on this occasion.

Mr. Speaker: I have some sympathy with the hon. Gentleman's case, but, as he has stated, that matter can be debated in the business after the ten-minute Bill, and there is nothing to prevent him from raising it when the Home Secretary makes his opening remarks. I hope that is helpful.

Accidents Involving Animals (Strict Liability)

5.50 pm

Mr. Laurence Robertson (Tewkesbury) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Animals Act 1971 to make it a defence in law for the owner of an animal involved in an accident to show that he took all reasonable steps to keep the animal in a secure enclosure; and for connected purposes.

I should first of all declare that I am chairman of the all-party horse group, and, although I am not required to register the following interest, I declare that my partner is the proprietor of a riding school.

In introducing the Bill, I seek to remove an inequity that can see, and has seen, blameless people being held liable for damages, following accidents that no person could have prevented. Members will know that there are very few strict liability offences under English law—when an instance occurs, it is overwhelmingly so that people can mitigate the case against them by showing that they took all reasonable steps to avoid an incident taking place.

Further, in English criminal law, a guilty action amounts to an offence only if the person involved has a guilty mind—in legal speak, mens rea—meaning that the person must have had intent to cause the incident or must have been reckless as to its likely occurrence. That, I am sure, is how the House would want the situation to be, under both the civil and criminal law. The alternative—that one can be held liable for an event about which one knew nothing, and, indeed, that one had taken all reasonable steps to prevent—is a chilling scenario, much more suited to the worst totalitarian states than to democracies.

On 12 April 2006, the Court of Appeal held that absolute offences, which may subject a person to conviction and punishment in circumstances where he had done nothing wrong, may well be an infringement of his human rights. Yet there are one or two provisions in English law that can lead to that very situation, and it is one of those that my Bill seeks to address today. It exists in section 2 of the Animals Act 1971.

The wording of the Act, as might be expected, is a little tortuous and unclear, but it seems to suggest that the owner of an animal is always liable for damages if that animal is involved in an accident, regardless of the steps taken to avoid such an accident happening. Although the Act is somewhat ambiguous to a layman, it was interpreted in the House of Lords to mean precisely that—that someone can be held liable in all such cases. In the case of Mirvahedy v. Henley in March 2003, the House of Lords held the defendants liable for damages for injuries caused to a motorist, Hossein Mirvahedy, in an accident after their horse had escaped from a field.

I do not for one moment make light of the serious injuries sustained by Mr. Mirvahedy, who was a blameless individual whose misfortune it was to be involved in the accident. Nor do I say that, in all circumstances, animal owners should be relieved of all responsibility for their animals—not at all, as there may well be cases where they are liable—but I do question how any reasonable person could attach blame to Mr. and Mrs. Henley when they had taken all reasonable steps to avoid such an incident occurring.

If that iniquity is not removed, the knock-on effect could be considerable. For example, given the new right to roam, would farmers be responsible for any accident that resulted from one of their sheep escaping on to a road if a rambler had crossed the farmer's field and left a gate open? Following the House of Lords ruling, presumably they would be held responsible, yet that would be manifestly unfair. What exactly is the farmer expected to do in those circumstances?

Let us take the case of riding schools, which are a source of much enjoyment to people of all ages, especially children. If a horse escapes from a secure field, which horses do, and causes an accident, is the owner to be liable for damages even though there are no steps that he could reasonably have been expected to take to avoid such an occurrence? If a horse bolts when startled by a loud and sudden noise close to it, is the owner of the animal equally held liable for any damage? Again, apparently, yes: the owner of the horse would, following the House of Lords ruling, be liable. We could then reach the situation where riding schools close down, which benefits nobody, unless they can afford the increasingly expensive insurance polices that would cover them against such damage—policies that will surely become even more expensive following the ruling. We could reach a situation whereby farmers, who are struggling financially in any case, decide that it simply is not worth it any more. Where would we be then?

Surely the best way to avoid those undesirable outcomes is to amend the Animals Act in that respect, which is what I seek to do. I should therefore like to insert a new clause into the Act, which states:

"It shall be a defence to any action brought under this Act for the keeper of the animal to show that he took all reasonable care in the circumstances to avoid any accident or incident occurring, or damage being caused to a Third Party or their property".

I am hopeful of making some progress because the Government are sympathetic to what I am saying. I tabled a parliamentary question in April, and the response from the Minister was as follows:

"The Animals Act 1971 currently has the effect of placing strict liability on the owner of animals that cause harm whatever the circumstances. This appears to be inconsistent with current liability law in other areas which allow for a general defence of reasonable care. The Government have acknowledged that there may be a case for an amendment to the Animals Act and expects to launch a consultation shortly".—[*Official Report*, 25 April 2006; Vol. 445, c.971W.]

I am not sure whether that consultation has yet been launched, but the law certainly needs amending sooner rather than later, and I am pleased that the Government have acknowledged that.

The Bill has support from Members of four political parties, and I am grateful to Conservative, Labour, Liberal Democrat and Democratic Unionist Members for their enthusiastic support. They realise that the present situation represents an anomaly in the law. I am also grateful to the British Horse Society for its support.

I repeat that I have the utmost sympathy for anyone involved in an accident caused by an animal and I accept that animal owners have a responsibility to take all reasonable steps to avoid such accidents. However,

[Mr. Laurence Robertson]

the fact that someone has taken all reasonable steps to avoid such incidents should be a defence in law against litigation, and it is that balance in the law that the Bill seeks to strike. I commend it to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Laurence Robertson, Mr Mark Todd, Mr. Peter Atkinson, Philip Davies, Mr. Nigel Evans, Mr. Richard Benyon, Kate Hoey, Miss Anne McIntosh, Mr. Jeffrey M. Donaldson, Mr. David Anderson and Lembit Opik.

ACCIDENTS INVOLVING ANIMALS (STRICT LIABILITY)

Mr. Laurence Robertson accordingly presented a Bill to amend the Animals Act 1971 to make it a defence in law for the owner of an animal involved in an accident to show that he took all reasonable steps to keep the animal in a secure enclosure; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 20 October; and to be printed [Bill 214].

Intelligence and Security Committee (Annual Report)

Motion made, and Question proposed, That this House do now adjourn.—*[Kevin Brennan.]*

5.59 pm

The Secretary of State for the Home Department (John Reid): I am pleased to have the opportunity to open this debate on intelligence and security with particular reference to the annual report of the Intelligence and Security Committee.

I regret the circumstances in which we have to debate the issue tonight: once again, of course, today we have seen the evil face of terrorism and its terrible consequences. I am sure that the whole House will join me in expressing our condolences to the families and friends of those who have lost their lives or been seriously injured in the bombings in Mumbai, India. The Government and I, and I am sure all hon. Members, unreservedly condemn the brutal murder of civilians in Mumbai. There can never be any justification for terrorism. Our thoughts and our prayers are with the victims and their families, and I am sure that I speak on behalf of the whole House when I say that we stand united with India, as the world's largest democracy, through our shared values and shared determination, to defeat terrorism in all its forms.

Let me start our discussion tonight by placing on record my admiration and support for the extraordinary work and dedication of our intelligence and security agencies. For very good reasons, not least the danger of prejudicing cases that are before the courts, we cannot go into the details of their many successful operations, which, as I said yesterday, include the four terrorist attack plots that have been disrupted since last July alone.

We should always remember that the success of the terrorists will be writ large in headlines and in human tragedy, as in this evening's news bulletins. The success of our intelligence and security services is, of necessity, very often murmured quietly in closed circles. So it is right on these occasions that we publicly record our thanks for their work. It is also fitting to thank, on behalf of the Government, the members of the Intelligence and Security Committee and its Chairman, my right hon. Friend the Member for Torfaen (Mr. Murphy), for their valuable work over the past year. They also work in a very committed fashion away from the glare of publicity.

The importance of the Committee's work and its independence should not be in any doubt to any hon. Member. My statement yesterday underlined how seriously the Government take its reports and recommendations, and we discussed, among other things, the 7 July commemorations last week. I do not want to dwell on the conclusions and recommendations in the ISC's annual report, which was published on Thursday 29 June, because our response as a Government has already been published today, and hon. Members can read it at their leisure.

Andrew Mackinlay (Thurrock) (Lab): How can my right hon. Friend justify to the House of Commons the fact that the response to which he has just referred was

not available in the Vote Office at 11 o'clock today? By such smoke and mirrors, the interference will be that, somehow, the House has taken cognisance of the response. It so happens that I raised the issue on a point of order 10 minutes ago, and a number of hon. Members on both sides of the House said that they had not the foggiest idea that that document existed. It really is a thundering disgrace. I do not blame the Home Secretary, because he has been moved in as a utility player to deal with it today, but the Government must explain why they are treating the House of Commons in this way. The document is not available; it has not been read; and it is a thundering disgrace.

John Reid: My hon. Friend makes two points: first, whether or not hon. Members were aware of a response; and, secondly, whether it was available.

Andrew Mackinlay: Well, it was not.

John Reid: I am just about to answer those points. If the second point is true, I certainly would be not only surprised, but deeply disappointed, and I undertake to look into it. I am not quite sure about my hon. Friend's reference to the utility player, but I play the role of Jamie Carragher. I am grateful to my hon. Friend for what I take to be an accolade. I deeply regret it if that material was not available to hon. Members through some fault in the arrangements. That was exactly implicit in my remarks, as he said, and I made those comments without knowledge that the report was not available to hon. Members.

As I said, I do not want to dwell on the conclusions reached in either report. Suffice it to say that the Government very much welcome the Committee's report and particularly the recognition it pays to the efforts that have been made to build counter-terrorist capacity since 9/11. Each agency has received additional funding and is undergoing expansion and modernisation. We have tried to respond in the document that we issued today—or rather ought to have issued and made available to hon. Members today—to the Committee's main points and recommendations, including some worries that it has expressed about certain things.

I have mentioned something that we welcome: the expansion of the agencies' activities and the resources going into them. Similarly, we welcome the Committee's view that, despite the diversion of efforts in the wake of the July bombings, the agencies have continued essential work on all fronts. Although we rightly concentrate on counter-terrorism, we should never forget the importance of the agencies' work on, for example, espionage, counter-proliferation and serious crime. Indeed, the Committee's report makes it clear that the agencies are being both adaptive and innovative in dealing with the challenges that they face in what the Committee rightly describes as difficult times. In the context of such challenging times, I want to say a few words on the nature of intelligence, rather than to repeat what is in the Government's document.

The House will be aware from the Committee's report on the 7/7 attacks that a failure of intelligence was not to blame for the London bombings in July last year. Despite the Committee's report, much of what is said and written about that attack continues to show, at best, a rather over-simplistic understanding of the nature of intelligence. It is absolutely crucial that we understand and convey to others the complexities and uncertainties inherent in the nature of intelligence, so that we can have a more informed dialogue.

Of course we should expect, and we receive, 100 per cent. commitment and 100 per cent. effort from the men and women in the intelligence and security agencies and from the police. Although there may be 100 per cent. commitment and 100 per cent. professionalism and dedication, there can never be a 100 per cent. guarantee that we can prevent every terrorist attack. Intelligence work is not an exact science; it is an activity that is conducted by human beings and that is concerned with the possible actions of human beings and, however perverted or misguided they may be, with their motivations and actions. Whatever the success in importing technology or scientific methodology, it can never therefore attain the predictability of a physical science.

Moreover, whether it comes from agent reporting or the interception of communications or from other types of surveillance, intelligence information is invariably fragmentary and partial, rather than a complete picture. It is information that is generally acquired against the wishes and usually without the knowledge of targets, and a complex combination of analysis, evaluation and validation is invariably required to make sense of it. Those difficulties were highlighted in the Government's response to the Intelligence and Security Committee's report on the London terrorist attacks on 7 July 2005.

Intelligence is never an end in itself. It serves to inform our understanding of risks and threats, to provide warnings and to direct police investigations and/or disruptive action, and it plays a vital part in helping us to develop our counter-terrorism policies and strategies, as well as our operational and tactical direction.

Mark Pritchard (The Wrekin) (Con): Is the Home Secretary still convinced today that Mohammed Siddique Khan was on the periphery of the intelligence services' radar screen? What are the key lessons for intelligence gathering and assessment that the Home Secretary thinks have been learned since 7/7?

John Reid: In the wake of 7/7, several lessons have been learned, and as I promised yesterday, we will publish later a document on the lessons learned from 7/7 itself. One such lesson about intelligence and the communication of intelligence to the public was to do with threat levels; I dealt with that yesterday. Another related to the difficulties and shortcomings in terms of co-ordination across services. That was always the case, but co-ordination is now more imperative than ever because it is increasingly the case that there is a seamless web of terrorism that must be addressed across domestic, foreign and defence policies. Some operational lessons have also been learned. However, although we have learned some lessons, we will continue to learn. Like all human agencies, the intelligence agencies are not infallible, so we will continue to make mistakes on occasions, but I hope that we minimise them.

[John Reid]

The hon. Gentleman referred to Mohammad Siddique Khan. On the information that I have as someone who is not an intelligence practitioner but who has some familiarity with that world, my judgment is that at the time when the intelligence service was looking into him as a shaded identity—he was known as a character on the fringes of a specifically directed investigation into others—he was peripheral to the inquiry in question. So far as I am aware, the information that we had on him at the time—without the benefit of hindsight—indicated a wish to participate abroad in some form of unspecified action but did not indicate a wish, a desire, a motivation or a plan to take part in any action in this country.

The judgment was made to pursue the main characters in the operation, and not to pursue a number of contacts who were regarded as peripheral. He was one of them, but there were several others. When the ISC looked into this, it came to the conclusion that the decision taken was—I think that this was the word it used—an understandable judgment. Of course, with hindsight—which all of us are now blessed with—we would have identified among the peripheral characters the two whom we now know were connected with 7/7. But, as I have said, that judgment is reached with the benefit of hindsight.

Mr. Michael Mates (East Hampshire) (Con): As the Home Secretary has just said, hindsight is a wonderful thing. But let me explain one of the problems that the security services—and, indeed, ourselves—have been coping with since 7 July. The so-called responsible press—I am not talking about the red tops—continually speculate and pick up little points, and then move on from that to come to conclusions. We have tried to put them to bed in the report, but the difficulty is that there have been occasions, one of which occurred two or three weeks ago, when the press were actually told that what they were about to print was untrue. But, of course, that spoiled the story, and it concerned Siddique Khan. I hope that the Home Secretary will condemn the press for that, as I do.

There are two consequences of that action. The lesser of them is that the security services and the police, who are working very hard to try to solve such situations, get rather downcast about lies coming out in responsible newspapers. But much more important are the families, who get upset, and who believe as a result of what they read that perhaps the tragedy that affected them could have been avoided, when those of us who have spent the whole year looking into the matter know that it could not.

John Reid: Not for the first time, I agree with every single word that the right hon. Gentleman, who serves on the ISC, has uttered. It would be sufficient grounds on which to condemn such ill-informed speculation, particularly when it is contradicted in advance, were it merely confusing for the House or reflecting wrongly on the security services. However, the truth of the matter is that it deeply worries the families concerned, and causes them additional grieving. I say that as somebody who has met many such families, and who will continue to meet them, along with the Secretary of State for Culture, Media and Sport, to attempt to answer some of their questions. I have to start most of those meetings by correcting the misrepresentations in the previous week's press.

As the right hon. Gentleman said, there were two stories about Mohammad Siddique Khan. One was that he had been refused entry to the United States, and that our agencies had been informed of that as far back as 2003. The FBI has denied that categorically. Another was that a tracking device was put on his car before 7/7. That was, I think, specifically denied by the security services, but the newspaper involved—a broadsheet—went ahead and printed. There have been several other such stories.

The right hon. Gentleman is right. Our concern should be to reach out to the families involved, and such stories cause them a lot of unnecessary agitation and grieving.

Mr. Mark Oaten (Winchester) (LD): Before the Home Secretary moves off the question of the lessons learned from last year's bombings, are there any lessons to be learned about the level of resources that our intelligence services have, both in terms of the finances available to them and the number of staff that they have? Is he satisfied that they are currently working to the right level of resources?

John Reid: Yes, I think that there are lessons to be learned. The resources have been increased, fourfold on the policing side of counter-terrorism. They have also doubled in terms of counter-terrorism and resilience from around £900 million to almost £2 billion. In December, the Chancellor of the Exchequer announced that a further £85 million would be given, and in the past few days an additional £34 million and £5 million have been allocated. The security services have needed more resources and if asked, they would say—I can speak with particular detail only for MI5, but I think this is also the case in terms of other agencies—that in financial terms they have got everything that they have asked for.

What is more difficult is converting the financial resources into capabilities in terms of manpower, because it takes time to recruit individuals from certain backgrounds, and to train people in languages such as Arabic and in other things. The hon. Gentleman is undoubtedly right that the demands on our intelligence services in terms of numbers and capabilities are greater than ever but, by and large—certainly with MI5, and certainly for other organisations on the figures available, with a fourfold spending increase on policing—requests for resources have been met when asked for.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I am a little concerned about whether there is enough co-ordination between agencies. Many agencies were established long ago, some as far back as 1909. The Home Secretary mentioned MI5, which answers to him along with the joint terrorism analysis centre, the Serious Organised Crime Agency and many police operations. But MI6 and GCHQ answer to the Foreign Secretary, and ... Secretary of State for Defence is responsible for th Defence Intelligence Staff, and the

security and intelligence co-ordinator answers directly to the Cabinet Office, along with the chair of the Joint Intelligence Committee. We then have a separate operation to deal with the ISC.

Is the Home Secretary convinced that there is enough co-ordination between all the agencies? I am a little worried that they might not be able to share the necessary amounts of information speedily enough.

John Reid: Yes, I think that there is a need for co-ordination—and as we have approached that seamless web that I mentioned earlier, there has been closer co-ordination. There is a chain of command. There is now a co-ordinator, as the hon. Gentleman pointed out, who is in fact answerable to me—although, of course, also to the Prime Minister. The co-ordinator operates out of the Cabinet Office precisely because he brings together MI5, MI6, GCHQ and defence. The hon. Gentleman asks for co-ordination; that is why we appointed a co-ordinator, and Sir Richard Mottram does that job very well.

In terms of the JIC and JTAC, we have gone a considerable way towards achieving the co-ordination that the hon. Gentleman asks for. We keep such matters under review, and one of the lessons of 7/7 was that we needed more co-ordination. I am prepared to look into that, as are the services; they work much more closely together. I do not deny the general thrust of what the hon. Gentleman says, but if he is angling for a homeland security Minister, we are not persuaded that that is the answer to the problem. However, closer co-ordination certainly is.

Norman Baker (Lewes) (LD): I am grateful to the Home Secretary for being so generous in giving way. He referred to the misinterpretation or misrepresentation of intelligence matters, and I agree with his comments on that. I also sympathise with those of the right hon. Member for East Hampshire (Mr. Mates). However, the Home Secretary will know that the Butler report contained criticism of the way material was presented, not by the press, but by elements within the Government. The report said that the famous dossier

"had the result that more weight was placed on the intelligence than it could bear."

The report also referred to the dossier's going

"to the outer limits of the intelligence available".

Can the Home Secretary tell us what lessons have been learned from that episode, and what steps have been taken to ensure that never again can intelligence material that was, so far as we can tell, accurate, be misrepresented—inadvertently or otherwise—in order to make a particular case?

John Reid: A large number of things have been done on the basis of the Butler report's recommendations. One of them, as it happens, concerns who holds the co-ordination post—an issue that Butler commented on specifically. The former Cabinet Secretary placed a great deal of emphasis on the type of person who got that post. Incidentally, that recommendation is not necessarily one with which the ISC appears to agree; indeed, it raised this issue in the report, so there is room for debate.

Of course, the truth is that we try to learn lessons, and there is a general problem in this regard. My personal opinion is that, the minute that one puts intelligence into the public domain, an associated problem arises. The hon. Member for Lewes (Norman Baker) would be the first to demand the intelligence basis for any assertions that I made. I would then put that intelligence into the public domain to encourage him to trust me. If I put it into the public domain in its raw form, that would put at risk the operations and sources from which it came. If, however, I modified it, he would then accuse me of producing dodgy intelligence. If I said, "Better not to do it," he would then accuse me of covering up.

I am not ascribing a personal view to the hon. Member for Lewes but rather pointing out to him that there has been an attempt to put information into the public domain in a way that enables it to be scrutinised by a number of people—not least himself and others in Parliament—but also by the independent work of the ISC. The ISC is independent of government. Although it is made up of Members of this House, even the most sceptical observer would not refer to everyone on it as an undying friend of the Labour Government, so a degree of independence can be attributed to the ISC. I hope that that helps the hon. Gentleman.

I want to make one final point to the hon. Gentleman. As I will say later, I believe that, because of the nature of intelligence, the ISC has a particular role to play. But there is also a particular obligation on us to be more scrutinising and self-critical inside this community than we would be in any other area, precisely because there is not that external validation of what we say. For instance, if the hon. Gentleman listens carefully to what I have to say on 7/7, he will realise that we have scrutinised these matters over the past period, particularly the narrative that we put into the public domain. We did that with one eye to saying that, if we find anything wrong after the public's questioning and probing of that narrative, we will report that to the House and to the families concerned. I will come back to that point later.

Mr. David Winnick (Walsall, North) (Lab): My right hon. Friend will know that a number of the survivors of 7/7 have called for a public inquiry. I understand the Government's arguments for not having one, but some of the stories that have appeared in the press concerning Khan, the ringleader of the mass murderers, are very misleading, to say the least. However, do not all the indications—including the latest, obscene video that appeared last week—now clearly show that Khan did have links with the international terrorist network and that the visits to Pakistan were not for holiday purposes? It would be useful if my right hon. Friend said now whether he agrees with that.

John Reid: The last time that we had a debate on this matter, I said, I think, that there was circumstantial evidence that some of the bombers were linked to al-Qaeda. That evidence is now stronger than ever, given the second video that has come out, so I agree on that point. I will not rehearse my arguments concerning a public inquiry, because the House knows them.

[John Reid]

Intelligence is sometimes used for tactical and operational reasons, but it is not used only for that; it is also used at a strategic level to inform decision making. In the case of intelligence on international terrorism, one example is the CONTEST strategy, which was published yesterday. At both tactical and strategic level, each piece of intelligence has to be constantly re-examined in the light of new information. That process goes on continuously, but normally, as I was saying to the hon. Member for Lewes, within the closed world of intelligence agency business. That is why we value so much the work of the ISC, an external and independent body whose aim is to provide maximum scrutiny, and which concluded that the 7/7 bombings could not have been prevented. But it is also why we—the Government, the agencies involved and those outside, and particularly those within, the intelligence and security community—should be prepared continually to scrutinise our methods, facts and conclusions.

That is why I have assured the House in the past, and assured the families of the victims of the 7/7 tragedy, that we would inform if, at any point, new information on anything came to light. In that context, I tell the House tonight that, at the end of last week, I was told that a discrepancy had indeed come to light. The official account that we provided to the House states that the train on which the bombers travelled left Luton station at 7.40 am. The police have now told us that that is incorrect—the train in fact left Luton station at 7.25 am. It did, however, arrive at Kings Cross at 8.23 am, as recorded in the official account. Although that does not appear to affect anything else in the official account, it is nevertheless an error, which is why I report it to the House. I can understand why this may be of concern to some. I have asked the police, as Members would expect, for a full report on how that discrepancy came about. I will ensure that the official account is amended and will write to the survivors and to the families of the victims on this matter.

Ms Dari Taylor (Stockton, South) (Lab): I want to take my right hon. Friend back to what he said about the lessons that we have learned from 7/7. Is he considering making one particular lesson an important part of the development of our relationship with our Muslim community and other ethnic communities in Great Britain: that we have for many years underestimated, and as a consequence under-used, their language capabilities? The Muslim community speak Farsi and Dari and other languages whose speakers are in scarce supply, and it could offer our security services a rich source of support.

John Reid: Our intelligence and security agencies are indeed looking at that issue. One difficulty in using our resources, however vastly they are expanding, is that they have to be converted into personnel with such skills.

I return to the point that I was making, and making at some length. I do so because it is important that we ensure that everyone in this country understands that intelligence is not an exact science. It is not like reading a spy novel. Piecing together intelligence is more like trying to complete a jigsaw puzzle that has no picture, many pieces missing and no pieces with a straight edge, and without knowing how many pieces one should have or whether the existing pieces are all from the same puzzle. Just to complicate completing that puzzle, one has to do so against the clock, with additional pieces being thrown helpfully in one's direction by friends, and some intentionally misleading pieces being thrown by one's enemies. That is a fuller description of the process of constructing an assessment of threat and intelligence than would normally be gained from some reports in some of our popular press or from novels.

That is the nature of the task that we set the dedicated and talented people who serve in our intelligence services. The most remarkable thing is that, more often than not, they succeed against all the odds in putting together significant parts of the puzzle in a way that makes sense of the bigger picture. That saves lives, for which we ought to be grateful. It has done so many times before the 7 July attacks, and will continue to do so. That is the most important return of all on the investments about which Opposition Members have asked me.

All those difficulties have always existed, but they are now more challenging than ever. They have become larger and more difficult with the emergence of global terrorism. For nearly half a century after the end of the second world war, our intelligence agencies focused on fighting the cold war. From the late 1960s onwards, they played an important role in a conflict within the United Kingdom, in Northern Ireland. Nowadays, their primary focus is on the international terrorism of al-Qaeda and al-Qaeda-inspired groups.

As well as bearing in mind the normal difficulties affecting intelligence, we should recognise how much more challenging today's actions are than what went before. Today's enemy is unfettered by any sense of international convention, legality or even morality. Indeed, it is spurred on by a perverse perception of morality to achieve an even greater extent of civilian carnage. It uses methods of which we would not have conceived even a short time ago.

Moreover, the form of today's enemy has changed. In the past, we faced a foe with a structure. We knew the structure of the Soviet infantry and we often knew the structure of an active service unit of the Provisional IRA, along with its commander. We either knew the names of those involved, or were aware of an intelligence gap that needed to be filled.

Not only did our former foe have a structure, but that structure was fairly static and unchanging. When it comes to al-Qaeda and the like, we face an enemy that is structured only loosely, if at all, and comprises numerous largely autonomous groups acting outside any recognisable chain of command. Nor do those groups have a permanent base from which to operate. All that makes the job of our intelligence services much harder than it was before.

Today's terrorist is also helped by the ease of modern transport and communications. The internet and cheap mass travel have created a global village that is home to the global terrorist. All that makes life easier for the terrorists and harder for those who seek to counter them.

David Tredinnick (Bosworth) (Con): The right hon. Gentleman mentioned the earlier threat during the cold war. Can he reassure us that he has the appropriate

contacts with our former foes in the eastern bloc whom we now aspire to have as friends and that we are making good use of their extensive intelligence-gathering facilities? Can he establish those facts through whatever channels he considers appropriate?

John Reid: We have those contacts. Some, of course, are in the European Union. Some are in NATO. Others, such as Russia, are in partnership with NATO through partnership for peace or the NATO-Russian Permanent Joint Council. As well as having those military links, we try—as far as is possible, practical and sensible—to maintain an interchange and co-operation on intelligence matters. There is a reason for that. As I said yesterday, the terrorist threat faces us all. It is not a clash of civilisations, but a clash of evil terrorists against civilisation. Whatever differences we have with most of the great powers of the world, they are overcome by the common threat that we face, and the common awareness that we must face it together. We certainly do that.

Mr. Ellwood: Will the Home Secretary give way?

John Reid: I have given way to the hon. Gentleman already. If he does not allow me to make some progress, Members will legitimately claim that I have spoken for too long.

David Davis (Haltemprice and Howden) (Con): Never.

John Reid: I saw that coming.

I was explaining all the elements that make the terrorist's unfettered intention of mass destruction more difficult too cope with than ever before. One essential element of threat is intention. To match that unfettered destructive intent, modern science has, tragically, also offered a potential for almost unlimited destructive capability, the other essential element of threat.

The means of mass destruction have been around for quite a while, but when they are linked with unfettered intention, unconstrained by conventional legality and morality, and with unlimited destructive capacity, we begin to see the size of the new threat that we face. We do not face that threat alone, of course: attacks in places as far apart as Bali, New York, Egypt, east Africa, Madrid and—only this afternoon—Mumbai show, if any illustration is needed, that no community or city is immune. The director general of the Security Service, speaking to her counterparts in the Netherlands last year, pointed out that, as the threat is global, protecting our friends is also a way of protecting ourselves. That is, I think, the point made by the hon. Member for Bosworth (David Tredinnick).

We must, and do, work closely with other countries, and with their intelligence and law enforcement agencies, in combating the terrorist threat. It is essential for us to think globally as well as acting locally. The plain fact is that a snippet of intelligence, whether it is gathered in Kirkuk or Kabul, can lead directly to action here on our streets to prevent an atrocity. That is the nature and extent of global terrorism, and that is the global response that we need.

Mr. Michael Ancram (Devizes) (Con): The Home Secretary has spoken of our relationships with other Governments in the fight against al-Qaeda. How central to our fight against al-Qaeda is our current relationship with the Government of Pakistan?

John Reid: It is extremely important, because of our ties in history and Commonwealth, because of the number of people with a Pakistani background in this country and because of Pakistan's proximity to some of the most difficult parts of the world in which international terrorists are operating. Afghanistan sits next to the western and north-western territories of Pakistan. All that means that we must work internationally in Afghanistan. We must work closely with President Musharraf and his services there, and we must also deal with domestic problems here, or indeed in Pakistan. We have received a great deal of support from President Musharraf. I had the pleasure and privilege of meeting him last year to discuss a range of issues, and I cannot overestimate the importance of our relationship with Pakistan when it comes to these matters.

I had several other pages to which to refer and several other issues to raise, but as I see that my right hon. Friend at the other Dispatch Box, the right hon. Member for Haltemprice and Howden (David Davis) is eager to speak, and as I may have spoken for a little longer than I should have yesterday, I am more than willing to end my speech now. Perhaps I can deal with the other matters by responding to questions later—and the Minister for the Middle East will wind up the debate.

Let me end by saying that, however much we rely on our intelligence and security agencies, as we should, we ought to remember—as I am sure we do—that defeating terrorism is not simply a job for the Government, the security agencies or the police. Just as the intelligence and security agencies work on behalf of the whole community, the whole community must be involved in defeating terrorism. Given the unity and endurance that have seen our people through so many difficult times in the past, I believe that terrorism will ultimately be defeated. But the struggle will be long and hard and wide and deep, and in the midst of that we will rely more than ever on the men and women who work so hard and in such a dedicated fashion in our intelligence and security services.

ROYAL ASSENT

Mr. Deputy Speaker (Sir Michael Lord): Before I call the next speaker, I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty the Queen has signified her Royal Assent to the following Acts and Measures:

Childcare Act 2006

Electoral Administration Act 2006

National Lottery Act 2006

Leicester City Council Act 2006

Liverpool City Council Act 2006

Maidstone Borough Council Act 2006

Church of England (Miscellaneous Provisions) Measure 2006

Pastoral (Amendment) Measure 2006

Intelligence and Security Committee (Annual Report)

Question again proposed. That this House do now adjourn.

6.40 pm

David Davis (Haltemprice and Howden) (Con): I join the Home Secretary in offering our condolences to the families and friends of the victims of the outrage in Mumbai.

I am tempted to continue by referring to the Home Secretary as my right hon. Friend, as he just referred to me, but we would probably do each other equal harm. A cosy consensus may break out, but I think not. However, I do join him in welcoming the annual report of the Intelligence and Security Committee. It is a thorough and wide-ranging report that raises several crucial issues. It is a fair reflection of the objective and serious manner in which the Committee, led by the right hon. Member for Torfaen (Mr. Murphy), approached its scrutiny of the intelligence and security communities.

The House knows that I have some trenchant views—although I am probably in a minority in the Chamber—on the structure and powers of the Committee, and I shall say more about that later. However, I wish to put on the record that I do not, for one moment, accept the accusations made on "Newsnight" last night. The Committee is doing its job to the best of its very great ability.

I also join the Home Secretary in paying tribute to the work of the intelligence and security agencies. As the Committee's report highlights, the threat from international terrorism remains serious and sustained. It comes not only from al-Qaeda, as the Home Secretary pointed out, but from its associated networks, dissident groups in Northern Ireland, Iranian state-sponsored terrorism, the proliferation of weapons of mass destruction and foreign espionage. We are all too familiar with the events of July last year—but it is thanks to the efforts of the security and intelligence services, as the Home Secretary said, in combating those diverse and complex threats that there have not been similar attacks both before and since then.

I have to break the cosy consensus on the issue of the Government's response to the Committee's comments on the combination of the post of the chairman of the Joint Intelligence Committee and the security and intelligence co-ordinator. I defer to nobody in my admiration for Sir Richard Mottram, with whom I have worked on several occasions, but the ISC raised a substantive point and I hope that the Home Secretary will look at it again, in slow time, perhaps before the next Committee report arrives.

The Committee also reports that the Government have recently concluded a study into the impact of new technology on interception of communications. The report was agreed between the Home Secretary's predecessor and the Opposition in response to our call for the use of intercepts. As the tragic events just over a year ago demonstrated, terrorists will stop at nothing to inflict death and destruction on their enemies and innocent members of the public alike in the name of their cause. In combating that threat, we must consider all possible measures to detect terrorist suspects and to bring them to justice.

Two weeks ago, I wrote to the Home Secretary urging him to review the prohibition on the use of evidence from UK-warranted interception in our courts, as I also did with two of his predecessors. It is vital that our courts system has the tools to convict and lock up terrorists. Intercept evidence could also alleviate the need to lock up terror suspects arbitrarily or to impose control orders, by bringing them into the justice system on an evidence-based basis.

The previous Home Secretary claimed that

"the use of intercept will not result in our being able to prosecute more terrorists".

He also said that it

"would endanger sources, damage relationships with foreign intelligence agencies or expose highly sensitive techniques".

I do not accept those arguments.

From the briefings that the Home Secretary's predecessor made available to me from representatives of GCHQ and other interested parties, I am convinced that the obstacles to the use of intercept in our courts are not insurmountable. I have come to the conclusion that every problem can be overcome. The Government's own terrorism adviser, Lord Carlile, says that intercept evidence would be "very useful". The Metropolitan police say that it makes us look

"a little bit foolish that everywhere else in the world is using it to good effect"—

but we are not. More than a year after the attacks in London, we are still in the absurd position in which intercept evidence from foreign jurisdictions is admissible in our courts, but evidence from our own agencies is not.

The Home Affairs Committee has said that

"outside the Government, there is universal support for the use of intercept evidence in the courts. The Home Office has not produced convincing evidence that the difficulties are insuperable".

The last Government review—the fifth in 10 years—maintained the prohibition. Since 7 July last year, the Government have conducted another review, which the Committee tells us is now complete.

John Reid: The right hon. Gentleman raises an important point. My predecessor told the House on 2 February that the Government are committed to finding a possible legal model by which we could provide the necessary safeguards to allow intercept material to be used in evidence, and I have some sympathy with that point of view. The Home Office is carrying out work on two possible legal models. The right hon. Gentleman said that he understood that that work had been completed, but that is not my information. The two models are the so-called public immunity plus model and the examining magistrates model. My understanding is that the work is due to be reported to Ministers in November—I asked about the matter before I came to the House today—so it is too early to say whether a workable legal model can be devised. I accept the right hon. Gentleman's point that this is an important issue, but it is also very risky if we get it wrong. Although it sounds as though it is a lot of time to spend on the matter and even if we were disposed to look on it with an open mind, we would have to be certain that we were not opening up the service and its operations to risk.

David Davis: I thank the Home Secretary for that extremely useful intervention. The examining magistrates model was proposed in the first instance by the Newton committee and we supported that argument as it appeared to be the most robust. I agree entirely that we should not take risks in that area, but on the basis of legal advice from outside the Government—as well as the Government's commentary—it appears to be achievable. People as eminent and knowledgeable about the issue as Lord Lloyd, for example, think that it is a tenable and achievable aim. I look forward to the Home Secretary returning to the House at some time soon with a conclusive answer on the issue.

The Committee's report has a section on the Serious Organised Crime Agency. One of the aspects of the Serious Organised Crime and Police Act 2005 that many criticised at the time of its passage was the absence of a single UK border police force. What Lord Stevens referred to as our "porous" borders have an impact on all the targets dealt with by the agencies covered by the Committee—organised crime, espionage and terrorism.

The Committee reports that

"the threat from espionage remains...Several countries are actively seeking British information and material to advance their own military, technological, political and economic programmes".

For almost a century, foreign intelligence services have used large movements of people, especially refugees, as cover for inserting their agents. There is also the now well understood threat of foreign terrorists entering the country illegally.

The failure of the Government to get a grip on illegal immigration, the now famous admission by the immigration and nationality directorate head of removals that he does not have the faintest idea how many illegal immigrants are in this country and the Home Secretary's description of the IND as "not fit for purpose" demonstrate a serious weakness in the Government's strategy to keep out those who would do this country harm. As the example of one of the suspects wanted in connection with the attempted bombing on 21 July last year showed, there are also problems monitoring people leaving the country. Despite his photograph being distributed to ports and airports, he was able to escape to Paris and then to Rome.

If the Home Secretary is really serious about protecting our borders, he will look again at introducing a single border police force. The Metropolitan police have called for one, the former head of the Association of Chief Police Officers has called for one and the Home Affairs Committee called for one more than five years ago—but just a few weeks ago, the Prime Minister rejected those calls. If there were a single force, combining the expertise of existing agencies to prevent foreign terrorists entering the country or to detect suspects leaving the country, the burden on the security services would be lower in the first place.

Yesterday, the Home Secretary announced in his statement that a Cabinet-level Committee would work on measures to reduce alienation. However, the ISC reports that another ministerial Committee, the Intelligence Services Committee, has met just once in the past 10 years. That raises a serious problem about ministerial oversight of national security. Currently, a vast array of individuals, bodies and committees are involved in protecting the security of this country, but no single Minister is charged solely with overseeing those bodies and countering the terrorist threat.

By virtue of his wide range of responsibilities, the Home Secretary always has a lot on his plate, and he has admitted as much himself. Much of that work is urgent, as the recent crises over foreign prisoners and other matters have shown. It is impossible for him, or for anyone in his position, to focus entirely on security issues. That is perfectly reasonable, and it is why we have long proposed that a single, Cabinet-level Minister should focus solely on counter-terrorism and national security. I understand that that proposal now has the support of the Chairman of the Home Affairs Committee.

The Prime Minister has rejected our proposals again, saying that the present arrangements work well, yet the simple truth is that they do not work well, or not well enough. The speed of progress in the prevention and detection of terrorist attacks is slower than we would like. That is not a reflection on the Home Secretary or his predecessors; it is more a reflection on the system that is in place. Until we have a single Minister whose sole focus is defeating the terrorist threat, improvements to the security services and to our resilience arrangements will not be as rapid as they could and should be.

I have paid tribute already to the excellent work of the ISC, under the leadership of the right hon. Member for Torfaen. With limited resources, it performs its task admirably, but no one could imagine that its report on the events of 7/7 could match the 550-page report produced by the 9/11 commission. The time has come for the powers and remit of the ISC to be expanded, to match its task's heightened profile and difficulty. By increasing the ISC's powers, Parliament could ensure full scrutiny of the work of the intelligence and security services while maintaining the necessary secrecy that surrounds their operations.

I last asked the Home Secretary about these matters in May, when he responded that the ISC's scope, remit and statute were defined by the previous Conservative Government. That is correct, and I am touched that the right hon. Gentleman values that Government's actions so highly that he wants to maintain the status quo. However, I think that the Government accept that we now face a new and more sophisticated threat. It is only right that the ISC's role should develop to ensure that that threat is met in the most effective way possible.

The ISC was created in the mid-1990s. It was envisaged then that, as the Committee acquired the confidence of the intelligence and security communities, it would evolve towards being a Select Committee of this House, rather than an appointed Committee of the Prime Minister. I urge the Home Secretary to consider those proposals, to ensure that our security services perform their vital role to the best of their ability and under the best possible scrutiny.

Mr. Winnick: The right hon. Gentleman will recall that I was present at the debates on the Bill setting up the ISC, and that the then Conservative Government strenuously opposed Opposition amendments that would have made it a Select Committee. It was made

[Mr. David Winnick]

clear to us that under no circumstances would that happen. If he is departing from that position, that is something to be welcomed.

The shadow Home Secretary is suggesting that the ISC's role should be extended, and no doubt the Government will wish to consider that, but would not that require greater parliamentary accountability than we have at present? Obviously, ongoing operations could not be considered, either in private or in public, by any Committee, but does he agree that there should be more parliamentary accountability than exists at the moment?

David Davis: I do agree, and I shall offer a model of how I think the Committee should be set up. The hon. Gentleman may remember that I was one of the Ministers on the Bill to which he referred. I recall that I said at the time that the then Government expected the Committee, and its relationship with Parliament, to evolve. I am sure that he can look that up if he wants to.

Prior to the ISC's existence and, indeed, for the past decade or so, a great deal of oversight had been provided to the secret arm of Government by the Chairman of the Public Accounts Committee sitting as a Committee of one. From memory, that arrangement applied to various aspects of the operations undertaken by MI6, MI5 and GCHQ. If he casts his mind back, the hon. Member for Walsall, North (Mr. Winnick) will recall the publication of the report on the £150 million overrun on the cost of the buildings for MI5 and MI6. My predecessor in those days was Robert Sheldon, now Lord Sheldon. He tried to get that report published, but the agencies told him that the information was so secret that it could not be put in the public domain. Tom King, now Lord King, was the ISC Chairman at the time, and he also said that he would like to see the information in the public domain, but he, too, was told that it was too secret. In the end, all three of us ganged up on the Government—this Government—who were persuaded that information such as that could be put in the public domain.

A redaction process then started, as I wanted to make the final report as accountable as possible. I received two documents—one each from MI5 and MI6—containing all their proposed deletions. The chapters that they wanted to redact looked almost identical, but the proposed redactions were different. I therefore wrote to the agencies. I asked MI5, "If MI6 allows us in, why can't MI5?" I also asked MI6, "If MI5 allows us in, why can't MI6?" The agencies' opposition to the report collapsed and it was published almost in its entirety. I do not think that any aspect of our security and intelligence operation was damaged—

Andrew Mackinlay: Did the western world collapse after that?

David Davis: No, the western world did not collapse—at least, not from that cause anyway. However, the hon. Member for Walsall, North is right: it is perfectly possible for a responsible Committee to carry out oversight in the way described.

I do not entirely agree with how the Americans handle all their oversight arrangements, especially in respect of budget oversight, but the objective that has been set out is eminently achievable. I should like a Committee to be established along the lines of the PAC, with serious investigative resources. I do not mean this as an insult to the ISC's current Chairman, but it is possible that, as a matter of course, the proposed Committee should have an Opposition Chairman. That is what happens with the PAC, and if I am Home Secretary in two or three years I may be in a position to offer the right hon. Member for Torfaen another job.

The mechanism that I envisage can be achieved. As we enhance the size and effectiveness of our security services, we owe it to the people of Britain to enhance the oversight that goes with that.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): I was Secretary of State for Defence when the ISC was formed, and it is easy to forget how revolutionary an innovation it was considered to be and how nervous the agencies were about any degree of scrutiny. However, I entirely agree with my right hon. Friend: the excellent work done by the ISC, and the nature of the security problems that it and the Government face at present, more than justifies the sort of reforms that he is recommending.

David Davis: I thank my right hon. and learned Friend, with whom I have worked on these matters before. I hope that we have a well-informed view of the needs of the security services, but we also have respect for the effectiveness of Parliament in this area.

Richard Ottaway (Croydon, South) (Con): Will my right hon. Friend give way?

David Davis: I give way to another member of the ISC.

Richard Ottaway: I apologise to the House and to the Home Secretary for intervening, given that I was not present for the right hon. Gentleman's speech. I am interested in what my right hon. Friend is saying. I have served on a fairly high profile Select Committee and on the ISC, and I have an open mind about the proposal that he is making, but will he elaborate on how he sees a Select Committee working within the confines of the Official Secrets Act? By definition, a parliamentary Committee is open, whereas the Official Secrets Act is, of course, limiting.

David Davis: There is no doubt that the proposed Committee would be unique in that respect, but the American Senate has a very effective oversight committee. For instance, Pat Roberts' committee helped to produce the 9/11 report, and there are many other examples. What we propose is not impossible and there are various options, such as requiring all Committee members to be privy Councillors. We need to begin the debate on the matter, to ensure that we have the right level of scrutiny to match the security requirements.

Mr. Chris Mullin (Sunderland, South) (Lab): The right hon. Gentleman is making some sensible and helpful proposals. I have pursued precisely these matters for a long time, and over the years I have become aware that people say things in opposition that melt away when they get into government. If he ever gets into government, will the right hon. Gentleman assure the House that he will stick firmly by the idea that the security services should account to Parliament and not to the Prime Minister?

David Davis: There are two aspects for the hon. Gentleman to consider. First, I was a member of the Committee that put MI6—the SIS—on to an avower basis for the first time, so my enthusiasm was evident even as a junior Minister. Secondly, I am told that when people go into government they have 12 months of virtue, so when and if I am Home Secretary in three years' time, I recommend that the hon. Gentleman reminds me of that point. That is why I am making it now.

Mike Gapes (Ilford, South) (Lab/Co-op): Perhaps I can help the right hon. Gentleman. From time to time, the Select Committee on Foreign Affairs has received classified information, which it has never leaked; nor would it. Nevertheless the Committee has regularly been told by Ministers, in this and the previous Government, that certain information will not be given to us because it is being given to the ISC. The members of that Committee are good people, chaired by my right hon. Friend the Member for Torfaen (Mr. Murphy), whom I served as a Parliamentary Private Secretary, but the ISC is not a Committee of the House and it is not accountable to the House, so I am very interested in the proposal made by the right hon. Member for Haltemprice and Howden (David Davis), but it should go further.

David Davis: I am tempted to say, "Get thee behind me, Satan", but I shall leave that point right there. However, I encourage Members, especially the hon. Member for Sunderland, South (Mr. Mullin), to remind me in two and half years' time of what I said this evening.

Mr. Ellwood: Does my right hon. Friend agree that the ISC has limitations? The report it produced for the House on the Bali bombings in 2002 suggested that MI5 had got the threat level wrong and that it should have been raised from significant to high. The report was put to the House, but the House decided not to act on it. The consequences of not accepting its recommendation about travel advice from the Foreign Office were huge and affected all the people consulting the website when making plans to travel to Bali. The whole report, written by Ann Taylor, was dismissed by the Chamber, which shows how limited the powers of the ISC are.

David Davis: If my hon. Friend will forgive me, I think that he is blaming the wrong person. We cannot blame the Committee for the extent to which the House or the Government take action on the basis of its recommendations. That is purely the responsibility of the House and the Government. The Committee does the best job it can within the limits of its remit and my hon. Friend highlights a good example of one of the things that it illustrated.

The burden of the ISC's work this year has been the report into the London terrorist attacks of 7 July, about which I do not intend to go into great detail as I suspect that the story will change over the coming year. When the Committee published its report, I paid tribute to it as "extremely insightful", but although the Committee is impartial, astute and of the highest integrity, as I have said before, there are limitations on what it can achieve. I shall read a quotation to the House:

> "No one wants to play the blame game. No one wants an investigation to find one person who was at fault and make them pay. But we need to fully understand what happened on July 7. And there is a very simple reason - it is the best way to stop it from ever happening again. The public need to know if there was anything that could have been done immediately before the attacks to prevent them. They need to know whether there were things the police or security services might have done which could have saved all those lives."

Those are the words not of some wild revolutionary, but of the right hon. Member for Southampton, Itchen (Mr. Denham). So if the Home Secretary will not listen to me, perhaps he will listen to his right hon. Friend who, as the Chairman of the Home Affairs Committee and a former Home Office Minister, has a good deal more experience in these matters than almost anybody else—even members of the Government.

It is worth pointing out that almost every serious breach of security under previous Governments has resulted in an independent inquiry, generally led by a member of the judiciary, such as the Radcliffe inquiry in 1962, the Denning inquiry and the Franks inquiry. The least that the Government can do, to ensure that no stone is left unturned in learning the lessons from last July, is to order a full, independent inquiry. So far, the Home Secretary has shown himself willing to reconsider some of the decisions taken by his predecessors. I hope that this will be another issue on which he is prepared to be independently minded and to do what is best in the interests of the public.

The ISC reports that the Home Secretary intends to toughen the Official Secrets Act. We hear that he intends to remove the common law defence of "duress of circumstance", or necessity, as a defence for so-called whistleblowers, and that the maximum penalty for breaching the Official Secrets Act could be doubled from two to four years in prison. I shall wait until the Bill is published and we have had a proper chance to examine it in detail before I comment on its contents and before the Opposition decide on their stance.

It is surprising, however, that the Home Secretary wants to change the law when the Government have failed to test its operation in crucial cases, most recently in the case of Katharine Gun, which, I understand, led to the proposals. I should make it clear that I do not approve of what Ms Gun did, but if the Government believed that her actions represented a breach in security, or had endangered the interests of the United Kingdom, they had a duty to take the case to court in the national interest. However, the case was reportedly dropped just five hours after the defence sought the disclosure of the Attorney-General's advice to the Government about the Iraq war.

[David Davis]

Whether or not there is a public interest or similar defence in law, it is possible that a jury would still decide a case based on its own interpretation of the public interest. I hope that the Home Secretary will pay particular attention to this part of my argument, as that is an important test; for example, such an interpretation of the public interest may have been the reason for the acquittal of Clive Ponting, under a previous Government.

The Government came to power with an admirable reputation and enthusiasm for freedom of information, for protecting whistleblowers and for civil rights—an apposite point given the issues that were raised with me earlier—which has, sadly, faded in recent years. The Government's behaviour towards legitimate—indeed, public spirited—whistleblowers has bordered on the disreputable. There will be a fear that the Official Secrets Act is being used to conceal embarrassing facts, rather than secrets that are essential to the security of the state. If the proposed measures represent the former, the whole House will resist them, but if they are really necessary for the defence of the state, they will receive our support. That distinction is vitally.

Norman Baker: I am interested in the right hon. Gentleman's comments. There were newspaper reports of considerable disquiet in the intelligence services about how the intelligence was presented during the run-up to the war with Iraq. If people feel that intelligence is being misused, there must be legitimate means, without endangering security, for them to represent that view to others who may have a legitimate interest—for instance, the ISC. There is a real fear that if the proposed measure goes through, there could be further oppression of people whose legitimate point of view would help the House.

David Davis: The hon. Gentleman makes a reasonable point, although the Committee's report covers in some detail the quite sensible arrangements for handling dissenting opinion. However, he is right in another respect: we have to be absolutely sure that the Bill is about protecting the interests of our state, not those of a particular Administration, or protecting from embarrassment somebody in the bureaucracy. That is the test that we shall apply to it when it comes before the House.

One point not mentioned in the ISC report, but to which the Home Secretary alluded yesterday, is resilience—the measures taken to preserve public safety when a terrorist attack has happened. Resilience is a vital pillar in the fight against terrorism. Although the Home Secretary included it under the prepare strand of the Government's counter-terrorism strategy, it is clear that more needs to be done. For example, simple measures, such as instructions about what to do in a case of emergency—as in a terrorist attack—have still not been placed in tube carriages. A whole year after 7/7, a series of safety measures have not been put in place. Those are small but vital measures, which should not normally occupy the time of the Home Secretary, but they could mean the difference between life and death to members of the public in the event of another attack.

We all pay tribute to the bravery and commitment of those in our intelligence and security communities who protect our lives on a daily basis. However, they cannot win the fight against terrorism alone. I urge the Home Secretary and the Minister who winds up the debate to consider the proposals that I have set out: lifting the ban on intercept evidence; a single, border police force; a single, Cabinet-level Minister in charge of counter-terrorism and national security; an increase in the investigative powers of the ISC; an independent inquiry into the events of 7 July; and further attention to resilience measures.

I repeat what I have said to the Home Secretary before. It is certainly our job on the Opposition Benches—and, in my view, on both sides of the House—to question and to scrutinise the actions of Government and, where necessary, to propose an alternative course of action—and no matter how the Home Secretary may describe it, that is not unpatriotic; it is our duty. However, where we believe that he is taking action in the interests of public security and in the national interest, he will have our unwavering support.

7.10 pm

Mr. Paul Murphy (Torfaen) (Lab): I share the revulsion of the shadow Home Secretary and of my right hon. Friend the Home Secretary at the events in India today. It just proves that the terrorism that we now face is in a global form that we have never quite faced in the past. I put on the record my thanks to the Clerk, Emma-Louise Avery, and the staff of the Intelligence and Security Committee, and to the previous Clerk, Alistair Corbett. They work extremely hard. They are dedicated, committed and behave extremely independently in the work that they do. I would also like to thank the members of the Committee, from all parties and from both Houses. They, too, work with great diligence and commitment. They are extremely critical when necessary, but they operate entirely in a non-partisan and non-party political way, as they should.

I was interested in the remarks made by the shadow Home Secretary about whether the Committee should be a Select Committee of the House. I am reminded of a former Welsh colleague of mine, whom many Members here would have known, Cledwyn Hughes, the former Member for Anglesey. When he faced such interesting and difficult issues, he would address the parliamentary Labour party, of which he was chairman, and say, "You see colleagues, there are pros and cons for, and pros and cons against." On the question of the Select Committee, that is probably precisely the case. I have no firm view on whether the Committee should be a Select Committee, but I am certain that it should be different from any other Committee that exists in Parliament.

Andrew Mackinlay: You'd get paid as Chairman.

Mr. Murphy: Indeed. There are some advantages, then, in the Committee being transferred into a Select Committee.

Let us look at the way in which the Committee is appointed. We know, of course, that the appointments are made by the Prime Minister. However, the

Opposition Members on the Committee—remember that out of nine members, four are Opposition Members—are appointed on the recommendation of the leaders of their respective parties. To all intents and purposes, the appointment of the members is very similar to the appointment of Select Committee members. In addition, the way in which the Committee operates in its offices in Whitehall is exactly the same as the way in which Select Committees operate—by way of cross-examination and taking evidence, both written and oral.

Andrew Mackinlay: I think that my right hon. Friend said that the way in which the Committee is selected is known. I have to remind the House that I tabled parliamentary questions asking the Prime Minister about the manner in which the selections were made and he said that he would not tell me because it was a secret. I think that we should have revealed to us today what he understands is the method of selection.

Mr. Murphy: I assume that my hon. Friend means me when he says "he". I do not make the selections. What I am telling the House is that the Prime Minister selects the Labour members on the basis of his own decision, having taken advice; other members are selected on the recommendation of the Leader of the Opposition and the leader of the Liberal Democrat party. That seems very similar to the way in which Select Committees are appointed.

I do not want to go too far down this road, because, as I said, I am neutral on the issue of whether the Committee should be a Select Committee, in terms of the constitutional point, but I am certain that it ought to be a different type of Committee. It has to meet in private. It is clearly absurd for a Committee dealing with secret intelligence to meet in pubic. That cannot happen. Of course, we debate such matters—we are doing so today—in the Chamber of the House of Commons, and that is right, too. There are reports—at least one, usually two and sometimes three a year—from the Committee that are debated in public and that are in the public domain.

It is also nonsense to suggest that the members of the Committee, in the words of some journalists, are the Prime Minister's stooges, or that we have a cosy relationship with the security services. How on earth can that be the case with a Committee that is drawn up on lines that give the Government a majority of only one—if that were ever to be used, which it is not—and that includes among its members a former deputy leader of the Conservative party and a former deputy leader of the Liberal Democrat party? As my right hon. Friend the Home Secretary indicated in his speech, by no stretch of the imagination could it be said that they are the Prime Minister's stooges.

The accusation that the Committee is amateur and inexperienced is also clearly nonsense. Of the nine members of the Committee, one of whom comes from the House of Lords, four have been Ministers in Departments that have direct knowledge of and relationships with the security services. In terms of experience, although they might not want me to mention it, my colleagues and I have a combined service to Parliament of nearly 200 years. That is nearly 200 years of valuable experience.

The point that I am trying to make to the House is that in no way is the Committee full of people who are there to give the Government a soft line or some sort of easy ride. That is not the purpose of the Committee. The purpose of the Committee is to scrutinise the intelligence services as effectively as it can, without fear and without favour. That is not an issue that divides us. All of us on the Committee, from whatever party and whichever House in this Parliament of ours, believe that that is the right thing to do.

For example, in the annual report for 2005-06, which we are considering, there are three substantial criticisms that we believe should be dealt with. Some of them were touched on by the shadow Home Secretary. There is the fact that the chairman of the Joint Intelligence Committee and the security and intelligence co-ordinator ought not to be the same person. We are still unconvinced that that is the right thing to have happened. We also say that the emphasis by the Joint Intelligence Committee on trying to achieve a consensus in its reports could mean that it is missing, or failing to prioritise, key points. We had concerns about the new intelligence system, SCOPE, and the difficulties that GCHQ had with various staff disputes.

At the same time, however, we are also very conscious of the fact that, where praise is appropriate, we give it to the intelligence services. That is something that any Select Committee in the House of Commons would do. For example, the staff problems at GCHQ seem to be in the process of being resolved and the IT project SCOPE will deliver next year. There is no question but that the agencies have faced a huge challenge during the past 12 months, given all the difficulties with regard to the problems of counter-terrorism and 7 July, and I think that they have met that challenge.

There is now an opportunity for dissent and challenge in the Defence Intelligence Staff—an essential recommendation of the Butler review. We recognise that extra funding has gone into the agencies and we have emphasised on more than one occasion the need to ensure that there is good value for money. There is another issue that is completely misunderstood by so-called commentators. That point came out last night on "Newsnight". I am talking about how people are recruited into our intelligence agencies. I understand that one of the so-called experts said that it was done by means of an Oxford don and a bottle of sherry. I have nothing against the University of Oxford—I went there myself—and I certainly have nothing against a bottle of sherry, but these days that is not the way in which people are recruited to our security and intelligence agencies. If Members had looked at *The Times* some months ago, they would have seen that it contained advertisements for MI6. If they turn on their computers and look at the websites of both our security services, they will see that jobs are being advertised in public in a way that is completely different from what has gone on in the past. It is right for the Committee, Parliament and the Government to put right such misconceptions. It was good that our campaign to see BBC monitoring continue was successful, and we commend the lead that the agencies are taking on European co-operation.

[Mr. Paul Murphy]

It is fair to say that much of the Intelligence and Security Committee's work this year was concentrated on the appalling events of July last year. Obviously, this debate is taking place in the context of the anniversary of that dreadful occasion. We found that there was no prior warning of the attack and no culpable failure on the part of the agencies. We found that MI5 had come across two of the leading bombers before the attacks at the periphery of an earlier investigation, but that there was no evidence that they were planning attacks against our country.

Mark Pritchard: I welcome the provisions made by the right hon. Gentleman's Committee, especially regarding dissenting voices in the intelligence community. Did the Committee come across any dissenting voices in the intelligence community vis-à-vis the two gentlemen whom he mentioned, most notably regarding Mohammed Siddique Khan and any previous activities in which he may have been involved?

Mr. Murphy: Our report was published on the basis of evidence given to us that was agreed by the agencies.

We found that the extent of home-grown extremism was underestimated by the agencies. We also recommended several changes to the threat and alert systems, so I was pleased that my right hon. Friend the Home Secretary announced the necessary changes to the House only yesterday.

Some allegations have been made that material was withheld from the Committee during the course of our investigations into the events of July last year and, indeed, that we were misled by the agencies. We have examined each and every one of those claims, whether they were made verbally or in the media, and are satisfied that they are not true. Our report stands as an accurate representation of the facts as we saw them. Although we have investigated the claims over the past weeks, we are still of the opinion that the conclusions at which we arrived in our written report were right.

Mike Gapes: My right hon. Friend referred to domestic terrorism. Does he share my concern about the opinion poll that was published a few days ago indicating that 13 per cent. of British Muslims sympathised with, or actually supported, the aims of the people who carried out those terrible murders in London a year ago? Does that not indicate that we need to deal with not only intelligence, but the way in which we engage the Muslim communities in detecting, preventing and combating the ideology of al-Qaeda and its sympathisers?

Mr. Murphy: Yes, I do, although that is not necessarily a job for the intelligence agencies or the Committee that I have the privilege to chair. However, it must be taken seriously into account. One thing that we can take from the poll is that although some people thought in the way in which my hon. Friend outlined, the people who live in our Muslim communities in this country overwhelmingly do not share that view. It is important that hon. Members understand that, especially those who represent constituencies in which large numbers of Muslim people live.

John Reid: My right hon. Friend mentioned misreporting in the press. Perhaps I should have taken the opportunity earlier to comment on reports in the press by reassuring him and the Committee, which is concerned with not only counter-terrorism and security, but organised crime and so on, that it is the Government's view that one of the essential elements of the fight is identity management and ID cards. I reaffirm our commitment to the introduction of those as rapidly as possible. I thought that it was as well to say that in view of several reports that have misleadingly suggested today that we are abandoning that commitment—we are certainly not.

Mr. Murphy: I am grateful that I have given my right hon. Friend the opportunity to put that on record.

When the Committee compiled its report on the events of 7 July, several matters caused us concern. We were worried that the agencies had not really recognised the speed with which young Muslim men, in particular, were becoming radicalised. Although that is no longer the case, the situation came as something of a surprise. We were also worried that we had all underestimated the possibility of suicide bombings happening in our own country. It is good that MI5 is now reaching out into the regions of our country, especially our great cities, so that we are in a position in which we can, we hope, avoid such problems in the future.

Stewart Hosie (Dundee, East) (SNP): On that point about reaching out, paragraph 107 of the report recognises the leading role of the Scottish Crime and Drug Enforcement Agency on serious and organised crime in Scotland. Point Y in the summary of conclusions and recommendations says that the Committee

"shall continue to examine progress and assess the effectiveness of co-operation between the Serious Organised Crime Agency ... Her Majesty's Revenue and Customs ... and the Agencies."

Has the right hon. Gentleman given any consideration to how SCDEA may be linked directly to HMRC and the agencies, other than through the relationship with SOCA in England and Wales?

Mr. Murphy: Yes, Scottish members of the Committee, or members representing constituencies close to the Scottish border, made us aware of the situation, so we are conscious of the Scottish dimension, as we are of the Welsh dimension. We thought that serious consideration needed to be given to the relationship between the special branches of our country's police forces and the security agencies themselves. We can learn from terrible disasters and what happened in July, as well, obviously, as ensuring that we thwart future terrorist attacks. I was glad that my right hon. Friend the Home Secretary indicated that at least four had been stopped in the past year.

Our country faces a number of threats to our security from international terrorism, especially from al-Qaeda and its associated networks, from dissident groups in Northern Ireland, from increasing tension over Iran's nuclear programme and the proliferation of weapons of mass destruction, and from international espionage, given that several countries are seeking British information and material. Good intelligence is not the only solution to countering those threats, as my

hon. Friend the Member for Ilford, South (Mike Gapes), the Chairman of the Foreign Affairs Committee, indicated, but it can make a huge difference, as it did in Northern Ireland. If we had not had such superb intelligence over the past decade, we would not have achieved what we did there because of it.

Mr. Ben Wallace (Lancaster and Wyre) (Con): One of the reasons we got great intelligence in Northern Ireland was the fact that the community was on side and thus presented a massive number of human sources. Has the Committee taken any evidence about, or inquired into, the impact of some of the draconian counter-terrorism legislation that the Government have introduced and the extent to which that has deterred people from Muslim communities from coming forward as sources?

Mr. Murphy: No, not in that sense, but we had a look in some detail at how to deal with the problems in Muslim communities in which extremists live, work and plot. When we compiled our report, we cross-examined and interviewed many people, from Ministers down. We also went through hundreds of documents to find out whether we could get to the bottom of the issues that were causing concern. My right hon. Friend the Home Secretary indicated in his opening speech the difference between what happened in Northern Ireland and the situation that we face today. There was a structure to the terrorist activities in Northern Ireland that we faced. The situation was very much on our doorstep, and the people spoke the same language. We now face a disparate global terrorism that is completely different from what we faced in Northern Ireland, and I say that as someone who spent five years of his life as a Northern Ireland Minister. The way in which we deal with such terrorism is a huge challenge to the security services, this country and the world. I still believe, however, that intelligence can play a hugely important role in combating global terrorism, the effects of which we have seen today in India.

Our agencies face new challenges, especially in counter-terrorism, but they are largely meeting those challenges. The ISC will continue to scrutinise their work; to suggest areas in which greater efficiency is possible; to look at issues that are controversial—

Mr. Mullin *rose—*

Mr. Murphy: I know what my hon. Friend is going to say, and I am about to come on to the very point that he will make.

Mr. Mullin: I note that at paragraph 104 my right hon. Friend proposes to conduct an inquiry into rendition. Can he assure the House that it will address the case of the two British residents—not citizens—who were arrested in Gambia and are now in limbo, because the British Government say that they cannot make representations on their behalf, although someone clearly made representations to make sure that they reached Guantanamo Bay in the first place? We ought to have some responsibility for them, not least because one has four young children under the age of eight.

Mr. Murphy: The answer is yes, we will do so. When my hon. Friend intervened on me, I was about to say that our next investigation will be on the issue of extraordinary rendition, and it will look at the cases that he raised. We have already received correspondence from the hon. Member for Chichester (Mr. Tyrie), who chairs the all-party group on rendition. Those issues will be addressed, because they are important. People hold different views—rendition is controversial—but that does not stop us looking at the issue. We do all those things and carry out all those investigations, however difficult, controversial and unpopular, in the knowledge that our intelligence community is there to protect our country from the security threats of the 21st century.

7.31 pm

Mr. Nick Clegg (Sheffield, Hallam) (LD): On behalf of my party, I join other hon. Members in expressing condolences to everyone who was maimed or bereaved in the cold-blooded and callous bomb attacks in Mumbai today. I join other hon. Members, too, in welcoming the ISC's thorough, detailed and authoritative annual report for 2005-06. As it notes, it is especially timely as there is a

"sustained threat from international terrorism",

particularly from al-Qaeda. Only last Friday, we commemorated the tragic 7 July bombings in London, and I echo the tributes paid to those who make heroic efforts to secure our safety.

The report should be read alongside the earlier ISC report on the 7 July bombings, as together they fill in important gaps in the jigsaw of events that led to those terrible attacks. It is worth reiterating that the jigsaw will be complete only if there is a full, independent, public inquiry into the 7 July attacks and the events that led up to them. On 11 May this year, the Home Secretary told me that an inquiry would be too costly and would divert resources from other work. The expense of the Bloody Sunday inquiry, running into hundreds of millions of pounds, is regularly cited by Ministers as a reason why an independent inquiry into 7/7 is not justified. I have looked up the costs of key public inquiries in recent years, and they are not as excessive as suggested. The Bichard inquiry, which made 31 important recommendations, cost £2 million; the inquiry into the Ladbroke Grove and Southall train crashes cost £1.2 million, and made 39 recommendations; and the inquiry into the awful death of Victoria Climbié cost £3.8 million, and made 17 recommendations. The Home Secretary may be reluctant to hold a public inquiry but, given the record of previous public inquiries, the issue of costs is not the most powerful reason for failing to do so.

John Reid: For the record, the hon. Gentleman is not comparing like with like. The official cost of the Bloody Sunday inquiry, in which a large number of families are involved and which has lasted six or seven years, is £185 million. However, that is not the point. When I use the word, "costs", I am referring to manpower, and the diversion of a huge amount of resources and efforts by men and women from the primary task of trying to protect us against another 7/7. That—and not financial cost—has always been the major consideration. In view of the challenges that we

[John Reid]

face—the massive threat to this country and the possibility of another tragedy—to divert a great deal of resources and manpower from our badly stretched security services for a prolonged period would result in a huge drain on our capability to fight terrorism, thus increasing the risk of another 7/7. In all conscience, I cannot do that, especially as I do not believe that there will be a commensurate reward in terms of questions answered, because there are some questions that we just cannot answer. I do not blame the hon. Gentleman for raising the issue, nor do I blame the families, because I understand that there are many questions to which they want answers, but against that we must weigh the protection of every family in Britain.

Mr. Clegg: I am grateful to the Home Secretary. I merely make two observations. First, it is difficult for me to assess how many resources would be diverted. Given that much of the information is out there somewhere, I find it hard to believe that it would be beyond the means of an inquiry to allocate a small team from the security and intelligence services to make that information available. Secondly—and this is a much more important, substantive point—the Home Secretary implied that there are not a sufficient number of questions that need to be answered, as enough ground has already been covered by other inquiries and reports. It is difficult to judge with scientific accuracy whether that assertion is true. The week before last, a report was published on the death of Zahid Mubarek, who was killed in custody. That inquiry took place after full reports by the Prison Service and by the Commission for Racial Equality, yet it still identified 176 failings and made 88 recommendations. It would rest heavily on the Home Secretary's conscience, as it would on mine, if we failed to cover important ground and prevent future terrorist attacks because we omitted to hold an independent inquiry.

Ms Dari Taylor: You are making a clear case that you believe that an independent—

Mr. Deputy Speaker (Sir Michael Lord): Order.

Ms Taylor: I beg your pardon, Mr. Deputy Speaker. The hon. Gentleman has made a clear case for an independent inquiry on the grounds that certain questions have not been asked and intelligence has not been looked at. Would he like to explore those gaps tonight?

Mr. Clegg: I used the powerful example of the report on the death of Zahid Mubarek, which was published after two earlier investigations, to point out that its recommendations were made after it was claimed that all the lessons had been learned and all the information had been uncovered. I do not know the unknowable but, given the enormity of the 7 July attacks, I do not understand why the hon. Lady and others are reluctant to make a comparatively modest investment in an independent inquiry, which might uncover facts of which we have no knowledge at present.

As for the ISC report, I welcome the wording on the regionalisation of the operation of the security and intelligence services, and the fact that the process of regionalisation was accelerated following the July bombings. I was struck by the passage in paragraph 40 which states:

> "A vital part of the regionalisation programme will be the Service's ability to work closely with local bodies, particularly the Regional Intelligence Cells within the police."

I am surprised that the process of regionalisation does not appear to have happened earlier. It is arguable that excessive centralisation is as unwelcome in this matter as it is in so many other areas of Government policy.

It is consistent with the observation made in the Intelligence and Security Committee's earlier report of the 7 July bombings that the regionalisation of the security and intelligence services helps improve policing at local level and helps the front-line intelligence-gathering function of our police forces. That takes on particular resonance in the week when the Government's ill-judged attempt to force through police force mergers seems to have hit the buffers. I note that the Home Secretary's predecessor today branded that development as weak and damaging, but I come to the Home Secretary's defence, even in his absence. It is a welcome wake-up call that the move towards forced regional police mergers was the wrong way to go. The report helps to emphasise the need to localise both the police and the work of the intelligence services.

There was reference earlier to the Committee's observations on the SCOPE IT system and the serious delays in rolling it out, from April 2005 to autumn 2006, yet the capital cost of that delay has been blanked out in the report. I find it difficult to understand why that cost should not be quantified in the report. I understand entirely that there is plenty of delicate and sensitive information that one does not want to appear in such reports, but I wonder whether there is a security risk in revealing the figure. I do not understand why the security services appear to have sought not to release the costs incurred by yet another delay in a public information technology project.

That is particularly apposite hot on the heels of the revelations in the Sunday newspapers, notwithstanding the Home Secretary's confirmation this evening that he wants to press ahead with the development of the much more ambitious and complex ID card database, that there are pronounced reservations among senior officials about whether that is possible. One official was quoted in the Sunday papers as stating:

> "Nobody expects this programme to work. It is basically on hold while ministers rethink their options. It's impossible to imagine the full scheme being brought in before 2026."

Another official remarked:

> "I conclude that we are setting ourselves up to fail",

and yet another referred to the possibility that the scheme could be "canned completely".

The fact that there is so much that we do not know about the feasibility of implementing the ID card database affirms the need for much more detail about why the SCOPE IT system has been delayed and the cost that that delay has incurred.

The report contains an important section on the work of the Serious Organised Crime Agency, and states that the Committee was told about the difficulties that could arise from the fact that SOCA will be competing with other agencies for new recruits. The Committee is to continue to examine progress and assess the effectiveness of co-operation between SOCA, Her Majesty's Revenue and Customs and other agencies.

I endorse the Committee's observations that competition for resources between SOCA and other agencies needs to be kept under review. Vigilance is required to ensure the best possible operational relationship between SOCA and HMRC in pursuing serious drug investigations and criminal finance work, which are the two responsibilities that have been transferred from HMRC to SOCA.

However, there is a quasi-constitutional issue on which the report is silent, and which perhaps lies beyond the remit of the Committee—the apparent lack of direct accountability for the work of SOCA to the House. I urge the Home Secretary and his colleagues on the Front Bench to look once again at improving in any way that they can the transparency of the important and sensitive work of SOCA and the way in which the agency can be held accountable to the House.

Finally, in an important section of the report there is reference to the fact that the Home Secretary

"told the Committee that he had commissioned a study into the impact of new technology on interception, including any evidential issues, and that the Committee would have early sight of its findings."

Although, as I understand it, the study exists, it is a pity that the Committee has not been given early sight of it. We on the Liberal Democrat Benches look forward with some eagerness to hearing the results of the study, because for some time we have argued, as have many others, that the permissibility of intercept evidence in our courts would be an important additional weapon in the fight against terrorism.

Earlier this year the senior anti-terror police officer at the Met, Andy Hayman, advocated the use of intercept evidence in terrorist cases. As we know, in 2004 the Newton committee proposed the removal of the bar on intercept evidence as a more "acceptable and sustainable" approach to the threat from terrorism than the arrogation of new executive powers to restrict liberty outside the normal operation of the judicial process.

We are in a rather anomalous position. According to Liberty, the United Kingdom and the Republic of Ireland are the only countries worldwide that maintain a ban on the use of intercept evidence, yet we accept intercept evidence if it has been gained under the jurisdiction of other Governments. It seems odd that it is not permissible if it has been gained under our own authorisation, but is allowed if it has been obtained under the authorisation of Governments overseas. I hope the Home Secretary will use the study mentioned in the report as a launch-pad to have the debate once again. It has been rumbling on for a long time. I accept that there are a number of practical and legal difficulties, many of which we believe can be overcome.

Like all good reports, the ISC report raises as many queries as it poses solutions—queries related to intercept evidence; the merits or otherwise of an independent inquiry into the events leading up to the bombings of 7 July; the importance of the further regionalisation and localisation of the operation of our security and intelligence services; the need to keep a vigilant eye on how the flaws, delays and unquantified costs of delayed IT systems can be remedied; and accountability for the operation of SOCA and other agencies. I repeat my gratitude to all members of the Committee for laying the report before us today.

Mr. Deputy Speaker: Order. It is not quite 8 o'clock yet, but I remind the House that as from 8 o'clock, a 12-minute limit will be imposed on all Back-Bench speeches.

7.48 pm

Ben Chapman (Wirral, South) (Lab): I speak as a member of the Intelligence and Security Committee, albeit of only one year's standing since the Committee was re-established after the election, and in the knowledge that there are Members in the Chamber tonight who have greater experience and who have served on the Committee before. It is a particular privilege to follow my right hon. Friend the Member for Torfaen (Mr. Murphy), who leads the Committee with such great distinction.

The report of the Committee for 2005-06 can be said to give the agencies a clean bill of health. That is as it should be. They serve us professionally, bravely and with distinction. But the report also expresses a number of concerns, some of which were raised earlier—concerns about the merging of the position of the chairman of the Joint Intelligence Committee with that of the security and intelligence co-ordinator, concerns that the rapid expansion of the services carries risks and needs careful management, and concerns about the overseas part of the SCOPE project.

One notable feature of the report is the planned overall increase in the single intelligence account from a combined amount in terms of resources and capital of £1.1 billion in 2004-05 to £1.5 billion in 2006-07 and to £1.6 billion in 2007-08. That does not include the further £85 million announced by the Chancellor in the pre-Budget report to support the expansion of services, which will allow the earlier delivery of key elements of the expansion and which was initiated in the 2004 spending review.

The significant additional funding made available since 9/11 has generally been accepted as essential to counter the enormous threat that we face from international terrorism and to provide an enhanced standard of coverage and assurance. However, it cannot be that, because an agency's operations are often secret, it should forgo normal management and financial disciplines—to be fair, no one has suggested that it should.

Given that the current funding and anticipated funding represent an unprecedented level of new provision for the agencies, in the Committee's view, it is important that functioning mechanisms are implemented to ensure that the money is well spent, that it is appropriately controlled and monitored and that it serves as a driver for increased efficiency. We looked at that matter last year, we shall spend more time on it this year and it will be a key responsibility of the principal accounting officer of the single intelligence account.

[Ben Chapman]

As has been said, the main focus of the Committee's work in 2005-06 was our inquiry into the 7 July bombings, which is not specifically covered in our annual report. Hon. Members have already referred to many aspects of the matter, but I want to mention the international dimension of the 7 July inquiry. Our report states that greater coverage in Pakistan or more resources in the UK might have alerted the agencies to the intentions of the 7 July group.

I do not want to go beyond what was said in the report, but it is clear tnat Pakistan is an issue. As the report reveals, two of the group visited Pakistan, where it is likely that they had some training from or contact with al-Qaeda—indeed, the video which was recently released appears to make that explicit. The group's connections to Pakistan confirm the significance of overseas links and of travel to the development of terrorism in the UK. As has been said, the threat is unconstrained and global.

The Minister for the Middle East (Dr. Kim Howells): I agree with the emphasis that my hon. Friend is placing on overseas contacts and travel. However, does he agree that people too often assume that everything that happens in Pakistan is bad? In fact, President Musharraf has made courageous decisions and taken helpful steps in trying to counteract the influence of dangerous people and trends in Pakistan.

Ben Chapman: Perhaps this goes beyond my brief, but it seems to me that President Musharraf faces many dichotomies, dilemmas and difficulties, which he strives, generally with good intent, to tackle as best he can—as we know, he is surrounded by problems. Earlier, my right hon. Friend the Home Secretary mentioned the Commonwealth, which is also important. As today's sad events in Mumbai proved again, terrorism is a global issue, and it is no longer possible to separate the domestic and international parts of the problem. Terrorism comes from a range of groups, networks and individuals, which are sometimes linked and sometimes not.

In a series of articles with headlines such as, "Spies hid bomber tape from MPs", some in the press have alleged that the Committee was not given all the information that it needed for its 7/7 inquiry, that it was not sufficiently critical and that it might have been misled. Although that is not the case in any respect, it is not surprising that such criticisms have been made, because disgruntled ex-staffers and so-called intelligence analysts combine with the press on the publication of the annual report to criticise the agencies and the oversight arrangements.

Some, including hon. Members tonight, have questioned whether the Committee is constitutionally limited in what it can achieve, whether that is because of the limit on its investigative resources, its remit or its constitution, which makes it entirely dependent on the intelligence agencies for its information and on their willingness to disclose such information. As has been said, the Committee's form has its pros and cons, and I do not argue that, because it is currently so, it should necessarily remain so. The Committee was set up by the Intelligence Services Act 1994, and appointments are made by the Prime Minister. Some have said that that gives it the appearance of being a creature of the Prime Minister and the Government, but it is not. We are independent of, not an instrument of, the Government. I believe that our reports confirm that, and, as has been said, members are drawn from all parties and both Houses.

Some have said that out terms of reference to provide oversight of the agencies' administration, policy and finance are too limited and that we should operate as a Select Committee. We may not always report as the press or others want us to, but it is our job to try, as best we can, to tell it as it is, and I believe that we have achieved that. The Committee now considers and reports on matters that go wider than its statutory remit, and my time on it suggests to me that operating as a Select Committee is neither desirable nor, indeed, workable. There has been no occasion when we were unable to see those whom we wanted to see, when we were unable to obtain the information that we sought or when we did not ask the questions that we should have done, and I have seen no evidence to suggest otherwise.

Our job is to provide parliamentary oversight.

Andrew Mackinlay: There is none.

Ben Chapman: If my hon. Friend allows me to proceed, I may persuade him otherwise.

The Intelligence and Security Committee may not be a Committee of Parliament, but it is a parliamentary committee. We are responsible for oversight, not the day-to-day management of the agencies, so information about operations is often neither necessary nor helpful, and both sides have to conduct their work on a need-to-know basis. Where operations have become interlinked with policy or have policy implications, we have, in my view, always obtained the information that we need.

It is noteworthy that so many other countries setting up their own parliamentary intelligence oversight arrangements draw on the experience of the ISC. Of course, I have no problem with increased powers—nobody likes a bit of power more than me—but the Committee, within its statutory establishment, performs well as it is.

There are those who argue that the nature of the Committee, and the fact that we meet in private and operate within the ring of secrecy, means that there should, for the purposes of openness, be a public inquiry into the tragic events of 7 July, which are so much in our minds because of the recent anniversary. The call for a public inquiry is also made by the press, but often for their own reasons and often on flawed grounds. While I understand the deep concern of the victims and families involved in wanting to know that no stone has been left unturned and that they have got to the truth, it seems to me, even accepting the difficulty with the timing of the rail journey, that the findings of our report and those of the Home Office narrative, which were separately arrived at, are objective, workmanlike and mutually reinforcing.

Prior to the establishment of the ISC, some inquiries took place precisely because of the absence of such a committee. The agency resources that would be needed

to service a public inquiry—this is the point, rather than the cost—would be significant to massive. I am sure in my own mind that those resources are best deployed in trying to prevent future atrocities and tragedies. Of course, as the Home Secretary said, one can never entirely guarantee, as professional and committed as the agencies are, that we can never have such incidents again. Obviously, we can never have advance notice of terrorist acts. We can seek only to narrow the angle as far as possible, and in some cases manage to eliminate it altogether. As the Home Secretary has remarked, four potential attacks have been thwarted in the past year.

The 90-day detention period has recently reappeared as an item for debate. That is not a matter specifically for our Committee. However, as a Member of Parliament, one is of course concerned that the law enforcement agencies should have the best tools at their disposal and that there is a legal framework and method for dealing with the terrorist threat—a terrorist threat of unprecedented awfulness and danger—as best they can. My first duty as a Member of Parliament is to do whatever I can to ensure that my constituents can go about their daily lives in safety. By extension, my duty as an MP among other MPs is to ensure that citizens of the United Kingdom have a similar freedom. People talk of 90 days detention, but it never was quite that—it was up to 90 days and then subject to judicial approval on a weekly basis.

I appreciate that Parliament has already taken a view on the matter. However, I feel personally that there will be occasions when the current 28-day period proves inadequate: because of the need to intervene early; because intelligence is by its nature inexact, partial and fragmented and needs to be converted into evidence; because of the weight of the evidence that needs to be collected and analysed; because of the complexity of the inquiry and the need to trace data; and because of the difficulties arising in consulting other countries, interpretation and so on. The Home Affairs Committee recently commented on that, and it will continue to be an issue.

Although during the year the agencies have rightly concentrated the bulk of their efforts on counter-terrorism, there remain issues of counter-espionage and the protection of our economic well-being. Although significant resources continue to be devoted to those, our companies' secrets and our intellectual property are vital to our prosperity. Espionage has not gone away with the collapse of the Soviet Union, and economic protection, including the crucial issue of energy security, will become increasingly important.

Andrew Mackinlay: I know that my hon. Friend takes a great interest in China. Did the Committee look into so-called patriotic hacking, whereby people from China, presumably with their Government's blessing, are accessing Government computers here, including, last year, in the House of Commons? When I asked the Foreign and Commonwealth about it, it did not want to get involved, but patriotic hacking is going on, it is coming from the People's Republic of China, and it is threatening intellectual property rights and national security. What does my hon. Friend say to that?

Ben Chapman: It is a fact that cyber-assaults on crucial institutions and organisations can be planned by individuals, by small and large groups or bodies, and, indeed, by nation states. If my hon. Friend will forgive me, I will not comment on that particular example, but suffice it to say that the Committee is briefed on such issues.

Mark Pritchard: The hon. Gentleman is right to share his concerns about cyber-security. Does he share my concern that the Government Department tasked with co-ordinating cyber-security across Government—the Cabinet Office—has in recent months announced redundancies, yet is perhaps the very Department that should be expanded?

Ben Chapman: I have every confidence in the Cabinet Office's actions in this area. This issue will not only continue to be important but may become increasingly so, and it is something on which the Committee would wish to keep a weather eye.

Finally, those who follow such matters will be interested to see that this year the asterisked items noting redacted passages are much reduced—not only, I hope, because of the Committee's robustness in challenging them, but as a sign of the times in that we have more openness.

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has now imposed a time limit of 12 minutes on Back-Bench speeches.

8.7 pm

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): I pay tribute to the work of the Intelligence and Security Committee over the past 12 years. I agree with what the right hon. Member for Torfaen (Mr. Murphy) said about the way in which the agencies can sometimes still be parodied. I recall my first visit to MI5 in the 1980s, when I was taken to a nondescript building somewhere behind Oxford street. The British public were not permitted to know that it housed MI5, although the Russians knew that perfectly well. Events have moved on, and we are slightly more grown-up about these matters.

The hon. Member for Wirral, South (Ben Chapman) took comfort, rightly, in how few asterisks remain in the report. However, I wonder whether it is necessary in the public interest for Parliament and the public not to be aware of the distinction made on page 12 between resources and capital for the individual agencies. Would it really make Mr. bin Laden's task that much easier if that information were shared with him? Is not it time to realise that matters of public expenditure, in particular, can be safely shared with Parliament and with the public?

We have heard about the merger of the posts of security and intelligence co-ordinator and Chairman of the Joint Intelligence Committee. Like others, I know Sir Richard Mottram and have worked with him. I have no doubt that he, as an individual, will be able to combine those two tasks very satisfactorily. However, I do say to the Government that it is not appropriate to use this as a precedent in saying that the debate is now over and those two posts can sensibly be merged. That would be unwise and foolish.

[Sir Malcolm Rifkind]

I pay tribute to the Committee for being about to consider rendition as its next major task. The United States sometimes protests to the effect that as rendition has been going on for many years, what is all the fuss? I hope that the Committee will draw attention to the fact that there are two kinds of rendition. There is the kind that takes place when Carlos the Jackal was kidnapped in Sudan and taken to France so that, for the first time, he could face a proper trial before a proper court of law, or when the Israelis kidnapped Adolf Eichmann in Argentina because he would never otherwise have come to justice. It may have been somewhat irregular, but at least it happened so that proper justice could be done. The rendition about which we are worried today is different. People in the custody of Governments such as that of the United States may be sent to countries where the last thing they would receive is a fair trial and where they might be subjected to improper treatment. That is different and it would be right for Parliament and the Committee to examine the matter in the greatest detail.

I want to concentrate my brief comments on the Butler review and the Committee's reaction to it. Let me begin with a welcome. I noted with pleasure that the Committee welcomed the decision to provide a confidential guide in future to enable

"specialist and lay readers of intelligence, including Ministers, to understand better the information in a source-based context."

I wish that the Prime Minister had had access to such a document some years ago. If he had, the history of the past few years might have been different.

I acknowledge the need for such a document. My introduction to the intelligence agencies was on my first day as a junior Minister in the Foreign Office. I was informed that a gentleman from MI6 wished to see me. He came into my office and I asked him what he wanted. With an unsmiling face, he said, "Minister, it's my job to indoctrinate you." I made some flippant remark such as, "I thought it was the Russians who were meant to be doing that", and he replied that it meant explaining the Official Secrets Act, which I would then be required to sign and be bound by. We have come a considerable way since then. It is important that Ministers in particular know not only how intelligence is obtained, but the use to which it can properly be put.

In that context, I must strongly criticise not only the Butler review but the Committee, which has not properly held the Government to account for the way in which, in the run-up to the Iraq war, the intelligence agencies were misused and allowed themselves to be seriously misused. I could give several examples, but I refer in particular to the so-called "dodgy dossier" and I must emphasise my concern.

There is nothing improper about the production of a document in public if the Government believe it appropriate to show the intelligence that supports their case. I have no objection to that or to the intelligence agencies' involvement in the preparation of such a document because that would obviously increase its reliability. However, my fundamental objection is that, as the Prime Minister admitted in the foreword, it was the first time in this country's history that a document had been produced in the name of the intelligence agencies to try to assist the Government of the day.

Those who work in our intelligence agencies are non-political civil servants and it is inappropriate to bring them into a highly charged issue that, in the case of Iraq, divided not only political parties but the nation. I know that the official line of the Butler review and others, including the Government, is that the purpose of the document was not to argue for war. I acknowledge that. However, the Butler review concluded that the purpose of the Joint Intelligence Committee producing the document was to

"gain support for the general direction in which Government policy had been moving"

to get support for

"a more proactive approach to enforcing Iraqi disarmament."

That was a political objective and no business of the JIC. It should not have been asked to produce such a document and it should not have agreed to do so.

The Butler report spells out the purpose of the document, although it fails to condemn it. Paragraph 323 states:

"The advantage it gave to the Government of associating the JIC's name with the dossier was the badge of objectivity that it brought with it and the credibility which this would give to the document."

That shows the Prime Minister's sad assumption that he could not achieve objectivity or credibility by himself, but required the JIC to do it for him. The chairman of the JIC was gravely at fault. When he was asked to produce the document, he should have resisted the request and, if the task was imposed on him, he should have resigned in the best interests of the country and the civil service. Instead, he has been promoted to be head of the Secret Intelligence Service. That is most unfortunate.

It is unacceptable to use the JIC in that way, and not necessarily because the document was inaccurate. Even if it had been 100 per cent. accurate and the intelligence had been 100 per cent. reliable, it would have been improper for civil servants, who happen to be intelligence agency officials, to be used in such a politicised fashion. I hope that the Minister for the Middle East will say in his winding-up speech that the Government will never again contemplate using the intelligence agencies in that role. The Home Secretary made some good comments in his opening remarks about the dangers of relying on intelligence information. However, that factor did not appear to weigh heavily in the run-up to the Iraq war.

The document contained grave problems. Apart from the failure to provide health warnings, which was spelled out on several occasions, it included the 45-minute claim. I could understand that, through some error, the document did not point out that it referred only to battleground weapons and that the Prime Minister was not aware of the distinction until many months after the end of the war. However, when the "Today" programme and all the newspapers publicised the 45-minute claim the following day, implying that it meant that British bases in Cyprus could be hit and other major international targets could be destroyed, I cannot understand why those who were most intimately involved in preparing the

document did not immediately issue a statement to explain that there had been a misunderstanding and that they had not intended to make such a claim. Their failure to do that was due either to total incompetence or to the fact that it served the Government's purpose for the public to be alarmed, as they were at the time.

Norman Baker: The right hon. and learned Member is making a helpful speech. However, is not the position even worse? Is not it the case that the original intelligence was presented neutrally, with caveats, but that, as a consequence of memos from Alastair Campbell to John Scarlett, the caveats were removed and certainty included in the document?

Sir Malcolm Rifkind: The hon. Gentleman is right. For five years, as Defence Secretary and then as Foreign Secretary, I saw such raw material. I saw the reports that came to me every day during that period. They were invariably accompanied by health warnings, not only because the information might be inaccurate, but because the person providing the information was sometimes being paid for it. Sometimes the informant was a defector from a regime who had his own agenda and wanted to spread information for his own reasons. Intelligence agencies understand that. However, I condemn the Government for not spelling out those matters to the nation when the media, perhaps inadvertently, misrepresented the JIC document.

Although the Butler review did much good work, it failed the country in its comments on the matters that I have considered. However, I am saddened that the Committee, which in every other respect I greatly admire, has not taken as robust a position as it might have done, unless I have missed something—doubtless, I shall be corrected if I have—in protecting the interests of Parliament and the nation when the intelligence agencies operate in such a fashion. Many hon. Members of all parties wish the Intelligence and Security Committee to be given a greater role, but it must be willing to condemn in no uncertain terms the use of intelligence agencies in a politicised fashion, whichever party is in power.

I hope that the Minister will comment on that, but I hope even more that lessons have been learned and that such mistakes will not be repeated.

8.18 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): The right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) will understand if I resist the temptation to comment on his remarks. Suffice it to say that I had the privilege of serving on the Intelligence and Security Committee when we thoroughly considered the matter that he raised. His contributions are always valuable and reflect his huge experience as a former Defence Secretary and Foreign Secretary, as he reminded us this evening.

I had the privilege of serving on the Committee in the previous Parliament, from 2001 to 2005. It was different from its predecessor, with a new Chairman and new members comprising more than half the Committee. The same occurred again, with the appointment of a new Chairman and half the Committee being made up of new members. That is good and means that the Committee brings a fresh look to the issues. One of the things that struck me when reading the report was the extent to which it referred to issues in last year's report, which we worked hard to complete before the election. It is a matter of some regret to me that that report has never been debated; it should have been.

The previous Committee was appointed just before 9/11, and the whole area of intelligence and security was transformed following those atrocities in the United States in 2001. Sadly, many of the developments in international affairs since then have served to fuel rather than dampen the rise of international terrorism. It is surely not controversial, for example, to suggest that Guantánamo Bay and Abu Ghraib will have worked for our enemies in the global battle to win hearts and minds away from terrorism.

With the increased threat of international terrorism, it quickly became apparent to the Committee on which I served, and to the Government, that there was an important need to increase the resources available to our intelligence agencies, and I pay tribute to the increases that have now taken place. The total funding for the agencies in 2000-01 was £862 million. The total budget this year is £1,568 million. The Government's response to the Committee's report refers to the £1 billion covering a rather wider area of security and intelligence, increasing to £2 billion. I am sure that the whole House will support those increases.

It is one thing to increase the money available; however, the important thing is to ensure that that money is put to good use. The most important aspect of that is the increase in staffing that arose from the increased expenditure. Indeed, staff numbers at the Security Service are expected to rise about by 50 per cent. in the next three years, representing a substantial increase in addition to what has already taken place. As hon. Members have already mentioned, the Secret Intelligence Service has launched a website in the past year to aid recruitment, and it began advertising publicly for the first time in the press in May. The success of these recruitment procedures will not really become clear for at least four or five years, however, and we will not know until then whether the quality of the staff recruited will be up to the very important tasks for which they have responsibility.

I was interested to see in the Committee's report that one of the roles of the professional head of intelligence analysis, put in place in the course of the last year, is to lead the cross-community work that is now under way to enhance the use of open source material alongside other sources. Of course, a key provider of open source information from around the world to the Government is BBC Monitoring. The Committee of which I was a member was tremendously impressed by the work of BBC Monitoring and by the potential for its future contribution. In successive reports, we expressed our concern at what was happening to BBC Monitoring, and I initiated a debate on the subject in the House of Commons on 23 March 2004.

In the recent report, the Committee succinctly sets out the details of two to three years of unnecessary financial turmoil. The Committee is tactful, but essentially the Foreign and Commonwealth Office unilaterally reduced its contribution from £7.1 million to £3.1 million, and BBC Monitoring has now been transferred to the Cabinet Office as its sponsoring

[Dr. Gavin Strang]

Department. I should like to put on the record that the stance taken by the Foreign and Commonwealth Office towards BBC Monitoring was deeply disappointing, and that it is a matter of regret that the FCO could no longer be entrusted with this tremendous national asset. It is my sincere hope that the new Foreign Secretary will recognise the importance of BBC Monitoring, particularly in the context of two of the major issues facing her Department and the people of this country: the proliferation of nuclear weapons and the increased threat from international terrorism.

All those who worked on behalf of BBC Monitoring deserve credit for the fact that the present situation is not as bad as it could have been. Other contributing Departments are making up some of the financial gap left by the FCO, and funding this year has increased slightly to £24.6 million, although it is set to fall again in 2008-09 to £23.4 million. However, while the situation is not as bad as it could have been, it is not as good as it should be. If we consider the significant and welcome increases in funding to the agencies in recognition of the increased threat that we face, and if we consider the enhanced recognition of the importance of open source material to the work of the Government and their agencies, it is my view that we should also be seeing a growth in the resources and the work of BBC Monitoring. Instead, the funding shortfall will mean the closure of 69 posts. I realise that not all of those posts are currently filled, but I suggest that these cuts are taking us in the wrong direction. That does not strike me as a sign that we are looking after this asset entirely in the way we should be.

I am pleased that the ISC has made a commitment to continue to monitor the arrangements for this important service, and I trust that Ministers will recognise the case for increasing the resources available to BBC Monitoring in the years to come, to reflect the increasing importance of the service and the growing demands placed upon it.

The report is a little bit soft in its attitude towards the Ministerial Committee on Intelligence Services, known as the CSI. The Committee on which I served took the view that the CSI should meet regularly, although not necessarily every week or month. The report points out that Ministers consider issues such as Afghanistan in different Committees and are properly briefed by the agencies, and I do not doubt that. Nevertheless, we were convinced that there was a case for regular, if not frequent, meetings. We were particularly impressed by the equivalent arrangements that we saw in Australia.

I am pleased to say that I can pay tribute to the Government for their decision on the Wilson doctrine. I do not think that anyone in the Chamber was in the House in 1966 when Harold Wilson set out his doctrine, although I had the privilege of serving in his Government subsequently. The doctrine stated that there would be no interception of telephones belonging to Members of Parliament. As the House will know, the interception of communications commissioner recommended, on the basis of the new regulatory powers that came into operation in 2000, that that undertaking should be abandoned, and the Prime Minister gave due consideration to that recommendation, as he was duty bound to do. I congratulate him—and the Committee on the role that it played in this—on the fact that that proposal has been abandoned. There is no question of the Wilson doctrine being changed and Members' telephones will not be intercepted by the Government of the day.

8.27 pm

David Tredinnick (Bosworth) (Con): When this Committee was first mooted many years ago, I had grave reservations about it. I thought that it would be dangerous and damaging to the security services. Having read this report thoroughly and looked at the others, however, I now have to say that the Committee has made a major contribution. It has acted responsibly in carrying out its remit, and we should be grateful to it and to the right hon. Member for Torfaen (Mr. Murphy) for their work. Having said that, I have real worries about certain aspects of the report, including its structure. If I have time, I also want to talk about the costs involved.

I should perhaps declare an interest. I have had some dealings with terrorism in the past, and with the agencies of our enemies—principally the KGB, for reasons that I will explain in a moment. I served in Northern Ireland, where it was pretty clear who the enemy was: it was the IRA. I also served with the British Army of the Rhine in Berlin, defending the border there. The enemy there was pretty clear: it was the Russians and the KGB. We used to go round the Soviet sector in British military mission cars, and the KGB used to come over to our sector in their spy cars. There were pretty clearly drawn lines about who could do what.

I was a little involved in 9/11, in that I was in New York just after the event. Driving into the city, where I had worked many years ago, the orange horizon and the missing buildings made an indelible impression on me. I was staying in mid-town, and I remember the awful smell and the roar of the emergency vehicles and rubble trucks as they drove up and down at night. I had not realised how badly all that had affected me until I tried to make a speech about it to the Market Bosworth Rotary club. I found my eyes filling with tears, and I could not continue with my speech.

Later, in the spring of 2004, I was involved in the launch of the British Memorial Garden Trust UK Ltd, a charity formed to support the building of the memorial garden to the 67 British victims of the 9/11 terrorist attacks, which is currently being built in New York. The launch took place in this House, appropriately, I think, in the Churchill room. Although I am no longer involved in the project, I would ask that the House recognise that a small number of people, on both sides of the Atlantic, have worked extremely hard to complete the garden, due in the spring of next year, and to raise the necessary funding of several million pounds. I am sure that I speak for the whole House in extending to them our wholehearted support and best wishes.

The report has several main thrusts. One of them is the efficiency and effectiveness of the security services, and the Committee has done a lot to improve the mechanism for working by following its remit of examining policy administration and expenditure. The agencies are also much more accountable now, certainly in relation to the use of resources. Reading between the lines, it must be said that financial

management was not a big part of the work of the agencies in the past. Methods of redress of grievances, which were addressed by Butler and taken up by the Committee, have also been important.

If I may say so to the right hon. Member for Torfaen, the structure of the report is quite complicated. Obviously, there are the three main agencies, but many other subsections are listed, and it is sometimes hard to see how they tie in. I very much approve of the Committee's attempt to try to find common ground between the agencies, to reduce duplication and costs. I echo the concerns expressed by the hon. Member for Wirral, South (Ben Chapman) and my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) about the combining of the posts of Security and Intelligence Co-ordinator and Joint Intelligence Committee Chairman. Reading the report, I got the feeling that the Committee was deeply uneasy about that—that it had taken advice and agreed to it, but was not too happy about it. I hope that the right hon. Member for Torfaen goes back and looks at that, and does not just accept it as read.

Another aspect of the report that alarmed me was the paragraph on the ministerial committee. From memory, the Intelligence and Security Committee remarked that the Ministerial Committee on the Intelligence Services had met only once in the last 10 years. What is going on? The ISC report qualifies that by saying, "It's all right, guys and girls, because they talk to each other elsewhere." That completely misses the point. The whole point of that committee is for Ministers of State and Under-Secretaries, not Cabinet Ministers, to get round a table, come up with some ideas and understand the real worries. Paragraph 76, on page 22, makes it clear that Ministers across Government need to have a clear understanding of intelligence. If the Minister for the Middle East is listening—I hope so, as we have talked and listened to each other over the years—I ask him to consider that, as it is a real concern. The report states:

"We recommend that there should be a requirement for newly appointed Ministers and officials in key posts to familiarise themselves".

Yes, there should be.

Another concern, which has not been mentioned, is that the occupancy of the new GCHQ building is up by 25 per cent. The building must be bursting at the seams. What is happening about that unexpected increase in manpower and personnel, which has completely thrown the planning process? I hope that the Committee considers that.

As for the clarity of the report, I was not really happy with its structure. According to the index, "The Intelligence Community" is dealt with on pages 5 to 11, and "The Agencies" on pages 11 to 21. Surely the agencies are part of the intelligence community. What is the purpose of that division? In the previous two Parliaments, I was the Chairman of the Joint Committee on Statutory Instruments and of the Statutory Instruments Committee, and one of the issues that we considered was how to achieve clarity in reports. If ever a report needed lines, diagrams and boxes to explain the different relationships, it is this one. In particular, on the role of the intelligence staff, I thought that sub-headings to make it clear that not everyone reports to SIC would be helpful.

Acronyms are another issue. The report mentions SCOPE, which is not an acronym for anything, but it does not say what it means—it does not say that it is an IT intelligence system. Paragraph 75, on page 22, contains the following quote:

"I have regular meetings with C"

I wondered who "C" was. I thought that it must be short for CDI. Then I realised that it was CDI who had the regular meetings with C. I therefore turned back to the page of acronyms—there are 43, so it took me a few minutes to read—and C is not listed. Next time, can we manage to include C and SCOPE?

The antiquated terminology of commissioners is another issue. We have the Commissioner of Police of the Metropolis and, apparently, we also have commissioners in the security services. Those who have been in the House a while know that there are also Lords Commissioners of the Treasury, which is a code name for the senior Whips who sign all the Government cheques. When they are not beating Members over the head, they go back and sign Government cheques for £20 million. I do not like that terminology; it is misleading, and we should change it. We should call them directors, monitoring officers or ombudsmen.

Nowhere in the report is MI5 or MI6 mentioned—it is like an alien culture. The Home Secretary mentions it, my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) mentioned it, everyone uses it; it is common terminology. The report should say that the Security Service is commonly known as MI5 and that the Secret Intelligence Service is commonly known as MI6, so that it is more readable.

In 1989, I was asked to take over the British Atlantic group of young politicians. My right hon. and learned Friend the Member for Kensington and Chelsea, the Minister for the Middle East and the right hon. Member for Torfaen came with me, and we paid visits to Canada, America and so on. We then turned the whole group to face east, and took delegations to the east. Douglas Hurd, who was then Foreign Secretary, agreed to speak at a conference where there were 100 young MPs. I asked him whether we could use Lancaster house, because had had given it to me on another occasion. I went to Brussels on a SHAPE visit and sat next to a Russian chap in the bar. I said that I had a brief to find young politicians in Russia and bring them over here. I said that that was what the Foreign Office wanted and he said exactly what I wanted, "I am a KGB man and a spy, and I will help you out". That was great; we had a good arrangement.

The point is that east Europe has changed and a lot of our old enemies are now friends. There is a whole diaspora of spies out there and I suspect that they are available at a very cheap price. I hope that the right hon. Member for Torfaen is looking into ways of getting our former enemies to work for us. I believe that he has done a great job with the report, which takes our intelligence services forward in the right direction. One or two issues need to be addressed, but I welcome what has taken place.

8.39 pm

Mike Gapes (Ilford, South) (Lab/Co-op): Speaking as an MP with a large number of British Indian constituents, many of whom will have relatives living in

[Mike Gapes]

Mumbai and its surrounding areas, may I begin by expressing my absolute horror and disgust at today's terrorist bombings. I hope that none of my constituents has relatives involved in the tragedy. My sympathy and commiserations go to all those affected. It is yet another outrage, occurring during a week in which the man responsible for the Beslan murders in Russia has been killed. We can also think of other terrorist events and outrages all over the world.

As the report produced by the Committee chaired by my long-standing and right hon. Friend the Member for Torfaen (Mr. Murphy) pointed out, there is a serious and sustained threat from international terrorism to the UK and its interests overseas, the most significant being from al-Qaeda and associated networks. The Foreign Affairs Committee drew a similar conclusion in our report, "The Foreign Policy Aspects of the War against Terrorism", published just a few days ago on 2 July.

The Intelligence and Security Committee states in its report:

"There is increasing international tension over Iran's nuclear programme and backing of groups such as the Lebanese Hezbollah. There is a possibility of an increased threat to UK interests from Iranian state-sponsored terrorism should the diplomatic situation deteriorate."

Similarly, our Select Committee drew attention to the potential difficulties of moving towards either sanctions or military action. We also noted that the Iranian regime could respond in certain ways, including asymmetrically. The ISC report refers to the proliferation of weapons of mass destruction as another potential danger to the UK's security and, once again, the Foreign Affairs Committee report strongly concurs. All three conclusions of the ISC echo the conclusions of the Foreign Affairs Committee.

Interestingly, there is another echo, which I find apposite. The ISC notes that the Secret Intelligence Service

"has started to implement a policy of requiring senior managers to obtain relevant professional skills, and holders of key posts within corporate services will be expected to attain professional qualifications. The Service considers these structural and training changes essential to improve operational focus, to enable more efficient management of resources, and to meet the challenge of planned growth."

The Foreign Affairs Committee has been calling on the Foreign and Commonwealth Office—though possibly with less success than the ISC—for some considerable time to ensure that its senior managers have appropriate professional skills. If the Secret Intelligence Service can do it, surely the diplomatic service can.

I also concur with my right hon. Friend the Member for Edinburgh, East (Dr. Strang), who referred to the budget for BBC Monitoring. Our Select Committee had concerns about the changes and the budget reduction, so I am pleased that the ISC has welcomed the fact that other stakeholders have made up the shortfall and come forward to ensure that the vital work of BBC Monitoring is continued for a planned period for the future. It was a matter of great concern to the Foreign Affairs Committee in the last Parliament, and we are pleased that a solution has been found in the short term.

I want to point to one area where I am concerned about the ISC report. It relates to the following narrow and limited statement:

"The Committee is currently looking into the issue of rendition and will report in due course."

I raise that matter because for almost a year in the present Parliament and about six months in the last Parliament—going back to February 2005—the Foreign Affairs Committee has been putting questions about extraordinary rendition to the Foreign and Commonwealth Office. We had the frustrating experience of being told that we were not being given that information because it was going to the ISC.

I was therefore interested—perhaps my right hon. Friend the Member for Torfaen can correct me—that he said, I thought, that the ISC was about to begin an inquiry into this matter. We have been told by the Foreign Office for 18 months that, in fact, we were not being given the information because the ISC was carrying out that inquiry. I should be grateful for some clarification.

I want to be fair to the Foreign and Commonwealth Office. In our latest report, on the information that we have discovered from different sources, including from a more open approach from the FCO more recently, we concluded that there was no hard evidence of the truth of any of those allegations, but that is based on the limited information given to us, having been told that intelligence information would not be given to us, even on a confidential basis, because it was being given to another Committee.

I hope therefore that, when my right hon. Friend's Committee comes to a conclusion on this matter, he will be able to report to the House that he has got to the bottom of it and found out all the facts of the matter, because the Foreign Affairs Committee cannot say, on the limited information that we have been given, that we have done so, even though we have found no hard evidence. I should be grateful to the Minister if he took up that point when he responds to the debate.

I drew attention to another concern in my intervention on the right hon. Member for Haltemprice and Howden (David Davis). When the ISC was established in 1994 by the then Conservative Government, it was not a Committee of the House and its secretariat was based in the Cabinet Office. Its Chairman, despite his estimable qualities, does not sit on the Liaison Committee, for example, because he has a particular role. I believe that the time has come for the House to revisit that issue. In fact, the Foreign Affairs Committee produced a special report in March 2004, in which we said that the House should consider the following questions:

"What should be the status of the Intelligence and Security Committee? What principles and procedures should govern relations between the Intelligence and Security Services and Committees of this House?"

We received information from the former Foreign Secretary, the Leader of the House of Commons, my right hon. Friend the Member for Blackburn (Mr. Straw), who told us that

"Parliament has decided that the ISC is the appropriate body to see intelligence."

That is not satisfactory, and I should be interested if the Minister could tell me when he responds to the debate where in the proceedings on the 1994 Bill or in

the Intelligence Services Act 1994 itself there is a statement that specifically supports that assertion.

Committees of the House, appointed by Members, in confidence and subject to various qualifications, should have the right to have access to intelligence material and should not be deprived of that access on the basis of a catch-all, whereby things are pushed off to the ISC, however good and estimable its members and however fine their recommendations, because that Committee is not accountable to us as Members, even though we are having the debate today. That Committee reports to the Prime Minister; it does not report to the House of Commons. I believe that that fundamental issue relates not just to the Foreign Affairs Committee, but to other Select Committees, and I hope that we can revisit it and that the House of Commons itself can consider the way forward in the future.

8.48 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): It is particularly interesting to follow the hon. Member for Ilford, South (Mike Gapes), the Chairman of the Foreign Affairs Committee. There are many ways in which Committees can co-operate, and the Intelligence and Security Committee has successfully co-operated with a number of other Committees, including the Public Accounts Committee—thanks to which we get very significant help from National Audit Office staff in some of our work—and, indeed, with the Foreign Affairs Committee.

Perhaps some of the ways in which such things were approached in the report to which the hon. Gentleman referred were not the most helpful and constructive, but there must be some realism and some recognition that serious parliamentary scrutiny of intelligence will not happen if it is too widely dispersed. It must be done within a very controlled context, but it is quite possible for inquiries to take place in one Committee, which deals with the wider policy implications, and in the ISC, which deals with specific intelligence aspects.

I do not want to spend the limited time that I have on such general issues, interesting though they are; I have talked about them before. Instead, I shall make a few specific points, one of which is a reflection on the Forest Gate incident that caused much concern. On the one hand, that incident led some people to say, "The intelligence must have been shown to be weak, so the police should not have gone in." On the other, there were statements emanating from within the police and from others saying, "We cannot ignore intelligence that indicates the likelihood of something very serious being plotted. We have to act."

I wish to draw the Minister's attention to the fact that in my view, there will be other occasions when intelligence about which there cannot be certainty cannot be ignored, either. So we have to develop sophisticated police tactics that enable them to act in such circumstances without running the risk of massive community alienation. That is very difficult, because policemen have to be protected as well; they must not go into such situations with insufficient protection. But we will have to find ways of using subtle police tactics to ensure that we can respond to intelligence reports that are sufficiently serious not to be ignored, but which are not so certain that we can go in without any doubt that we will find the terrorist or the device that is the object of the inquiry. So there are lessons to be learned from Forest Gate.

I turn to a completely different issue, to which the Government's response is incomplete: the continued failure of Departments to reach agreement on the funding of the security services' future work in Northern Ireland. We expressed concern that that might hinder planning of such work. We have been given assurances that planning is going ahead, and the Government indicated likewise in their response, but the fact is that the dispute has not been resolved. Departments are still arguing with each other about who is picking up which tab for this work. That is ridiculous and cannot be allowed to go on. I hope that Ministers will address that issue.

A point was made earlier in the debate about co-operation between intelligence agencies. I suspect that lying behind that is an argument that is sometimes advanced by one or two people in this House, and which was more recently advanced in another place: that perhaps we should just amalgamate all the intelligence services in this changed and different world. That would be a mistake, but I want to put on the record that in the 12 years in which I have served in this work and scrutinised such agencies, I have noticed a massive change in the nature and extent of the co-operation between them. There was a great deal of mutual suspicion, rivalry, distance and separation when I first became involved in this work. However, there have been remarkable changes in the intervening years: joint operations; a great deal of secondment across agencies; partnerships of one sort or another; and agencies in which people from each of the intelligence bodies are involved, so that they become accustomed to working together.

Such approaches have developed to such an extent that they are the envy of many other countries. We deal with and talk to people from oversight committees and intelligence agencies in many countries, and they are generally pretty envious of the degree of co-operation and co-ordination between our services. That is working, although it can be improved. The entire Iraq experience demonstrated this point, as did the role of the Defence Intelligence Staff. The Committee has taken an ever-closer interest in defence intelligence, having been encouraged to do so—and given the support to do so—by the Prime Minister and the Defence Secretary, following some problems that we had.

The substantive point that I want to make emerged from two or three of the ISC's reports and from the Butler report: the importance of ensuring that intelligence is rigorously challenged as it is brought in and analysed, and that it is cross-referenced to relevant expertise and open-source information. It is a kind of triangulation process: if someone gets a piece of intelligence, they need to make sure that they set it in the context of what they or other people know because of their expert knowledge—that signally failed to happen at certain points during the weapons of mass destruction discussion, for example—and that it is related to open-source information that could put that intelligence into a rather different context when one realises the circumstances in which it might have been generated. All those elements have to be drawn together, and that means that people sometimes have to challenge the first conclusions that are drawn from a piece of intelligence.

[Mr. Alan Beith]

Special ways to do that have been suggested both in our reports and in the Butler report, to which I shall refer briefly. Our overall view, however, is that we do not want a culture of acceptance or deference in the intelligence world. As with any good academic inquiry, there must be a culture in which things that are said are challenged—in which people say "Just a minute: that does not tally with something else", or "Can we really make that stand up?" Such discussion is necessary. It should not be repressed or discouraged, or simply institutionally not provided for.

I am glad to say that that has been addressed in a number of ways. There are internal arrangements in the Secret Intelligence Service for a challenge process to ensure that the first obvious explanation is not automatically accepted. There is the role of the JIC Chairman, which has been discussed a fair amount today. The JIC traditionally operates on a basis of producing consensus reports. That too is envied in other countries where rival intelligence interpretations are slammed down on the desks of Presidents and Ministers with the words "You make up your mind: here is what difficult organisations think", which is not always very productive.

We go for a consensus approach in this country, winnowing down all the intelligence to produce the consensus; but there is a danger in that. In paragraph S of our latest report, we said

> "We are, however, still concerned that, in seeking consensus on all decisions and judgements, the JIC could be missing or failing to give sufficient priority to key points or vital arguments on a particular issue. We acknowledge that striking the right tone and balance... is extremely difficult, but we recommend that the SIC should continue to work on developing and refining this process further."

In their response, the Government mentioned the new obligation to put dissent notes on the front of a JIC paper if the chairman is aware of unresolved dissent in the interpretations of the different bodies that sit on the JIC. That is very welcome.

Along with all that go proper channels for the expression of dissent so that staff feel that they can "hang on in there" if they are still convinced that something is wrong, and have somewhere to go. To an extent that constitutes a counsel against potentially dangerous whistleblowing that blows sources. One individual's judgment on when the national interest demands that he go public may well not be shared by a great many people if, at the end of the day, it means that we lose an intelligence source that we want to keep. Opportunities for people to express dissent to those in a higher position than the level of management immediately above them is very important. That is now an accepted element of the role of staff counsellors. In the Ministry of Defence, members of staff can talk to senior personnel who are not involved in intelligence.

An important rule in the DIS is that a DIS senior official should see intelligence and advise on its distribution. That goes back to the issue of weapons of mass destruction, and the failure of key DIS officials who had expert knowledge to see intelligence that they could and would have challenged. A recommendation in the report that the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) said he would have valued relates to guidance to Ministers and others on how to read intelligence, and how to interpret its significance. That is relevant to the triangulation of intelligence—to setting intelligence in context, and understanding what it can and cannot do for us.

The way in which we develop, analyse and use intelligence is fundamental to making good use of the massive resources and massive effort that go into it. That is why I chose to concentrate on the issue.

8.58 pm

Andrew Mackinlay (Thurrock) (Lab): I have already indicated my view that apart from this welcome but very short debate, there is no parliamentary oversight of our security and intelligence services. Let me get this out of the way immediately: obviously I have a high regard for our colleagues who serve on the committee, but that is the only nice thing that I can say about them in the present context, although I do express the hope that they may have some regard for me too. I believe that their membership of the committee diminishes Parliament, and I invite them to reflect on what I say and on their position.

I was a member of the parliamentary assembly of the Organisation for Security and Co-operation in Europe last week. The Foreign and Commonwealth Office gave us a briefing note on the question of parliamentary oversight of the security and intelligence services. It had the audacity to include the observation that the British system was exemplary, and parliamentary oversight of security and intelligence was wonderful. I threw it across my hotel room in disgust, because either the author was blind to at least some parliamentary opinion or he really believes that. Either way, he was wrong. I challenged my right hon. Friend the Leader of the House, the former Foreign Secretary, about that point at the Foreign Affairs Committee. He said—and this view was adopted by the author of the report from the Foreign and Commonwealth Office—that it was a distinction without a difference, so what was the problem. I believe that if that is said often enough, people will start believing it. But it is not a parliamentary Committee. There is no parliamentary oversight of our security and intelligence services other than these precious minutes that we get once a year.

The committee is anointed and appointed by the head of the security and intelligence services—the Prime Minister, who is both judge and jury. The committee let us down in the previous Parliament when it abdicated its responsibility to the Butler inquiry on such matters as the dodgy dossier. If it had been a parliamentary Committee, it would have said, "That is our business, Prime Minister. You can appoint whoever you like, but we will decide how we conduct our own inquiry." But the committee surrendered even the fig leaf of a remote relationship with Parliament.

The committee is made up of parliamentarians, but it is not a parliamentary Committee. I listened to my right hon. Friend the Member for Torfaen (Mr. Murphy) carefully and I intervened on him on this point. He said that the committee members are selected by the Prime Minister, but he takes advice. Well, who gives that advice? I have already indicated that I would decline to

serve on the committee, in the unlikely event that I were asked to do so under the present regime. It would be repugnant to me.

I am unlikely to be invited to serve on the committee for a variety of reasons. If one rubs up the system in this country the wrong way, one is considered mad or bad, or both. I do not mean that Ministers necessarily hold that view, but the people who give the advice do so. I want to share with the House a very serious story, but I hope that no one will press me too much on the details. I recently became aware of what I consider a highly defamatory remark about me on a Government file. Since then, the permanent secretary and the Secretary of State involved have apologised to me—

Madam Deputy Speaker: Order. Does the point that the hon. Gentleman is making relate to the report?

Andrew Mackinlay: It relates to the issue of selection for service on the committee. Indeed, it goes to the heart of the matter, because my right hon. Friend the Member for Torfaen mentioned advisers. We do not know their names, but my concern is that they are privy to false statements about hon. Members. Presumably, such statements are forwarded to the security and intelligence services. The comment about me had been on a file since 2003 and I got to know about it only by accident.

Reference has been made to the Data Protection Act 1998. I put in an application under the Act and found that there were vexatious, mendacious and malicious comments about me in various documents. Those comments would have disqualified me from consideration by the Prime Minister for membership of the committee. It is, therefore, not a parliamentary Committee. Under the Select Committee system, one can apply, through one's party, and be accepted or rejected. One cannot apply to sit on the Intelligence and Security Committee. A Prime Minister might decide that someone is worth considering, and their name will be submitted for the scrutiny of people whose names we do not know. The candidate could be vetoed for reasons that neither he nor anyone else are aware of. That is the danger and that is the relevance of my personal experience to the constitutional position of this flawed and unparliamentary committee.

With the greatest respect to my colleagues on the committee, we do not know how it works. We do not know how it selects areas for inquiry. We did not know until this evening even who the committee's clerk was. My hon. Friend the right hon. Member for Torfaen told us the name, which before tonight was always considered highly secret information. The ridiculous secrecy surrounding the ISC diminishes any confidence that I as a parliamentarian might have in its ability to probe adequately the conduct, competence and management abilities of the people who run our security and intelligence services.

I think that the ISC is seriously flawed. I hope, Madam Deputy Speaker, that you will look at the *Official Report* tomorrow, and that you will consider the matters that I am raising to be absolutely valid, as they go to the heart of the selection process for the ISC. To whom is the committee accountable? It is a very serious matter if files on Members of Parliament are kept, without their knowing about it, by departmental officials. We find out about such files only when we stumble across them by accident. In some cases, they contain information about who our interlocutors are, and who would seek to gain our ear.

I turn now to the Wilson doctrine, which is covered in paragraphs 26 to 28 of the ISC report. I wish that the Home Secretary were in his place, as it is rare for me to compliment him, but it is to his credit that he made it clear that he did not support a proposal to end the Wilson doctrine. Nevertheless, that doctrine is wholly inadequate when it comes to protecting the rights of Members of Parliament. However, what we have we need to hold. As I understand it, the doctrine deals with old-fashioned landline telephones, and does not take account of computer technology or the fact that equipment is so sophisticated now that eavesdropping can be carried out at great distances.

I am not confident that people who do not have ministerial authority are not probing the communications of Members of Parliament. I am not making this up: my observations are based on my own painful experience of discovering comments about me in files that should not have contained them. The Executive branch of Government must assure every Member of Parliament that they are not subject to surveillance, and that no undue probing of their technologies is being carried out.

If we had more insight into how the ISC selects its work, we might have greater confidence in it and be able to suggest areas of inquiry. I am especially concerned about one matter that in the past has caused laughter in the House, although I do not know why. I discovered, through a disclosure under the Data Protection Act 1998, that 13 officials—from the Foreign and Commonwealth Office, the Ministry of Defence and the intelligence community—met on 13 January for what was described as a "handling strategy" meeting about parliamentary questions that I had submitted in relation to Project Coast.

When I questioned the relevant Minister about the matter, he said at the Dispatch Box that there was nothing in it at all, but I disagree. Information from court cases and South Africa's Truth and Justice Commission has revealed that a person equivalent to Dr. Mengele was working—

Madam Deputy Speaker: Order. I understand that the hon. Gentleman has points that he wants to make about his own circumstances, but I remind him that time is limited. I hope that his remarks can be related rather more directly to the report under discussion.

Andrew Mackinlay: I am astounded, Madam Deputy Speaker, as I am trying to demonstrate that we lack parliamentary accountability in this area. I have been prevented on two occasions from explaining how I think that our present system is flawed. I want to make it clear that Ministers—the Executive branch of Government—have been instructed to close me down and stop me pursuing a legitimate inquiry.

The South African apartheid regime had a facility equivalent to our Porton Down. I believe that there was intercourse between that facility and UK intelligence and security services, and that people from the real

[Andrew Mackinlay]

Porton Down were also involved. There is evidence that an unhealthy sanctions-breaking attempt was covered up because some of the people involved are still members of the security and intelligence community and do not want an investigation. I do not say that the attempt was authorised by Ministers at the time, but it happened none the less.

This is my only opportunity to shed daylight on that serious matter. It is something that the ISC—flawed though it is—should investigate. Evidence from the South African court proceedings, which is available on the web, shows that people from the UK broke the law and were involved with Dr. Wouter Basson, who has been described as a South African Dr. Mengele, in sanctions-busting.

Madam Deputy Speaker: Order. The hon. Gentleman's time is up.

9.10 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): The ISC was set up and given its remit in 1994. Things have moved on and we live in very different times. The Home Secretary referred to changes in terrorism, so perhaps we should examine the Committee that oversees the changes in the threat from terrorism. After all, over time, in response to that threat, other bodies, such as the Ministry of Defence and the armed forces, have changed their structure and the way in which they are scrutinised. Now is the time to look at a complete overhaul of our intelligence system.

When we discuss the current jihadi or terrorist threat, we must be careful not to confuse terrorist attacks with how we defeat terrorism. When I consider my intelligence experience during my service in Northern Ireland and the situation to date, there is not much difference. The principles of defeating terrorism remain the same, even though different groups of terrorists are trying to achieve different ends. However, that must not be used as a red herring to say that that is why we need to throw away certain rights and keep things less transparent than they should be.

Islamic terrorists are no different from Irish terrorists. They are human beings motivated by greed, revenge, ambition, attention seeking and a range of issues that make them vulnerable to recruitment. They are also vulnerable to logistics. They need a logistical chain, whether or not it is as structured as the IRA's. They are vulnerable when they go to Pakistan to be trained or when they meet in bookshops in Leeds. Such vulnerabilities are common to all terrorist networks, even if their opportunities are fewer.

Our intelligence services and police force must be able to exploit those vulnerabilities—to head those groups off at the pass and catch them red-handed. But saying that current terrorists are much more dangerous is not an excuse for putting people's human rights at risk or jeopardising the contribution that communities can make to defeating terrorism.

On this tragic day of the attack in India, we should remember that terrorists have always done what works. They do not need to reinvent the wheel. The bomb attacks on trains in Chechnya in Russia worked, so the terrorists did the same thing in Spain. They took the attack to London, because those tactics worked and now they have taken the attack to India. Ministers sometimes seem to believe that terrorists are so sophisticated that we need a load of new rules because they are about to invent the atomic bomb, but the terrorists attacked the twin towers with aeroplanes and Stanley knives. Their tactics have been effective, so we should not be distracted by red herrings—by getting so high-tech that we forget how to defeat terrorists and ignore the fact that the original principles about getting inside a terrorist organisation have not changed.

There are real questions to be asked and I hope that the chairman of the ISC will consider them over the next year. Is the overall structure of our intelligence community correct? MI5 was started in 1909, when its main thrust was to expose espionage in this country and people who were spying on it. There is also MI6 and special branch, which was originally regional and is now semi-regional and national. Is that the right way to go? I am talking about the relationship between MI5, an intelligence-gathering body, and a police force that is about evidence gathering and conviction. One has only to look at Forest Gate to start asking questions about the handover between intelligence, conviction and the gathering of evidence. That is one of the key things that we have to learn if we are to defeat terrorism. We have to do it inside the law.

John Reid: I want the hon. Gentleman to know that the Government are not opposed to looking at such structures. We were discussing strategy earlier tonight. I am firmly of the view that we should continue to look at structures, co-ordination and the best output and capability in relation to the resources that we have got. I do not think that he is arguing against where we are coming from on that. We may reach different conclusions, but he is certainly making a good point.

Mr. Wallace: I am not trying to say that the Home Secretary has a different view. My view is of an FBI-type arrangement, but others will have different views. We have to look at the special branch relationship. Regional special branch is funded by chief constables and reports nationally. There is SO12 in the Metropolitan police. All of those could do with improvement. There is plenty of scope to make sure that we get that chain up to date.

Perhaps we need to look at the powers of the services. There is something important that seems to have been missed. When I served in Northern Ireland, either in a uniform or carrying a weapon out of a uniform, I had emergency powers. As a member of the armed forces, I had emergency powers to stop and arrest people and to use a weapon outside Ministry of Defence land. We have a lot of Army operations on our mainland to assist the police or the security services.

Patrick Mercer (Newark) (Con): Does it surprise my hon. Friend, in view of his experience and mine in Northern Ireland, that, with increasing operations by military units on the mainland, the Government have still apparently given no thought to the establishment of military intelligence liaison officers around the various constabularies?

Mr. Wallace: I am grateful to my hon. and gallant Friend for that intervention. He is absolutely right. That relates to the legal powers of soldiers serving on the streets. We have to ask these questions. Has the Government given people emergency powers? The armed forces on the mainland do not have executive powers under firearms legislation to act in the way that our police forces do. For example, if, during the course of the Stockwell investigation, it transpires that soldiers were involved, we have to be careful that there is not a grey area. We have to remember that a solider has no more rights than you or I on the street in the UK—as opposed to a policeman, who does have those executive powers. That is an important issue that we need to consider.

We also have to look at what is happening in Northern Ireland, where the Government have said that they would like to move members of the Police Service of Northern Ireland special branch to MI5. I have worked alongside PSNI special branch. They are excellent men and women who have learned that one cannot short-cut terrorism. They have learned that the hard way and they have got extremely good results. When I met a few of them recently, I said, "You do realise that if you belong to MI5, you do not have executive powers. You cannot carry a weapon in South Armagh. You cannot go and arrest someone to pull them in to interview them. You do not have all the powers that you used to use to protect yourself and to help you to get access to informers." That is important.

I said to a current serving policeman, "Would you like to go into Turf Lodge without a gun? Would you like to go to South Armagh, to Crossmaglen, without a gun?" He said, "You can bet your bottom dollar, I'm not going there." But that is the subtle implication of some of the changes. It is important that the Government pick up the detail when it comes to reforming and moving the intelligence picture along, because if they do not, the person who will bear the brunt at the end of the day will be the individual soldier, the individual policeman, or one of the security service personnel. That is important.

It is interesting to note that the average age of a special branch PSNI individual is about 45 in Northern Ireland; the average age of the MI5 recruits who go there is 28. That is a vast gap in experience and knowledge and a vast gap in relation to the people perhaps best placed to recruit informers and go about getting under the skin of terrorists in Northern Ireland. For all the reports, they have not gone away. The infrastructure is still there.

In this day and age, transparency is very important. Owing to the way in which the security services started, they are obsessed with secrecy. It is important that MI5 moves more into the modern world. If it is to work alongside the police each day in offices in our regions, it must accept that there will be a drive for more transparency in not counter-espionage, but the counter-terrorism field. When the agency hands over information to the police and the police act on it and get things wrong, it is the police that get the blame. The public attacked the chain of command in the Metropolitan police over Forest Gate, but perhaps Security Service intelligence should have been considered on that occasion. MI5 must come into the real world when it comes to transparency. There is no KGB operating in the same way MI5's counter-terrorism functions, so there is a real need to examine the transparency in MI5.

We should remember that there is no short cut to countering terrorism. The draconian laws that we pass to try to do that will have an impact on the human intelligence that we try to recruit, so they will make a difference. The end result of an operation in Northern Ireland that I joined was that 21 members of the IRA were put down, but it took more than a decade to achieve that. We must accept the rough with the smooth, and the Home Secretary was right that if we get things wrong sometimes, that is life. If we all miss the terrorist, that is life. However, we must also realise that we cannot deny people human rights as a short cut, because the end result of that will be that Muslim communities will produce no informers or sources and will not collaborate with the forces of law and order, although such collaboration and information is the only way of defeating terrorism in that community in the long term.

9.21 pm

Ms Dari Taylor (Stockton, South) (Lab): I express my revulsion at the bombings in Mumbai today. I am the secretary of Labour Friends of India, and I feel desperately sorry for the families and the members of the emergency services who are attempting to sort out that situation tonight.

I have had the privilege of serving for one year on the ISC under the able chairmanship of my right hon. Friend the Member for Torfaen (Mr. Murphy). This year, the Committee has subjected the heads of agencies and their teams to rigorous, often lengthy questioning. It has invariably been detailed, but it has never been soft. I have found it thoroughly offensive to read in the press that the ISC is "weak", "spineless", "ineffective" and "tame". Frankly, I do not recognise any of those words with regards to the ISC.

To my knowledge, the agencies have never held back any information. We have never held back on any question that we wanted to ask. No member of the Committee believes that we are there to protect the reputation of the Administration. We are there to get the truth. We seek the truth and we print it. The report that we have published is thorough and wide-ranging. I was delighted to hear not only the Secretary of State, but the right hon. Member for Haltemprice and Howden (David Davis), say that they agreed.

During the year, we have not only questioned the agencies, but visited them—some more than once and many of them on many occasions. When we have not been confident that we have got the detailed response that we required, we have written and they have responded. There has been a thorough process by which we have critically and constructively examined the work of agencies. I want the House to believe that there is not a question that I would not ask, or a chance that I would let the agencies off on any score. We need to know, and if we need to improve, we need to say that we are improving. The report is thus fair, thorough and wide-ranging. When we visited security services abroad, their universal opinion was that our security services were highly professional, and served our country well. Many of them were complimentary about the work of the ISC.

[Ms Dari Taylor]

My hon. Friend the Member for Thurrock (Andrew Mackinlay) said that we are not a parliamentary oversight committee, but I believe that we are. Our work is intense and demanding and, although I am privileged to serve on the Committee, I do not think that I am special or different.

Mr. Ellwood: The hon. Lady is making a powerful statement about the Committee's performance. However, Ann Taylor, the predecessor of the right hon. Member for Torfaen (Mr. Murphy), presented a report on the Bali bombings that was ignored by the House. What are the hon. Lady's views on that?

Ms Taylor: The hon. Gentleman rightly reminds the House that we must always discuss those reports and look at their details. The decision not to discuss the report was not appropriate. I hope that response suffices.

I am not concerned about the report itself, but I am concerned about something that it examines—the SCOPE project which, if and when it works, will offer the security services enormous support. That IT programme will enable all intelligence organisations in the UK and abroad fundamentally to improve the way in which they work together by transferring data electronically in a secure and timely manner. There is a desperate need for such improvements because, as the intelligence community grows, the amount of material it uses grows exponentially. We need methods to transfer that material in a timely—for me, that means instantly—manner in a secure environment. The 2004 report to the House said that we needed such a programme but, in 2006, we are still saying that we need it. It is not just a complex piece of kit—the project will demand a cultural change and the involvement of highly trained people. It is therefore crucial that it is introduced, because the intelligence community needs it now.

In conclusion, may I refer again to the statements in the press about our being weak, spineless, ineffective and tame? I do not recognise those descriptions, because my colleagues on the Committee are determined and challenging. I am positively confrontational—if I do not obtain the evidence that I want I will seek it again and again, so that I am sure that I have been given the full facts. One paper said that the director general of MI5 had charmed the Committee. I must have missed that sitting or series of sittings, because I do not remember her doing so. In my opinion, she is a tough, no-nonsense person who deals with facts, and is certainly not interested in charm. She makes demands of us, just as we make demands of her. The way in which journalists characterise us undermines our work and is thoroughly unacceptable.

I would accept the opinions of the press as worth while if their accounts of the 7 July bombings offered a careful analysis and reported the facts. However, *The Independent* printed the following headline: "If only al-Qa'ida were run by our spineless spy masters". That is unacceptable, and represents the desire of the press to sell newspapers at any cost. We have an oversight committee that works extremely hard. The agencies are part of the making of a secure community for all of us. We do not peddle the politics of fear, as the press do, and they are shameful and undermining.

9.29 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): In the limited time available, we have had a serious debate with some very good contributions from all parts of the House. It is important that right hon. and hon. Members who have contributed and who have at times appeared to offer criticism, whether in the Committee or on the Floor of the House, have done so in a positive way. It does nobody any service to suggest that those who offer criticism are attempting to undermine national security or the agencies involved. I am pleased that my right hon. and hon. Friends were able to participate in the debate, and I shall return to their contributions.

One of the central issues of the debate is how we maintain and strengthen public confidence in the Government's ability to deal with the terrorist threat, the effectiveness of our intelligence and security agencies and the police, and parliamentary oversight and accountability. We are all aware of the balance that must be struck in a democracy between the needs of the intelligence and security agencies to keep certain things absolutely secret, and the need, increasingly, to explain to the public why there are restrictions and controls, and why things inevitably go wrong—sometimes disastrously wrong.

This is not an academic debate. United Kingdom citizens have been killed, injured and kidnapped abroad, and terror is now a reality and has been symbolised by the events of last year. The threat is real and immediate. The police say that since last July they have uncovered four alleged plots, which have been stopped or disrupted. The Metropolitan police anti-terrorist branch says that it is currently involved in about 70 investigations in Britain and abroad. The Commissioner of the Metropolitan police recently said that the security position was "very grim" and that we must expect further attacks. We work, speak and live in one of the great iconic symbols, so we should bear in mind that at any time we in the House could be subject to attack.

That does not mean that the House does not have a right to question, press and criticise Ministers, the security agencies or the police. That is not done in a carping or negative way. That is the strength of our democracy. The challenge for the Government and the intelligence and security agencies is, as many people have said, that the terrorists have to be lucky only once. Many successful operations to thwart or disrupt terrorist attacks can never be fully publicised, whereas failures or mistakes by the intelligence and security services receive maximum public attention. That is the lot of the intelligence and security services. It is the task of Ministers to explain and defend where necessary, and to take responsibility.

The role of the Intelligence and Security Committee is an important one. The hon. Member for Stockton, South (Ms Taylor) spoke passionately in defence of the members of the Committee and their job. I agree with my right hon. Friend the Member for Haltemprice and Howden (David Davis), who speaks as shadow Home Secretary, that the "Newsnight" presentation last night was flippant and disgraceful.

However, genuine concern was expressed on the Floor of the House about the remit of the Committee. That was referred to by my right hon. Friend the

Member for Haltemprice and Howden and my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind). The remit of the Committee is that it

"examines the expenditure, administration and policy of the three Agencies. It operates within the 'ring of secrecy'".

We must now consider broadening the remit of the Committee, which has undoubtedly been constrained at times, and it makes that point in paragraphs 6 and 32 of its report on 7/7. Given the need to sustain public confidence and the requirement for proactive scrutiny, the Prime Minister should address the matter. The issue does not merely involve parliamentarians trying to delve into every cubby hole in our security and intelligence establishment—as much as anything else, it is about robust public confidence. A strong case has been made by hon. Members on both sides of the House, and I hope that the Minister takes it into account.

The Committee's series of annual reports rightly praise the bravery and commitment of the men and women of our intelligence and security agencies and how they have coped with change. My hon. Friend the Member for Lancaster and Wyre (Mr. Wallace) has pointed out that many operations are long and tedious, and we should bear in mind not only the physical bravery of those men and, increasingly, women, but the fact that much of their work is of the most mind-bogglingly boring nature. I suspect that those people need the mental attitude of a librarian, a philatelist or a Back Bencher to survive numbing tedium in which there is a small nugget of crucial evidence somewhere at some stage. If they miss it, however, everyone on the touchline will ask, "How could they have possibly missed that?"

Criticism must be constructive, and the Committee's remit is functional in many respects. In the past, the Government have frequently noted recommendations or criticisms in replying to the Committee's reports. I was a special adviser in a previous Government, and I always liked it when the permanent secretary said that he had "noted" something, which was usually something that a Minister had said. It normally meant, "I do not give a tupenny whatnot for what he is saying. He is ignorant, but I know what is going on." At times, there is an element of that in the Government's approach. However, I welcome the Home Secretary's decision yesterday to publish the Government's strategy on countering international terrorism and the change in threat levels, both of which were called for by the Committee.

There is no doubt that public confidence has been badly shaken by the Government's use of intelligence over Iraq and weapons of mass destruction, to which my right hon. and learned Friend the Member for Kensington and Chelsea has referred. Indeed, the former Home Secretary, the right hon. Member for Norwich, South (Mr. Clarke), who is my parliamentary neighbour, wrote in the *Evening Standard* on 3 July:

"The experience with suspected weapons of mass destruction undermined confidence in the capacity of our intelligence services to make accurate assessments of the risks that we face".

That point was highlighted in paragraph 63 of the Committee's report for 2004-05. Although it is fair to highlight failures in the wider intelligence and security establishments, Ministers cannot, as my hon. Friends have eloquently pointed out, resile from their part in seeking to get evidence to support a particular case.

Sadly, history is littered with examples of institutional mindsets on intelligence, where Ministers, generals and Presidents have determined the outcome. Today, apart from undermining confidence, that approach can ultimately lead to dreadful consequences. I point the Committee in the direction of the two official historians of the Security Service and the Secret Intelligence Service, Professor Christopher Andrew and Professor Keith Jeffrey, who might give the Committee useful evidence on those particular points.

Going back over several years, the Committee has rightly been concerned that Ministers have not been more actively involved in meeting collectively to set the agencies' long-term requirements and priorities. Several hon. Members have mentioned the fact that the ministerial Committee on Intelligence Services has met only once in the past decade.

The Committee rightly highlighted concern about the fact that since September 2005, Sir Richard Mottram has been both security and intelligence co-ordinator and Chairman of the Joint Intelligence Committee. Sir Richard is a remarkable man in that he is a born Whitehall survivor. Anybody who could have survived being Lord Heseltine's private secretary when he resigned as Secretary of State for Defence, and then survived the debacle over the then Secretary of State, the right hon. Member for North Tyneside (Mr. Byers), when he came out with that remarkable set of phrases involving a certain word that is of course unparliamentary, is a man who knows very well how to deal with complicated situations. In the words of the Cabinet Secretary—I paraphrase—he has got the post not least because he has no more future in Whitehall and will therefore be independent. In all seriousness, I believe that Ministers should reconsider this, as there are good functional intelligence reasons for keeping the two posts separate.

The Committee rightly recognised the expertise of the defence intelligence staff and their vital role in providing support at the military operational level as well as to other Government agencies and Departments. It welcomed the additional funds allocated to the intelligence and security services, but was rightly concerned that the agencies had not asked for more resources back in 2003-04. Indeed, they failed to spend all their additional funds at the time because the heads of the services feared that they would not be able to manage rapid expansion, with the vetting of incomers and inducting and training of personnel. I recognise that that is a serious problem, but we have been there before—in the summer of 1940. The SIS found that all its overseas operations hidden under the consular service were rounded up. Many of them legged it or had to go underground. Large numbers of SIS and Security Service personnel were retired in the summer of 1940, and hundreds of temporary people had to be brought in. That was a massive expansion that worked. There were many mistakes, but it was one of the greatest successes. In managerial terms, the Security Service, the SIS and GCHQ need to get out of that mindset.

The Committee expressed concern that there should be a correct balance between short-term operational requirements and long-term threats. That is not easy to achieve, but I am not sure whether Ministers believe that they have got the balance right within the intelligence and security services. It welcomed the

[Mr. Keith Simpson]

Security Service's decision to set up regional offices and to work closely with special branch. However, following the recent incident at Forest Gate, it appeared from media reports that special branch and the Security Service were, if not briefing against each other, giving contradictory briefings. That is an old, bad habit that I hope will change in future.

The hon. Member for Stockton, South and others mentioned the implementation of SCOPE, which is a major IT programme designed to enable organisations across the intelligence community to work together. Given the challenges involved in big Whitehall IT programmes that—how can I put this delicately?—have not always worked, who is managing this programme and who is the Minister ultimately responsible for seeing that it is delivered?

The Committee's role is important and its members should receive our congratulations on their hard work. However, we need clear ministerial leadership and accountability. There is a strong argument for a Minister who is ultimately responsible across Whitehall for counter-terrorism. The Prime Minister must deal with how we go about that, but the current system—illustrated by the Home Secretary's suggestion yesterday in response to being pressed by the Chairman of the Home Affairs Committee—that the Secretary of State for Communities and Local Government was taking the lead, is not good enough. Greater co-ordination and integration are needed at a functional level in Whitehall. Is any individual or organisation in Whitehall thinking out of the box? Is anyone asking important questions? The Home Secretary points directly at the Minister for the Middle East. I always believed that he was in rather than out of the box.

Agencies must believe that they will be supported, especially when there are failures. At the same time, they recognise that they are not beyond criticism. If we do not change the Committee's remit to enable it meet public concern, that anxiety will continue, to the detriment of the United Kingdom.

9.46 pm

The Minister for the Middle East (Dr. Kim Howells): I am pleased to have the opportunity to close the debate on intelligence and security. The Foreign Secretary greatly regrets that she cannot be here as she is travelling in the United States.

As Minister responsible for our relations with India, I echo the words of hon. Members who mentioned the brutal murders of innocent people in the Mumbai bomb blast. The underlying message of today's debate must surely be that there is never a justification for terrorism. Our thoughts are with the victims and their families.

I thank the Intelligence and Security Committee and its distinguished Chairman, my right hon. Friend the Member for Torfaen (Mr. Murphy), for their work. My right hon. Friend has huge experience of dealing with terrorism and organised crime as one of the best Secretaries of State for Northern Ireland that this country has produced.

Like every hon. Member, I should like to pay tribute to the exceptional work of the men and women of Britain's intelligence and security services. Earlier, my right hon. Friend the Home Secretary highlighted their many successes, and the debate has emphasised their important role in protecting British citizens at home and abroad, often in dangerous circumstances. Some of us have been privileged to witness their operations first hand, as I did last week in Iraq, and we should be grateful to our people who are working for us there.

Let me try to deal with the many subjects that have been raised today. My hon. Friend the Member for Stockton, South (Ms Taylor) described the report as wide ranging and thorough. She made a spirited defence of the Committee and its report. Those of us who know its members realise that she is right.

The hon. Member for Mid-Norfolk (Mr. Simpson) expressed thoughtfully and concisely the Committee's value and, as he perceived them, its strengths and weaknesses and the challenges that it faces in future. As he said, those challenges will be complex and numerous, ranging from the tedium of sustained observation of suspects to understanding the influence of Deobandi madrassah education in the Muslim world.

Right at the beginning of this debate, the right hon. Member for East Hampshire (Mr. Mates) and my right hon. Friend the Member for Torfaen emphasised the importance that some so-called responsible news media place on not allowing the facts to get in the way of a good story. There is nothing that the conspiracy theorists love more than a theory that involves the security services. That is why the cool assessment of these complicated and difficult materials by the Intelligence and Security Committee is so valuable to the House.

The right hon. Member for Haltemprice and Howden (David Davis) and my right hon. Friend the Member for Torfaen, among others, defended the report's criticism of the merger of the posts of Security and Intelligence Co-ordinator and of JIC chairman. The Government do not agree with the Committee on that point. We see no clash between the roles; on the contrary, they are mutually reinforcing. The appointment of Sir Richard Mottram to the roles of SIC and JIC chairman was consistent with the recommendation in the Butler review that the post of JIC chairman be filled by someone with experience of dealing with Ministers in a very senior role. Far from devaluing the JIC chairman's role, combining the posts has added further weight and authority to it.

The right hon. Member for Haltemprice and Howden asked about the financing of border security. The border management programme, on which my right hon. Friend the Home Secretary is working closely, will re-channel existing resources into new and more effective ways of working. Additional resources will be identified as the programme develops. The e-border programme is now at the preliminary invitation to tender stage, and a contract will be agreed with the successful bidder in the summer of 2007.

The right hon. Member for Haltemprice and Howden, my right hon. Friend the Member for Edinburgh, East (Dr. Strang) and others suggested that Ministers were not sufficiently engaged in intelligence matters, as evidenced by the fact that the Ministerial Committee on the Intelligence Services had met only once in the past decade. That came as a surprise to me when I sought the briefing on this subject, as I seem to

spend three quarters of my life talking to other Ministers about a whole range of issues, including overarching strategy and individual issues such as Afghanistan and Iraq, as well as the home security issues that we have discussed in such depth today.

The Ministerial Committee on the Intelligence Services will meet as and when required. It is important to recognise that Ministers are already heavily engaged in the oversight of the agencies. As the ISC report explains, Ministers regularly discuss intelligence matters in a variety of

"other fora, including at Cabinet meetings",

and the agency heads regularly brief their respective Secretaries of State.

David Tredinnick: Will the Minister give way?

Dr. Howells: No, I am afraid that I do not have time.

David Tredinnick *rose—*

Dr. Howells: The hon. Gentleman should not panic. I will say something very nice about him in a moment.

My hon. Friend the Member for Wirral, South (Ben Chapman) made a compelling case for not turning the ISC into a Select Committee. I do not want to intervene in any family matters involving the adult discussions that have taken place between the Chairman of the Foreign Affairs Committee, my hon. Friend the Member for Ilford, South (Mike Gapes), and my right hon. Friend the Member for Torfaen. I am sure that they will be able to sort their relationship out. We will be watching very carefully, and we will do what we can to help. The Government see no reason to change the present arrangements, which allow a cross-party group of parliamentarians to examine a wide range of sensitive intelligence matters in some depth without jeopardising sources or methods. The ISC's independence is not in doubt. It has consistently produced comprehensive and thorough reports that are laid before Parliament and often make uncomfortable reading for the Government.

The hon. Member for Bournemouth, East (Mr. Ellwood) cited the example of the Bali bombings. He has suffered more than the rest of us from that terrible event. I saw the memorial out there, and every parliamentarian should see it. They would then understand the significance of the hon. Gentleman's comments.

Parliament recognised, when approving the Intelligence Services Act 1994, the difficulties of handling intelligence matters within the normal Select Committee procedures. After considerable parliamentary discussion, it was decided that the best way to impart proper authority and ensure effective oversight of the intelligence agencies was by establishing the ISC and laying down the Committee's duties and obligations in legislation. Transforming the ISC into a Select Committee would require a change in primary legislation. Any move to change its status would have to take careful account of the need to maintain proper security for the agency's work. Unless a Select Committee was willing to operate under similar conditions to the ISC, the end result would be less, rather than more, scrutiny.

My right hon. Friends the Home Secretary and the Secretary of State for Culture, Media and Sport met some of the survivors and victims' families, and they understand clearly why there has been a demand for an independent public inquiry. My right hon. Friend the Home Secretary explained with understandable passion that, given the present circumstances, it is not a question of financial cost but of resources. We have heard already about the difficulties of recruitment. It takes time to train people, and I would not like to see those precious resources diverted, as they inevitably would be, into a long-running inquiry of that sort. Several inquiries have taken place. The Intelligence and Security Committee conducted a thorough inquiry. The London assembly also conducted one.

Mark Pritchard: Will the Minister give way?

Dr. Howells: No, I do not have time, I am afraid.

The Government are resolved to learn lessons from those reports and to strengthen our defences and resilience against the terrorist threat. We are working extremely hard at that. My right hon. Friend the Member for Torfaen and my hon. Friend the Member for Wirral, South explained the truth behind some of the allegations that information was withheld from the Committee. The ISC's report provided a thorough, clear and detailed account of what was known about the 7 July bombers prior to the attacks. The security and intelligence agencies and other relevant Departments co-operated fully with the ISC's investigation, and no relevant information was withheld. Subsequent allegations in the media, some of which have been reported in the House, that the Government or security and intelligence agencies withheld information or in some way misled the ISC are totally false. I note that the ISC has investigated the claims and satisfied itself that they are not true.

The Home Secretary is considering carefully the important question of intercept as evidence, but we should not assume that it will somehow be a magic device for making the task easier. We should certainly listen to some of the advice of people with experience. There is no evidence that other countries get better results through their use of intercept evidence than the United Kingdom. We want to maintain the co-operation between intelligence and law enforcement agencies on which those results are predicated. In February this year, the then Home Secretary told Parliament that the Government

"are undertaking to find, if possible, a legal model that would provide the necessary safeguards to allow intercept material to be used as evidence."—[*Official Report*, 2 February 2006; Vol. 442, c. 479.]

I understand that the Home Office is leading work on two evidential legal models—a PII plus model, which seeks to protect sensitive material through a combination of public interest immunity hearings and a pre-trial sift procedure, and an examining magistrates model based on continental regimes. The Home Secretary will consider detailed reports on that work in November.

On the question of the implementation of the Butler review, the Government accepted its conclusions and implemented its recommendations. I note that the ISC's annual report commented favourably on the matter. The Butler recommendation about the limitations of intelligence being systematically included in intelligence

[Dr. Howells]

assessments has been implemented. As the ISC noted in its annual report, a confidential guide covering the nature and use of intelligence has been circulated to readers of intelligence across government. Intelligence assessments now carry assessment-based boxes, which highlight the extent or limitations of intelligence coverage on a particular issue.

We have had a very good debate tonight. I am only sorry that I have not been able to cover every hon. Member's contribution. The contributions were many and varied—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

PETITION

Waste Plant (Thundersley)

10 pm

Bob Spink (Castle Point) (Con): I rise to present a petition against a hazardous asbestos waste transfer and storage plant that is being planned for the Manor trading estate in my constituency. The good people of Thundersley living around that plant are deeply concerned because it is in direct conflict with residential homes, schools and other workers on that trading estate. It is entirely inappropriate to site the plant there, particularly when there are much more suitable areas that do not conflict with residential homes, schools and so forth.

I present a petition put together by Mr. A. J. Bryant, Terry Turpin and others who cared enough about their community to sign the petition. They know that the House will listen seriously to what they say.

The petition of the residents of Thundersley and Benfleet:

Declares that the proposal for a further change to the use of the Manor Trading Estate to allow the storage of hazardous asbestos waste would introduce unacceptable risk and increased pressure of use of local roads and is particularly inappropriate in view of the immediate proximity of residential homes and a primary school, the petitioners further believe there are much more appropriate sites for this activity in the local area.

The Petitioners therefore implore the House of Commons to call upon the Government to do all within its power to ensure that Essex County Council reject the application as requested by the Member of Parliament for Castle Point.

And the Petitioners remain, etc.

To lie upon the Table.

Food Labelling

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

10.1 pm

Jim Dowd (Lewisham, West) (Lab): I am particularly delighted that you, Mr. Speaker, are in the Chair to accept my thanks for giving me the opportunity to address the House briefly this evening.

My concern on the matter of front-of-pack food labelling goes back a number of years, but arises principally from the obesity report of the Health Committee, of which I am a member, published in the last Parliament in 2003-04. The background covered a number of different issues, of which food labelling was just one small part. However, the position in the UK today is such that obesity and diet-related ill health are major problems to individuals, communities and the national health service.

British business, British society and the British economy suffer as a consequence. Nutrition and health claims made on food packaging can often be confusing and sometimes border on being downright misleading. For example, a low-fat claim may legitimately ignore the fact that the same produce is high in salt. Supermarkets have a huge influence on how we shop, cook and eat. National Consumer Council research has shown that supermarkets need to do more to help customers to eat more healthily and the most vulnerable in society often have the poorest diets, which is a major factor in health inequality.

The Health Committee report of 2003-04 was, I think, our magnum opus. The Committee did much valuable work during the previous Parliament—issues of modesty notwithstanding—and I believe that our report on obesity was the greatest thing that we did.

I am delighted to see that the hon. Member for Southend, West (Mr. Amess) is in his place, not only because he can give testimony to what I have said, but because he is a strong supporter of the points that our Committee raised about front-of-pack labelling. I also pay tribute to the hon. Gentleman as the author of early-day motion 2055 on this very subject. A shrewd reading of the Order Paper will demonstrate that he has a slot next Tuesday under the ten-minute rule procedure. Currently, there is a reference to amending statutory orders legislation, but I suspect that it may change between now and next Tuesday. I should also add that I have agreed through all the proper channels that he may speak for a few minutes. I will sit down in time for him to have a couple of minutes before my hon. Friend the Minister replies.

I want to draw the House's attention to what the Select Committee recorded in our report on the issue. With your forbearance, Mr. Speaker, I shall quote a couple of paragraphs from the report. It said:

"Nutritional labelling is intended to help consumers make sound nutritional decisions when buying food, but the current state of much labelling seems to be having, if anything, the opposite effect. We have repeatedly heard the argument, both from the food industry and from the Government, that there are no such things as good or bad foods, only good or bad diets. However, both the food industry and the Government have embraced the concept of labelling certain foods as 'healthy' with great enthusiasm, inviting the obvious conclusion that other foods must be, by definition, less healthy."

Our recommendation was:

"The Government must accept the clear fact that some foods, which are extremely energy-dense, should only be eaten in moderation by most people, and we therefore recommend that it introduces legislation to effect a 'traffic light' system for labelling foods, either 'red—high', 'amber—medium' or 'green—low' according to criteria devised by the Food Standards Agency, which should be based on energy density. This would apply to all foods. Not only will such a system make it far easier for consumers to make choices, but it would also be an incentive for the food industry to re-examine the content of their foods to see if, for example, they could...move their product from the 'high' category into the 'medium' category."

We regarded such a system as a necessity and as a discipline on both the food producers and the food retailers.

In fact, the Government, to give them credit, said in their response to our report that they had

"started work with the FSA to develop criteria that take account of fat, salt and sugar levels to indicate the contribution that the food makes to a healthy balanced diet."

They continued:

"We will work with the food industry to develop the signposting approach further on the completion of FSA consumer research. Our goal is, by early 2006, for there to be: a clear straightforward coding system...that is in common use...and that busy people can understand at a glance which foods can make a positive contribution to a healthy diet, and which are recommended to be eaten only in moderation or sparingly."

The Government's response was entirely reasonable. Sadly, I do not know how Government calendars work—I have not been privy to them for some time—but I do not think that we are in early 2006 anymore. So while progress has been made, to coin a phrase, there is much done, but much more to do.

The Food Standards Agency consulted and decided in March this year that the model of food labelling that it wanted to impress on others was for clear MTL—multiple traffic light—signage on the front of packs and the GDAs, the guideline daily amounts, on the back of packs. I fully support its decision. It has received strong support from many in the industry: Sainsbury's, the Co-op, Waitrose and Asda have all willingly accepted such a system, although there is a minor issue about Sainbury's definition of fat, but at least it has gone most of the way to try to achieve that aim. Marks and Spencer has said that it is willing to consider that system as well and is in consultation with the Food Standards Agency. The agency's position has also received strong support from the National Consumer Council, *Which?*, the Consumers Association, the British Heart Foundation and very many health charities that are concerned with the issue.

The issue on front-of-pack labelling is essentially that of the traffic light system versus guideline daily amounts. There has been stiff resistance to the traffic light system, however, and it comes principally not from food retailers, but from food processors. In particular, I mention Nestles—or Nestlé as it prefers to be called—PepsiCo, Kraft, Kellogg's and Danone. The Food and Drink Federation appear to be opposed, but as the people who pay the federation's salaries are Nestlé, PepsiCo, Kraft, Kellogg's and Danone, that is hardly a surprise or a revelation.

There has been heavy lobbying of all Members—I am sure that I cannot be alone in that—by spokespeople from such organisations, who have tried to tell us why the traffic light system is completely wrong. I met someone from Kraft Foods to discuss why the guideline daily amount was the way to make progress on this issue. They gave me a presentation, which included a suggestion of what their packs would look like. I have that with me, and although I know that I cannot use audio-visual aids in the Chamber, when I look at it I really do not have a clue what any of it means. For example, a packet of cornflakes tells me that it has 17 per cent. of my saturate diet for that day. So what do I do? Do I carry an organiser around with me so that I can work out how many saturates I had in my bowl of Kellogg's? Do I then ask myself how many saturates are in the sandwich that I have at lunchtime? This is what we in the Committee generally found about the state of labelling, before the initiative: it is fact without information, and it confers nothing to the consumer.

The chap who came to see me subsequently sent me a letter, in which he said that he hoped that our meeting had clarified matters. Well, I have to say to the corporate director of Kraft Foods that it had exactly the opposite effect, and it has made me more animated on the subject than I have previously been.

After the hon. Member for Southend, West had the temerity to table his early-day motion on this issue, which I signed, there was a positive plethora of letters from Kraft, Kellogg's, Nestlé and PepsiCo—and, amazingly enough, Danone managed to get in on the act. The first letter on the early-day motion arrived on 10 May, and it was signed by somebody on behalf of their public affairs company. By 26 May, they had decided that matters had got so bad that they sent the same letter saying, in effect, "We can't possibly have this system." But they got senior executives in all five of the companies involved to sign it as well.

They did not think that I would keep the original letter, and therefore could compare them. The letter contains the following astonishing revelation:

"The arrival of GDA labels in stores comes as new research reveals that the majority of UK shoppers (97 per cent.) are in favour of food manufacturers providing consistent and clearer food labelling".

Well, what did the other 3 per cent. want? Did they want more obscure and opaque labelling? Did they want no labelling at all? This is absolutely ridiculous. We have since discovered that consumers find the GDA labelling system informative to a limited degree, but not enlightening. That is the subject that I wish to address.

The Food and Drink Federation—the front organisation for many of the companies that I have mentioned—stated in a letter to me:

"We believe that the MTL system, with its "stop/go" instructions for consumers, takes the dumbed-down route and delivers virtually no useful information to help people balance their diet. It could also seriously mislead consumers as they fail to take account of portion sizes and frequency of consumption."

It then goes on to give a very detailed and technical description of why traffic lights cannot work—what they will not tell people, and what they will tell people. All I thought when I read it was that it proves the old maxim that the best place to hide a tree is in a forest; the idea is to give people so much information that it becomes functionally useless.

Let us look at where we are now. Today, I received a message from Sainsbury's, which has done a lot of work

[Jim Dowd]

on this issue. It has launched its "wheel of health" on the front of its packs. It states:

"We launched the Wheel of Health in January 2005. It is compatible with the FSA's recommendations. It is honest and transparent, we don't duck the issue of putting Red on products."

The letter goes on to detail a number of further changes: Sainsbury's is also providing GDA for some 2,100 lines, and it will extend that to all products, beyond the categories specified by the Food Standards Agency.

Let us see what has actually happened for consumers. In 2005, 94 per cent. of Sainsbury's customers found the "wheel of health" symbol easy to understand. That highlights the point that the Committee was trying to make. Also, 77 per cent. found that colour-coding was useful, and

"76 per cent. said that it would influence their purchasing decisions".

Let us see if that is the case. Sainsbury's cite two products. Sales of its all-butter croissants are down because their "wheel of health" is mainly red, whereas sales of its healthier standard loaf—

"with 15 per cent. less salt, and all-green"—

have gone up. So that will affect customers' behaviour; this is the sort of information that they need.

In conclusion, I received a report today from *Which?*, the largest European consumer organisation, with 700,000 members. On reading it, I felt like chucking away all the notes that I had written in the past few days and simply reading it out this evening instead, because its conclusion is so damning. *Which?* tested the Tesco guideline daily amount system, the FSA's multiple traffic light system, the scheme used by some food and drink manufacturers—Pepsi, Danone and so on—and a hybrid system. *Which?* said:

"The research confirms that the Food Standards Agency traffic light labelling scheme is the most useful for all consumers, particularly those on a low income."

The key findings were as follows:

"Using their red, amber and green traffic light system to compare levels of fat, saturated fat, sugar and salt, 97 per cent. of respondents were able to correctly identify and compare recommended levels of nutrients...The Tesco scheme proved to be the weakest system for understanding, with just 37 per cent. of consumers being able to correctly interpret the meaning of the Tesco colour coding...When respondents were asked to compare different suggested labelling schemes, nine in ten...said they found the FSA system very or fairly easy to use and over nine in ten (93 per cent.) said they could understand it quickly or at a glance."

That is exactly what the Health Committee recommended to the Government, and we believe that that is what they accepted. I ask my hon. Friend to ensure that she brings to bear all the pressure that she can on these recalcitrants.

Tesco does not back many losers. We should advise it not to back losers on this occasion, and to do what consumers want and need.

10.16 pm

Mr. David Amess (Southend, West) (Con): I congratulate the hon. Member for Lewisham, West (Jim Dowd) not only on securing this debate but on the manner in which he introduced it. The Minister probably also welcomes the debate, because it strengthens her hand in dealing with this issue. I know that she and her ministerial colleagues take the Health Committee's work very seriously and have particular regard for its report on obesity. During the obesity inquiry, it was very clear that the food and drinks industry was in denial on this subject: it wanted to talk about fitness, rather than the amount of fat, sugar and salt that we eat. The Health Committee was having none of that, hence this very simple labelling suggestion.

I entirely support the hon. Gentleman's remarks. A clear system has been suggested, and the prevarication of these powerful organisations is an absolute disgrace. I simply say to the Minister that I hope, as the hon. Gentleman hopes, that she can charm the industry into adopting this simple labelling system. But if she fails—I hope that she does not—I hope that the Government will adopt the ten-minute Bill on single food labelling that I am seeking leave to introduce on Tuesday.

10.18 pm

The Minister of State, Department of Health (Caroline Flint): I thank my hon. Friend the Member for Lewisham, West (Jim Dowd) for securing this debate, which comes at an important moment, as this issue breaks into the public consciousness. There is a certain rivalry and competition between retailers and food manufacturers in respect of labelling, which is healthy. I also welcome the presence this evening of the hon. Member for Southend, West (Mr. Amess), and thank him and my hon. Friend for their contributions to the Health Committee's report on obesity. That report provided not only the Department of Health but all of us in government who are working to tackle the issues associated with obesity with clarity in terms of the way ahead, and with the purpose and support to enable us to move forward.

I have spent considerable time during the past year having joint meetings with the Food Standards Agency and different industry stakeholders on this issue. At some of those meetings, I have had various products put on the desk in front of me and have been told that the FSA's proposed model will be a nightmare for all concerned in the industry. Interestingly, a year ago, the argument was whether to have front-of-pack labelling to define products that are high in salt, fat and sugar.

Things are different now. Although there is still some progress to be made in the proper labelling of packs, there has been a shift in understanding of the scientific reasons for the need to tackle obesity and of the health needs of the community, partly because of the public pressure that has been exerted. That pressure has been enhanced by Members of Parliament who have raised the issue on a number of occasions, stressing its importance as a piece of the jigsaw of work that we are having to undertake. Of course, that work includes recommending physical activity, but it also includes giving consumers informed choice, which is what they desperately need.

Part of that informed choice is the ability to differentiate between products. When I embarked on my journey a year ago, I was concerned mainly about the products that present the hardest choices. How can

one shepherd's pie or one lasagne be differentiated from another? Many people buy processed products because they lead busy lives, but some may do so because they have no guidance to help them determine whether one shepherd's pie is healthier than the one next to it in the cabinet. Such complex products were an important issue for me, but so were cereals, which are a meal in themselves at breakfast time.

It is interesting to note the way in which things have moved on as a result of the labelling debate. It must be said that much of that has been initiated by the industry, which now seems to want to put front-of-pack labels on everything from soft drinks to products which, in our view, speak for themselves and do not really need the labels. I am not saying that I am against that, but we were examining what we considered the most difficult area. When we were designing the model with which the agency helped us and which the Government support, we wanted to end up with something that was sound.

The model had to be sound on a number of fronts. For one thing, it had to provide clear guidance that people understood. During the deliberations of the past year, it has concerned me that many people still find guideline daily amounts difficult to understand. When asked whether they would support action on GDAs, most people say that they would. When asked whether they understand GDA information on a pack, their answers are slightly different. I understand that some of the organisations which, according to my hon. Friend, do not support the FSA model are embarking on a huge campaign to educate the public on GDAs. I am sure that there will be a great deal of money behind that campaign, but perhaps what is most important is to devise a simpler way for people to understand what they are buying and subsequently consuming.

As a shopper myself, I know how much time I have when going around the stores. I want to see at a glance what is in the various products when I am shopping for my family. It should be borne in mind that there are different GDAs for men and women and for children. It is a complex issue, and some people say that they are not prepared to live or die for it. At the end of our deliberations, the agency said, "If you want GDAs that is okay, but what is really important is clear information about products that contain high levels of salts, sugars and fats. How can we make it easier for people to differentiate between products? How can we make it easier for them to shop?"

As was pointed out by my hon. Friend and the hon. Member for Southend, West, we need to find a way of providing consumers with the best possible information. It is not my job to tell people what to eat, but I think it is part of my responsibility—and the Government's responsibility—to gear information in a way that allows people to make choices for themselves. If we are ever to conquer the problem of rising levels of obesity, families—parents, but also children—must understand labelling. They must be in the driving seat: they must choose health for themselves. As was pointed out in the White Paper "Choosing Health" , we can play our part in Government by taking action on school meals and working with industry to reformulate and provide better choice between foods, but ultimately we will win only when people make the choice for themselves.

My hon. Friend mentioned significant data relating to the new Sainsbury's labelling, and gave examples. I would add that it is helping people to make informed choices between brands of soup, for instance. That does mean that sales of some products are falling, but product sales of healthier choices are going up. It is interesting that just providing information causes behaviour change. We get a lot of information about our diet and various foods every day, but it is not always clear how much that drives people to make changes in their lives.

We have agreed with all parties to the debate on the need to commission independent research to evaluate some of the systems that are being promoted and used, to discover which ones change behaviour the most. I hope that we can do that in a spirit of co-operation and that all sides will be prepared to accept the results of that independent research if it proves its worth.

The evidence is clear that consumers are overwhelmingly in favour of front of pack signpost labelling and they clearly prefer the colour-coded labels, which was borne out by the Which? report published this week. The issue is not good foods or bad foods, but people making informed choices. I am not saying that people should never eat chocolate or cakes—not least because that would make me a bit of a hypocrite—but it is a question of balance. The red, amber and green labels are not about stopping people eating certain foods, but about helping them to achieve that balance. The colours indicate high, medium and low levels of nutrients, not good or bad foods. That is not the language that we are using.

In every test, formats that did not have a colour element performed significantly worse than those that did. Consumers also wanted some numerical information, but they were less receptive to percentages. Some people find percentages difficult. Some people have English as a second language, and there are various other barriers to understanding information, one of which is time. What information are we evaluating when we stand in front of the freezer cabinet and choose what to put in our trolley or basket for that week? Nine out of 10 consumers said that they found a colour-coded approach very or fairly easy to use and that they could understand it quickly or at a glance. As I have said, consumers also told us that they particularly wanted to see signposts on foods whose nutritional quality is hard to judge, such as ready meals, sandwiches, pizzas, burgers and breakfast cereals.

Evidence is continuing to emerge as new labelling appears on our shelves and consumers get to use it in their shopping experience. That evidence has informed the agency's work. The FSA carried out many tests and evaluated different models before it reached the recommended approach, which the Government have endorsed. The core principles that the FSA has applied are pragmatic and progressive. They will provide the consumer with consistency and give business the opportunity to tailor their labelling to fit their customers' needs. Sainsbury's has gone for the wheel of health and others have chosen an oblong label on the front of packets.

As I have said, the approach is not about demonising foods, but helping busy people to assess quickly the nutritional quality of complex foods so that they can

[Caroline Flint]

make their choices easily. On GDAs, our approach is flexible enough to allow manufacturers and retailers to provide additional information such as calorie content or GDAs if they wish. However, GDAs are not simple to use and the manufacturers will have to produce better arguments if they wish to pursue them instead of colour coding.

I began work on this matter a year ago, and I welcome the progress that has been made. I hope that the Select Committee involvement of my hon. Friend and the hon. Member for Southend, West has helped to move things along, but I am delighted that more than one third of the retail sector is committed to schemes that meet the FSA model. Sainsbury and Waitrose are so committed, and Asda and the Co-op will be soon.

Jim Dowd: Has my hon. Friend noticed that, with one or two significant exceptions, the retailers are most receptive towards the scheme? The food producers are trying to hide behind the retailers, who are closest to the customers.

Caroline Flint: That is absolutely true. The retailers have been helping us a lot, in other areas of public health, with their understanding of consumer behaviour. Moreover, it is interesting to see how some of the brand products have ended up competing against retailers' products. Finding out what impact that has, in terms of the products that are put in trolleys and taken out of the supermarket, would make an interesting piece of research.

We need to encourage more retailers to take up the FSA model. We have committed ourselves to the independent research that I mentioned earlier, which I think will keep us engaged with the industry. In addition, we know that Europe is looking closely at what is happening in the UK. The EU has responsibility for legislation on food labelling across Europe, and I know that some of the companies mentioned by my hon. Friend are already making their case there. They want to find out what works, because that is the most important factor in this matter.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes to Eleven o'clock.

House of Commons

Wednesday 12 July 2006

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Afghanistan

1. **Mr. Mark Harper** (Forest of Dean) (Con): If he will make a statement on his Department's activities in Afghanistan. [84327]

The Secretary of State for International Development (Hilary Benn): Under the 10-year development partnership arrangement, the Department for International Development will provide £330 million in assistance to Afghanistan over three years as part of the overall UK pledge of £500 million, which will help to reduce poverty, to improve security and governance and to tackle the opium problem by helping with alternative livelihoods. In Helmand, DFID is working as part of the wider UK effort to promote economic and social development and to increase the capacity of Afghan institutions to assist their people.

Mr. Harper: I thank the Secretary of State for that answer. Given that his Department's assessment is that only 10 per cent. of poppy farmers will have the opportunity to switch to a legal crop within a three-year period, illicit opium production will be a problem for a decade or more. Does the Secretary of State agree that if our forces are to be heavily involved in eradicating opium in the short to medium term, we may unite the Taliban, the warlords in the south and the poppy farmers in a lethal combination against our soldiers and officials?

Hilary Benn: I agree with the hon. Gentleman that the situation in Helmand is especially difficult. The evidence from around the world on opium eradication shows that it is a long-term task. It would not be sensible for opium to be eradicated when farmers have no other means of earning a living. That is why the Afghans, who are taking the lead, recognise the importance of, first, going after the drug barons, who enslave a lot of farmers in poverty through the debts that the farmers owe them; secondly, making it clear that the law will be enforced; and thirdly, recognising that it is sensible to pursue eradication in places only where alternative livelihoods are available. The truth is that farmers who face a choice between earning no income and being unable to feed their families, and finding some means of feeding their families, will choose the latter.

Mr. Lindsay Hoyle (Chorley) (Lab): I assure my right hon. Friend that we all agree with him about ensuring that there are alternatives to poppy growing. However, does he recognise that not all farmers will give up growing poppies? Opium can be used by the medical industry for pain relief, so I wonder what help his Department can provide to ensure that the poppy growers have a market, which would benefit health services not just in this country, but throughout the world.

Hilary Benn: I am aware of the proposal, which has been made by the Senlis Council in particular, that opium growing in Afghanistan should be legalised for the pharmaceutical market. The elected Government of Afghanistan have examined that proposal and have expressed the firm view that that is not the right course of action, principally because of the lack of security and the problems with enforcing the law as it stands. The right thing for us to do in the circumstances is to support the judgment of the elected Government of Afghanistan, who are acutely conscious of the need to make progress in reducing poppy cultivation, but who recognise that it is a long-term task.

Mr. Robert Walter (North Dorset) (Con): I wonder whether I can look at the question in a different way. Will the Secretary of State tell us the latest estimate of the farm-gate price of poppies as opposed to the total value of refined heroin? That relates to the cost to the Home Office and other Departments in Britain, Europe and the United States of drug-related crime. Perhaps the European Union should use its vast experience of buying unwanted crops from farmers to remove poppies from the market in Afghanistan, which would provide short-term relief to Afghan farmers and eradicate the drugs problem in Europe and North America.

Hilary Benn: I do not have the figures that the hon. Gentleman has requested on the farm-gate price, but I will endeavour to find out and will let him know, and I will also draw the attention of my right hon. Friend the Home Secretary to his other point. On his suggestion that there should be a common agricultural policy for opium production, I fear that the only consequence would be that lots more people would plant lots more poppies and try to do so as productively as possible, because, as the hon. Gentleman is only too well aware, the CAP led to lots of over-production, whereas our objective in Afghanistan is to reduce production rather than to encourage it.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Giving ordinary Afghans the prospect of a better life is at the heart of what the Secretary of State is seeking to do. May I press him on the point made by the hon. Member for Chorley (Mr. Hoyle)? Will he tell the House whether he and his Department are exploring other means of decreasing Afghanistan's illicit

economy by converting some of the vast opium cultivation into the legal production of medical opiates, which would provide a sustainable livelihood for some poor Afghans as well as generating income for the Afghan state?

Hilary Benn: As I said in response to my hon. Friend the Member for Chorley (Mr. Hoyle), that suggestion that has been made, but the Government of Afghanistan are firmly of the view that it does not want to pursue that course of action, for the reasons that I cited. My view is that we should respect the judgment that the Afghan Government have made. That is why we are concentrating our efforts on trying to help them to establish greater security in the country, to take action against the warlords, and to raid those who are turning the poppy into opium that is sold on our streets. It is a very important task because the country is desperately poor as a result of having suffered so much from conflict. We should take heart from the fact that last year the legal economy grew by 14 per cent. and that many refugees have gone back to Afghanistan. However, it will be a long, hard slog, and we should stay with the Afghan people while we support them.

Susan Kramer (Richmond Park) (LD): Several questions have been asked in the House about the narco-economy that has become the foundation of the economy in Afghanistan. Will the Secretary of State outline what projects are being carried out for reconstruction and to provide alternatives? I say that in the context of a budget that last year was twice the size for poppy eradication as it was for rural development.

Hilary Benn: We are considerably increasing the funding that we are putting into alternative livelihoods. When I visited Afghanistan a month and a half ago, I said that we would invest £30 million in Helmand province to support alternative livelihoods. When I met Governor Daud with members of the provincial council in Lashkargah, their concerns were pretty obvious. They wanted health care, education, the clearing of irrigation canals and a greater supply of clean water. That is why the work that our forces are doing to try to ensure security in Helmand is so important. The Taliban, in particular, are hostile not only to British forces, as we have seen with their attacks on them, but to the Government of Afghanistan, to Governor Daud and to any of the non-governmental organisations that have been working on rural development, just as they are hostile to head teachers and teachers who insist on teaching girls. Some of those have been murdered, as the hon. Lady will know. We are ready to invest significant amounts of money in supporting the process of providing more alternative livelihoods—as we have done in the north in Badakhshan, for example—but security is the essential first precondition. That is why we should support the British forces in the work that they are undertaking.

Democratic Republic of the Congo

2. **Mary Creagh** (Wakefield) (Lab): What steps he is taking to protect children accused of witchcraft in the Democratic Republic of the Congo. [84328]

The Secretary of State for International Development (Hilary Benn): The UK raised awareness of the problem of children being accused of witchcraft in the DRC as part of our EU presidency, and we are working with civil society, established Churches and the Congolese Government to push for action to bring those who abuse children to justice. We have supported training on child protection, and we are also making significant contributions to the 2006 UN action plan and the International Committee of the Red Cross appeal, both of which include programmes to protect vulnerable children.

Mary Creagh: I thank my right hon. Friend for his support for the DRC. He will be aware that the all-party group on the Great Lakes region and genocide prevention visited that country in April. We visited a centre for children accused of witchcraft, where we heard stories of appalling abuse conducted against children, including beating to death, blinding and amputation of parts of the body. Will my right hon. Friend work with his Department and with Home Office and Foreign Office officials to ensure that whatever Government are elected on 30 July, we do not allow visas to preachers from evangelical and revivalist churches who preach such witchcraft stuff to come to this country for treatment? May I further ask him to increase the supplies for NGOs—

Mr. Speaker: Order. I call the Minister.

Hilary Benn: I pay tribute to my hon. Friend and her colleagues for raising this matter, in which she takes a close interest and which we have discussed previously. We are working with NGOs in the DRC to compile information on pastors who are responsible for identifying children as witches, leading to their being subject to the abuse that my hon. Friend has drawn to the attention of the House. We are working on that with the FCO and the Home Office. It would be helpful if other European countries would do the same, because pastors come not only to the UK, but to France and Belgium because of the historic links between the DRC and the Francophone world. Sadly, this is not part of the tradition in the DRC, but something that has arisen in recent years, partly because of poverty. Charlatans set up these charismatic churches, and when their prayers do not work they finger poor innocent children and blame them for it. It is a scandal, and we will continue to raise it with the Government of the DRC.

Mr. Jeremy Hunt (South-West Surrey) (Con): I am grateful to the Secretary of State for his interest in this issue. Does he agree that the Vatican has an important role to play in strongly condemning the way in which some pastors are not taking as strong a line as they should on child witchcraft? Given that the all-party group has a meeting with the Papal Nuncio on 20 July, will he lend the Government's support to our efforts to get the Vatican to take a firmer and more public line against this practice?

Hilary Benn: I wish the hon. Gentleman and his colleagues a successful meeting with the Papal Nuncio. Indeed, I would urge all those who can bring influence

to bear on these churches to do so. This terrible practice has nothing to do with any faith that I understand, and it is important that those in positions of responsibility speak out openly and honestly to encourage pressure to be brought to bear to bring it to an end.

Judy Mallaber (Amber Valley) (Lab): Does my right hon. Friend think that the forthcoming elections in the DRC, to which the House is sending five observers, will assist us in dealing with issues such as that raised by my hon. Friend the Member for Wakefield (Mary Creagh)? How will his Department and the Government work with the DRC during and after the elections to resolve such difficult problems?

Hilary Benn: I agree that the elections, the first phase of which will take place on 30 July, are fundamental to the future of the DRC. Indeed, the people of the DRC have invested an enormous amount of hope in the democratic process as a way of improving their lives. We have provided help with the electoral registration process, and to the observers who will be going, and I wish good luck to the Members of the House who will be taking part in the elections. The two most important factors are, first, that the international community should support the newly elected Government and help them to do their job of improving public services; and secondly, and most importantly, that those who take part in the electoral process—including those who do not win—stay with that process. It would be unforgivable if, after three years of transitional government, those who have come into it then went back to conflict just because they were not successful. The fact is that democracy is the only hope that the DRC has of moving forward.

John Bercow (Buckingham) (Con): Given that the right hon. Gentleman has already had substantial discussions with Congolese officials, will he tell the House whether any church that conducts these abusive child deliverance ceremonies has been either suspended or outlawed? Can he offer the House a follow-up to Project Violet, the landmark event that was organised last year?

Hilary Benn: If the hon. Gentleman is talking about any of those churches being suspended by the Congolese authorities, I am not aware that that has happened. However, I shall make inquiries about that and come back to him. I know that our ambassador, Andy Sparks, has raised the issue directly with President Kabila, and I pay tribute to the work that he, DFID colleagues and others have done in pursuing the matter. The hon. Gentleman can rest assured that we will continue to raise the issue, and I would be very happy to consider any suggestions that hon. Members on both sides of the House would like to make about further ways in which we can help.

European Bank of Reconstruction and Development

3. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): If he will make a statement on the contribution to development made by the European Bank for Reconstruction and Development. [84329]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): The European Bank for Reconstruction and Development was established in 1991 to assist the development of the private sector in the former communist countries of central and eastern Europe. Since then, it has developed a strong record in that area, helping to lever in considerable private sector investment, create jobs and generally help to promote economic growth. Since 2004, the focus of the bank's operations has begun to shift further towards the poorest countries in the region.

Dr. Blackman-Woods: I thank my hon. Friend for that reply. Is he aware that substantial criticism has been directed at Shell by environmental non-governmental organisations over the Sakhalin II oil and gas project? What is being done to address those concerns?

Mr. Thomas: Let me reassure my hon. Friend that the Government are fully aware of the social, environmental and energy security issues that are associated with the Sakhalin project. A number of Ministers, myself included, have met the non-governmental organisations in the UK that are particularly concerned about the project. As a result, we have also met President Lemierre and representatives of Shell a number of times to discuss those concerns. At the invitation of Shell, I asked some of our officials to go to the Sakhalin project, the better to see for themselves how those concerns were being addressed. We have not yet been asked to support a loan by the EBRD or the Export Credits Guarantee Department to the Sakhalin project. If we are, we will obviously take full account of the concerns that have been raised with us.

Mr. Philip Dunne (Ludlow) (Con): Has the Minister assessed the effectiveness of development funding spent by the EBRD compared with that spent by the European Union—or, indeed, by his own Department—in particular to ensure good governance and transparency?

Mr. Thomas: I have not conducted such a comparative assessment, but I do have a strong regard for the work of the EBRD. For example, it has played critical roles in helping to modernise a variety of electricity plants across Russia and Poland, in helping to upgrade regional road networks, and in railway projects. It is also playing a crucial role in the decommissioning of nuclear plants in Lithuania and in Russia. It is making an important contribution, and I welcome the fact that it is shifting its focus to the poorest countries in the region. We will continue to work with it very closely.

Mr. Andy Reed (Loughborough) (Lab/Co-op): As my hon. Friend knows, I recently visited Kyrgyzstan, which is one of the countries most affected by the reconstruction after the fall of the Soviet Union. Is he aware that Kyrgyzstan's economy is rapidly heading backwards, and that per capita income is in many cases lower than in some parts of sub-Saharan Africa? Is he confident that the EBRD has a role to play in central

Asia, and that it can have a significant impact on the lives of those most affected by the changes of the past decade?

Mr. Thomas: My hon. Friend is right to draw attention to the particular challenges associated with economic growth and poverty reduction in Kyrgyzstan. The international community needs to focus more on the specific challenges of addressing poverty in central Asia. We need to continue to work to promote good governance not only in Kyrgyzstan but in Tajikistan, in order to help those countries to tackle corruption and to get more international aid into both countries. DFID has been scaling up our work in Tajikistan and the Kyrgyz Republic, and we continue to work with the EBRD and other international financial institutions in the way that I have described.

Mark Simmonds (Boston and Skegness) (Con): The bank's mandate clearly states that it must work only in countries committed to democratic principles, yet it has recently provided significant funding to Belarus, Uzbekistan and Azerbaijan. That is yet another example of an inherent contradiction within European institutions. Others include the EU water initiative, which has failed to provide access to water for a single individual. Moreover, a recent Save the Children report states that the EU is consistently the worst performer in disbursing aid and is mired in bureaucracy. What is the Minister's strategy to improve the EU's aid effectiveness, and what pressure is he putting on the bank to ensure that there is progress in both political and economic transition in these ex-Soviet republics?

Mr. Thomas: I do not accept Save the Children's critique of European Commission aid. There has been substantial improvement in the quality of EC aid over the past five years, although more reform is necessary. On engagement with regimes such as Belarus and Uzbekistan, we must recognise that we should not penalise the very poorest people in such countries, but that we also need to continue to champion democracy, good governance and reforms to improve poor people's participation in the running of their country. We will continue to do just that through the EBRD, EC aid, other parts of the European architecture, other European member states and, indeed, our own programmes.

2006 G8 Summit

4. **Ann Winterton** (Congleton) (Con): What priorities he has set for the 2006 G8 summit in Russia. [84330]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): Our priority for the summit at the end of this week is to make sure that the G8 leaders continue to focus on delivering the commitments they made at Gleneagles last year on support to Africa. We have also worked hard to make sure that development priorities are included in the three Russian focus areas of energy, infectious diseases and education.

Ann Winterton: Will the Minister raise the issue of non-governmental organisations with President Putin at the G8 this year? Does the Minister agree that the crackdown on NGOs' operations is very unwelcome, especially in connection with the monitoring of human rights in Russia itself?

Mr. Thomas: The hon. Lady may know that considerable international concern was expressed about the proposed draft new law on the regulation of NGOs in Russia. We have been part of the process of lobbying for reform of that draft law, and substantial improvements have been made to the legislation that has gone through, as opposed to the original draft presented to NGOs and other authorities. The hon. Lady might also like to know that we fund a range of NGOs for work on human rights, democracy and good governance in Russia. Some of them work with Russian authorities, such as those reforming prisons, while others do not. Through that type of work, and through the engagement of my right hon. Friend the Foreign Secretary, we will continue to raise concerns about how NGOs are restricted and about human rights more generally.

Kali Mountford (Colne Valley) (Lab): Will my hon. Friend acknowledge the hard work done in churches such as Lindley Methodist church, which, last week, was one of the smallest churches to beat the drum for fair trade? Like Colne Valley, which is now a fair trade area, it recognises that fair trade is the best way forward to relieve poverty. Will he ensure that that is high on the agenda for the G8 summit?

Mr. Thomas: I pay tribute to the work of the church to which my hon. Friend has alluded, and to other churches and NGO supporters up and down the country who played a crucial role in making the Gleneagles summit such a success last year. There is no doubt that we have more to do on the issue of fair trade. In particular, we need agreement on a fair outcome to the current round of World Trade Organisation talks. We will continue to work to that purpose, and I have no doubt that my right hon. Friend the Prime Minister will want to discuss that key issue with other G8 leaders.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): The Minister will follow the progress, or lack of it, at the WTO as closely as anyone. He will therefore be aware that on the three critical issues—greater agricultural tariff cuts by the European Union, better access to developing country markets and lower agricultural subsidies in the US—there is a real possibility of a deal if everyone moves a little. The serious effects of failure are recognised. What steps are he and the Prime Minister taking, in the margins of the G8 and beyond, to help to generate the political will to unlock those talks?

Mr. Thomas: The hon. Gentleman is right that a fair outcome to the current round of World Trade Organisation talks would have a potentially huge benefit for the poorest people of the world, as well as considerable potential benefit to UK and EU citizens. He is also right that there is a need for all sides in the

talks to shift. Recently, there have been signals from several key players that they are willing to move. We are at a critical point in the current round of WTO discussions, and I have no doubt that there will be further discussions in the margins of the G8, as there have been in the run-up to the G8 summit, to finesse the progress needed so that we can sign the type of deal that we all want.

Joan Ruddock (Lewisham, Deptford) (Lab): May I draw to my hon. Friend's attention the statement to the G8 from the G8 plus 5 legislators forum on climate change, which I chaired at the weekend? Does he agree that if development is not to be undermined by the catastrophic effects of climate change, the international financial institutions must dramatically increase investment in low-carbon energy, and developing countries must be assisted to find measures of adaptation to climate change?

Mr. Thomas: I pay tribute to my hon. Friend for her work on this issue, and welcome the statement to which she has referred. There is no question but that the G8 summit provides us with an opportunity to continue the discussions on climate change that took place at Gleneagles last year. The G8 Finance Ministers have already committed themselves to work to improve access to reliable, affordable and sustainable energy supplies in Africa. I am sure that my hon. Friend will be aware of the clean energy investment framework pushed by my right hon. Friend the Chancellor. A range of international financial institutions are committed to that process, and we are now working with them on the detail of that proposal.

Uganda

5. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What recent assessment he has made of the effectiveness of UK aid to Uganda; and if he will make a statement. [84331]

The Secretary of State for International Development (Hilary Benn): UK aid to Uganda is supporting the Government's poverty eradication action plan. It includes poverty reduction budget support, major humanitarian assistance in northern Uganda, support to civil society and projects to improve the performance of the Government. The effectiveness of our programme is reviewed regularly. UK assistance to Uganda has helped it to reduce poverty by one third since 1992, to double the numbers of children in primary education since 1996, and to double both clinic attendances and immunisation rates since 2000.

Mr. Vara: I thank the Secretary of State for his reply. What is Britain doing to encourage the Ugandan Government and voluntary organisations to ensure that there is free education and support for children and young people who have escaped from the Lord's Resistance Army?

Hilary Benn: The British Government are funding projects, some of which I saw for myself during my recent visit to Gulu. I was also able to visit Kitgum, which is providing support to rehabilitate children and reintegrate them into society. I think that the single most important contribution we have made is the financial support that we have given to Uganda, because it helped the country to abolish fees for primary education. That resulted in a significant increase in the number of children who could get an education, and we want to see the same in all parts of the country.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [84312] **Dr. Doug Naysmith** (Bristol, North-West) (Lab/Co-op): If he will list his official engagements for Wednesday 12 July.

The Prime Minister (Mr. Tony Blair): Before I list my engagements, let me say that I am sure the whole House will join me in condemning utterly the brutal and shameful attacks in India yesterday which killed so many innocent people. Our message from Britain to the people and country of India is that we stand with them in solidarity to defeat this terrorism wherever it exists.

I am sure that the House will also want to join me in sending sympathy and condolences to the family of Private Damien Raymond Jackson, who was killed in Afghanistan last week. As we know, this is a difficult mission, but his country can be immensely proud of him, and we mourn his loss.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Dr. Naysmith: Following his visit to Southmead in my constituency, can my right hon. Friend tell me what more local people said they wanted to be done about crime and antisocial behaviour? Did anyone suggest that hugging a hoodie would help?

The Prime Minister: I have to say that I have never felt like hugging a hoodie, other than, possibly, my hon. Friend the Member for Lanark and Hamilton, East (Mr. Hood)—and even that sparingly.

In the context of what the right hon. Member for Witney (Mr. Cameron) said the other day, it is important to recognise that although of course we need to tackle some of the underlying causes of crime—that is the reason for the new deal for the unemployed, which the Conservatives oppose, for the Sure Start programme, at which they turn up their noses, and for the extra spending on education and nursery places—we also need strong antisocial behaviour, so that—*[Laughter.]* Strong antisocial behaviour measures! The right hon. Member for Witney used to condemn them as a gimmick, but I think that most people in the country support them wholeheartedly.

Mr. David Cameron (Witney) (Con): If the Prime Minister wants to turn this into a session in which I answer the questions and he asks them, he can always call a general election.

May I associate myself with the Prime Minister's remarks about the death of Private Damien Jackson? May I also say that we too send our condolences to the victims of those dreadful bomb attacks in India, and to their families? The attacks were indiscriminate and cowardly. They show once again that all countries are at risk from terrorism, and that all of us must stand together to defeat it.

This week the only voluntary police force merger, between Cumbria and Lancashire, was abandoned. The chief constable of Cumbria said

"If it can't work"—

there—

"it can't work anywhere."

Will the Prime Minister now accept that forced mergers are certainly out of the question?

The Prime Minister: For exactly the reason that my right hon. Friend gave to the Minister of State, this morning, we do not believe—although we have listened to the representations that have been made—that it is sensible to force the merger. Let me explain to the right hon. Gentleman about Lancashire and Cumbria. The reason for the difficulty there is that they cannot agree on the equalisation of the precept—but it is still important, and will be important in parts of the country, for there to be either a merger of forces or a far better strategic capability that crosses borderlines.

Mr. Cameron: Three weeks ago, I asked the Prime Minister the identical question. I asked him whether he would abandon forced mergers and he said, "No". Can he tell us what has changed? Has not the Prime Minister been wasting police time?

The Prime Minister: No, we were asked to listen to the representations that were made and we have listened to them. As he knows, the reason why mergers are on the agenda is the report by Her Majesty's inspectorate—[HON. MEMBERS: "They are off the agenda"] No, they are not off the agenda. We listened because people made representations about the forced mergers that they do not want to see. On the other hand, the point made by the inspectorate of constabulary remains and there will be areas where it is important to have far greater strategic co-operation across force lines. It is also important to proceed with mergers where we find the consent to do so.

Mr. Cameron: So the flagship of forced mergers has sunk without trace. Let us turn to another flagship that is sinking fast—ID cards. Will the Prime Minister admit to the House that the whole project is now being reviewed, including the timetable and the type of card?

The Prime Minister: No, I certainly will not say that, because it is not correct. It is very important— *[Interruption.]* If the right hon. Gentleman is basing his comments on leaked e-mails in the newspapers, I suggest that he does not raise that topic. If he looks at what is happening, he will see that it is important that we proceed with identity cards for the simple reason that if we do not have a proper identity card system, we will not be able to track illegal immigrants in this country or prevent identity fraud and abuse. It is for that reason that we most certainly will proceed to introduce identity cards.

Mr. Cameron: But everyone apart from the Prime Minister knows that the project is in deep trouble. The civil servant responsible for delivering it says that it is being delayed and another civil servant says:

"It's impossible to imagine the full scheme being brought in before 2026".

Even the Prime Minister will be gone by then. So who is telling the truth—the Prime Minister who says it is all going fine, or the civil servants who say it is a botched job?

The Prime Minister: They do not say that. What they say is that we have to get the details of how we introduce it right—and we will. It is a huge programme and there are bound to be changes along the way. But the basic point of introducing identity cards, alongside the fact that we will have to have biometric passports introduced in any event, is of central importance to the security of this country. I say to the right hon. Gentleman that it is actually he who has changed his mind—*[Interruption.]* Does he want me to go through them? He opposed tuition fees and now supports them; he opposed foundation hospitals and now supports them; and the fact of the matter is that he will end up agreeing with this proposal as well, because it is right and necessary for the country's security.

Mr. Cameron: This week we have seen police mergers abandoned, ID cards delayed, tax credits completely defrauded and, after all that, we have discovered that we have a Deputy Prime Minister who thinks he is a cowboy! Apparently, he is "really looking forward" to standing in for the Prime Minister over the summer. Please tell us that that is not going to happen.

The Prime Minister: Let me tell the right hon. Gentleman what is going to happen. We will carry on with our policies. I notice again that he has not asked me about any specific policy issue at all. *[Interruption.]* No, he does not.

Mr. Speaker: Order. Let the Prime Minister speak.

The Prime Minister: We will continue to introduce the antisocial behaviour legislation that the country needs; we will pursue identity cards because they are right; and we will continue with our health and school reforms because they are right. We have launched the energy review and the pensions proposals and we will carry on making the decisions that are right for the long-term interests of this country.

Mr. Cameron: I asked the Prime Minister a pretty simple question: is the Deputy Prime Minister going to be running the country in August when the Prime Minister is away? Yes or no?

The Prime Minister: I can tell the right hon. Gentleman that the arrangements are exactly the same as they have been in previous years. The important thing is that when it comes to the country's future in terms of the economy, public services, law and order, pensions and energy—indeed, when it comes to the big decisions—this side has the answers and the right hon. Gentleman cannot make up his mind. *[Interruption.]* He will not even dare debate the policy ideas. In the last few weeks, he has launched his proposal for a Bill of Rights, and he launched his law and order policy on Monday. The fact is that none of his proposals stands up to scrutiny. If the country wants the right long-term decisions, it will carry on backing this Government.

Frank Cook (Stockton, North) (Lab): My right hon. Friend will recall the ardent support that he and his constituents in Sedgefield gave my constituents in Stockton and Billingham in the campaign that I led to oppose the disposal of 100,000 tonnes of high level/intermediate level radioactive waste in the disused anhydrite mines of Billingham. We won the campaign, thanks to the Prime Minister's support, and the campaign for the other four sites in Billingham. Has the Prime Minister's attitude and that of his constituents changed? If so, how and why?

The Prime Minister: I should think that their attitude has not changed to storage in that specific place, but, as my hon. Friend knows, we will have to deal with decommissioning nuclear waste, irrespective of what else happens, because we have had nuclear power in this country for more than half a century. We must obviously take care of decommissioning the waste and the nuclear power stations. If we are to ensure that this country's energy supplies are secure in future, and that we can grow sustainably and reduce CO_2 emissions, we need the full balance of policies—energy efficiency, renewables and replacing existing nuclear power stations.

Sir Menzies Campbell (North-East Fife) (LD): May I associate my right hon. and hon. Friends with the expressions of sympathy and condolence from the Prime Minister and the Leader of the Opposition?

Last week, the Prime Minister told me that it was not true that the United States had to meet a different standard of evidence from the United Kingdom in extradition cases. On 16 December 2003, Baroness Scotland told the House of Lords that the United Kingdom had to reach a higher threshold than the United States. Which is true—no difference or a higher threshold?

The Prime Minister: The evidence I have from the Attorney-General's consultations with the senior Treasury counsel is twofold. It may help the House if I set it out. First, in the Attorney-General's view, the test that the United States applies—probable cause—is roughly analogous to the test that we apply in this country. *[Interruption.]* But secondly—if the House will listen—and perhaps more important, according to the senior Treasury counsel, even under the old test of having to provide prima facie evidence, those people would still be extradited. Indeed, the case for extradition was originally mounted under the old law, not the new one. However, I totally understand the concerns of the particular individuals and their families. The Attorney-General has spoken to the US Department of Justice and has been informed that the American prosecutors will not oppose bail as long as the appropriate conditions are put in place by the court or agreed by the defendants. It would not be right if we ended up applying a higher standard and burden of proof to America than to many other countries, including European countries, Australia, New Zealand, South Africa and even countries such as Azerbaijan and Albania.

Sir Menzies Campbell: That does not appear to deal with the contradiction between what the Prime Minister said last week and what Baroness Scotland said to the House of Lords. Will not the Prime Minister accept that the Government have negotiated an unfair treaty, against the interests of the British people, which was needlessly rushed through the House of Commons in Committee proceedings that lasted only 90 minutes, and that it is absurd to continue to act under it when the United States declines to ratify it? In view of the anxiety in the business community and both Houses of Parliament, will the Prime Minister now renegotiate the treaty?

The Prime Minister: Again, let me explain to the right hon. and learned Gentleman that the basis of the matter—that the United States is extraditing people from the United Kingdom in circumstances in which we could not extradite from the United States—is wrong according to the information that I have. Those people would have been extradited even under the old treaty provisions. "Probable cause", which comes under the American constitution and will remain even if the treaty is ratified, is similar to test that we apply. The real issue, which I understand for obvious reasons, is consideration for the men and their families were they to be refused bail in the United States. We are doing everything that we can to avoid that, but if we were to end up reversing the extradition treaty, we would not take away a special privilege that is given to America but impose a special detriment on America. That cannot be right.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will my right hon. Friend accept that, when I was mugged and robbed in London, the hooded youths responsible were simply making a plea for love and understanding? *[Laughter.]* Does he agree with my constituents, who think that the overwhelming majority of young people are decent and law abiding but who look to this Government's antisocial behaviour laws for protection from the menacing minority—laws that the Liberal Democrats oppose and the Conservatives undermine?

The Prime Minister: First of all, I am sorry that my right hon. Friend had such a distressing experience, but he is absolutely right in what he says. The overwhelming majority of young people are decent and law abiding, and are often the victims of antisocial behaviour and crime, but it is true that a small minority of young people make life hell for people in their local communities, terrorising people and committing acts of

thuggery such as my right hon. Friend describes. We need the tough powers in the antisocial behaviour legislation to deal with them. Of course we have to deal with the underlying causes of crime, and that is why we are doubling the amount of money going into drug treatment—a policy that is also opposed by the Opposition. However, hon. Members on this side of the House will always stand up for the law-abiding citizen against such people.

Q2. [84313] **Mr. Nick Hurd** (Ruislip-Northwood) (Con): The Prime Minister will know Harefield hospital's reputation as a world leader for complex heart surgery. Will he join me in congratulating the staff for what they achieve, despite inadequate facilities? Following the slow death of the Paddington health campus, will he join the call for the hospital's future to be resolved quickly, so that the trust can move on and build an even better service for patients?

The Prime Minister: I certainly hope that the hospital's future can be resolved quickly, but I hope too that the hon. Gentleman will accept that there have been enormous strides forward in cardiac care in this country over the past few years. When we came to office, people were often waiting 18 months or two years for heart operations, and they often died while they were on the waiting list. The wait is now down to about three months, although the average is lower, and an immense amount of investment is going into things like statins. Of course I hope that the future of Harefield hospital is settled shortly, but it is not right for any hon. Member to think that cardiac care in this country has not improved significantly over the past few years as a result of the investment and change that this Government have put in place.

Tony Lloyd (Manchester, Central) (Lab): Is my right hon. Friend aware that Mancunians have welcomed very strongly the announcement—which has been awaited for too long—that the city's metrolink is to be rolled out? People see that as further evidence of the partnership between central Government and the city of Manchester, which is regarded as the social, economic and entertainment capital of the whole region—[HON. MEMBERS: "And the world!"] And, indeed, the world. Would he organise a competition to try to explain what the "something dreadful" was that happened to the Leader of the Opposition's Parliamentary Private Secretary when he was in Manchester recently?

The Prime Minister: It would be nice to know that, but I suspect that we never will. However, my hon. Friend is right in what he says. The important thing is that Manchester makes use of the more than £500 million available to expand the metrolink. That is a fantastic project for the whole city, and it shows again the benefit of investing in inner-city regeneration—especially in fantastic cultural capitals such as Manchester.

Nuclear Deterrent

Q3. [84314] **Dr. Julian Lewis** (New Forest, East) (Con): Whether his commitment to retain the nuclear deterrent applies beyond the lifespan of the current Trident submarine fleet.

The Prime Minister: We made it clear in our 2005 manifesto that we are committed to retaining the independent nuclear deterrent, and that means for the life of the current system. As I have said previously, decisions on the period beyond that will be taken later this year.

Dr. Lewis: The whole House will note that the Prime Minister was a lot less definite than the Chancellor of the Exchequer, who talked about retaining the nuclear deterrent not just for this Parliament but long into the future. If the decision is taken to replace the Trident submarine fleet, will any successor fleet be funded from the current defence budget, or will extra funds be allocated from outside that budget?

The Prime Minister: Any decision on funding has to await later negotiation. Most people understand that a decision on the independent nuclear deterrent is very much sui generis. The reasons why we want to retain the deterrent are set out in our manifesto, and I entirely agree with what the Chancellor said.

Jeremy Corbyn (Islington, North) (Lab): Will the Prime Minister assure the House that the Government are committed to the terms of the 1970 non-proliferation treaty, which requires the five declared nuclear weapons states to engage in a process of long-term disarmament? Does he accept that rearmament by any of the five reduces any moral clout we might have in encouraging other states not to develop their own nuclear weapons, which makes the world a more dangerous place?

The Prime Minister: Actually, we have made considerable reductions both in systems and, I think, in the number of warheads. Of course it is true, if we can negotiate the right terms, that we want progressively over time to see a reduction in nuclear capability worldwide, but that has to be done by negotiation.

Engagements

Q4. [84315] **Steve Webb** (Northavon) (LD): Very sick babies are being shunted around the country because of a lack of intensive care capacity. Yet when I asked the Department of Health about the issue six weeks ago, it said it did not collect the information centrally. Will the Prime Minister get the Department of Health to take an interest in what is going on in the health service, and will he have this urgent problem sorted out quickly?

The Prime Minister: Of course, the Department is deeply concerned about issues to do with neonatal networks and units right around the country. It is fair to say that, over the past few years alone, there has been an increase in funding in the region of £70 million for such units. It is important to recognise that we are training far more staff, but there is also greater demand. I am pleased to say that the mortality rate has declined substantially, but we are of course looking at what more we can do in relation to staff and resources.

Mr. David Hamilton (Midlothian) (Lab): Yesterday, the Select Committee on Defence took evidence from the Secretary of State for Defence, in which he made it quite clear that the widest possible consultation would take place on the nuclear deterrent. Surely, irrespective of one's point of view, it is right that the power to make the ultimate determination should come back to the House. Surely that is how things should be done, and a vote should be taken here.

The Prime Minister: As I have said before, when we publish the decision taken by the Government, my right hon. Friend the Secretary of State for Defence will announce the exact form of making sure that we consult the House. I point out that we have given votes on very sensitive issues before, and that is a strong possibility on this issue.

Q5. [84316] **Mr. Richard Benyon** (Newbury) (Con): May I press the Prime Minister? Why is he so determined to avoid a vote in the House on the renewal of our nuclear deterrent? He may not have the support of the hon. Members for Islington, North (Jeremy Corbyn) or for Pendle (Mr. Prentice), but he will certainly have support on the Opposition side of the House if he puts it to a vote.

The Prime Minister: Thank you very much for that. No doubt it was kindly meant, but I refer to what I said a moment or two ago: on these sensitive issues we have often given votes—before the Iraq war, we were one of the first Governments to give people a vote before this country took the decision to go to war. We are not at all averse to votes of this House on extremely sensitive issues, and I have no doubt that there will be the fullest debate.

Kate Hoey (Vauxhall) (Lab): Will the Prime Minister explain why he takes such different positions on education in this part of the United Kingdom and education in Northern Ireland? Why did he support his Back Benchers going through the Lobby to keep selection in England, unless parents decide against, yet force through in two and a half hours a complete change to the system in Northern Ireland? Why does he have such different standards for education in Northern Ireland?

The Prime Minister: There is, of course, I hope, a way that that can be resolved by people in Northern Ireland, which is for the devolved institutions to get back up and running. I hope that they are successful in that.

Q6. [84317] **Mr. Geoffrey Cox** (Torridge and West Devon) (Con): Earlier this year, Appledore shipyard in my constituency won a tender competition for a Scottish fisheries protection vessel. Last month, that tender process was cancelled in highly questionable circumstances. Hundreds of jobs are directly and indirectly at stake. What has the Prime Minister to say to my constituents who ask why their Member of Parliament is unable to hold the decision maker to account in this or any other House? Does he feel that it is more important that Labour Members for Scottish constituencies do not feel like second-class MPs than that 85,000 people in Torridge should feel second-class—

Mr. Speaker: Order. The Prime Minister.

The Prime Minister: In relation to the particular decision, of course these are always very difficult decisions. It is true that, in this instance, it was taken by the Scottish Executive. It is also true that people are perfectly free to raise it. The hon. and learned Gentleman will know that we are trying to make the right decisions in relation to procurement within very strict budgetary terms. I am sure that no one wants to make sure that the people in his constituency are out of work, but those decisions have been taken by the appropriate authority.

Q7. [84318] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): Speaking as a Scot with a north-west of England constituency, is the Prime Minister aware of early-day motion 2519, which refers to hon. Members' voting rights? That early-day motion argues that to ban Members of Parliament from Scotland from voting on English matters could lead to a constitutional crisis or to the break-up of the United Kingdom. It also supports every Member in the House accepting and getting access to the voting systems—the democratic systems—in the House. Does the Prime Minister agree with that and will he sign the early-day motion?

The Prime Minister: The important thing is to stress that England is of course the majority country within the United Kingdom. We vote through the money here in the House, of course. Under the constitutional settlement, the vast majority of the MPs who do that are English. I think that devolution is a sensible way of keeping the United Kingdom together, but it would be a very, very grave mistake indeed to end up with two classes of MP in the House.

Adam Afriyie (Windsor) (Con): May I compliment you, Mr. Speaker, on your visual acuity in spotting me between the two tallest Members of Parliament? It strikes me that if the head of a school, a charity, a public body or a council were to announce their retirement but refuse to set a date, they would be rightly considered both arrogant and self-centred. Why should we consider the Prime Minister any differently?

The Prime Minister: Because there was an election last year that we won and he lost.

Q8. [84319] **Mr. Bob Laxton** (Derby, North) (Lab): This weekend at the G8 summit in St. Petersburg, discussions will take place on energy, education and infectious diseases. Will the Prime Minister tell the House his objectives for the summit and how he sees those objectives building on the commitments that were given at Gleneagles a year ago?

The Prime Minister: In particular in relation to the G8, it is important that we recommit to the objectives in helping in Africa. There will be a particular focus on education at the G8. In relation to climate change and energy, although the summit will focus particularly on energy security, none the less, again I think that it is important that we focus on climate change as well. One of the single most important issues that will run throughout the summit, even if not formally, will be the World Trade Organisation talks, which at the moment

are stalled. That is extremely important in my view. This weekend may be one of the last opportunities we have got to restart those talks productively and get the right agreement between Brazil, India and the developing countries on the one hand, and America, Europe and Japan on the other.

Mr. Andrew Robathan (Blaby) (Con): In 1997, the Prime Minister wrote of the ministerial code:

"In issuing this Code, I should like to reaffirm my strong personal commitment to restoring the bond of trust between the British people and their Government...I will expect all Ministers to work within the letter and spirit of the Code."

Last week, he told the Liaison Committee:

"If there is reason to believe someone has broken the Code, I will take action".

Well, there is the valuable transport union flat that the Deputy Prime Minister occupied as Secretary of State for the Environment, Transport and the Regions, there is the behaviour with a junior female office subordinate, which would have led to the sacking of a civil servant, and now there is Philip Anschutz's hospitality. When will the Prime Minister live up to his fine words and call in Sir John Bourn to investigate these allegations of breaches of the ministerial code?

The Prime Minister: I have nothing to say to the hon. Gentleman other than the fact that we have got one of the largest regeneration projects that will happen in London, which will bring somewhere in the region of 10,000 affordable homes, 20,000 jobs—*[Interruption.]*

Mr. Speaker: Order. A question has been put to the Prime Minister. I do not want hon. Members shouting at him while he answers.

The Prime Minister: I was pointing out—*[Interruption.]*

Mr. Speaker: Order.

The Prime Minister: I was just pointing out that as a result of the regeneration, there will be somewhere in the region of 10,000 affordable homes, more than 20,000 jobs and £5 billion of private sector investment. It is entirely right that we support such huge regeneration coming to this country, but I know that none of those issues concerns the hon. Gentleman.

Q9.[84320] **Dan Norris** (Wansdyke) (Lab): Is that well-known medical term to be frazzled the result of hugging a hoodie and making policy on the hoof?

The Prime Minister: I can only say to my hon. Friend that when we actually analyse the policy statements of Conservative Members, especially on something like yesterday's energy review, it is the case, as I said earlier, that whatever points the right hon. Member for Witney (Mr. Cameron) makes, when it comes to long-term decisions that affect the future of this country, it is this Labour side, not the Conservatives, that has the answers.

Q10. [84321] **Mark Hunter** (Cheadle) (LD): Given all the extra money that the Prime Minister likes to remind us that his Government have put into the national health service, can he explain why my constituents and those of many other hon. Members are having to wait up to two years for an appointment for a hearing aid? Does he agree that such a situation is completely unacceptable? Will he say what action he will be taking to support the campaign of the Royal National Institute for Deaf People to bring that waiting list down?

The Prime Minister: We are working with organisations for the deaf precisely to do that. When the hon. Gentleman refers rightly to the large sums of investment that have gone into the health service, but points out some of the problems that we have still got to overcome, I hope that he accepts how much improvement there has been in the national health service over the past eight or nine years as a result of the investment that has gone in. In his area, for example, there are 11,500 more nurses and 1,000 more consultants, and waiting times have come down dramatically for in-patients and out-patients. That is a result of the investment and reform that this Government have carried out. Yes, we have still got a lot to do, but a lot has been done.

Points of Order

12.31 pm

Anne Main (St. Albans) (Con): On a point of order, Mr. Speaker. Last week, I raised a point of order about the lack of answers to my specific questions with regard to establishing the facts about whether or not released foreign nationals who were convicted of serious sexual offences were placed on the sex offenders register. The Leader of the House has said about questions:

"the House will know that it is also important that they are answered accurately and comprehensively."—[*Official Report*, 14 June 2006; Vol. 447, c. 772.]

It is with regret that I have to inform you, Mr. Speaker, that I have waited two months for a detailed specific answer. I was told by the Home Office that I was given only a generic answer to a very specific point and simply directed to read a statement that was sent to the Home Affairs Committee, although that statement made absolutely no reference whatsoever to my specific inquiries.

I cannot accept that there is no answer to the question. Surely the Secretary of State is responsible to the House for ensuring the delivery of information on this very specific question. I thus seek your guidance on the matter, Mr. Speaker.

Mr. Speaker: I am grateful to the hon. Lady for giving me notice of her point of order. I do not comment on the content of ministerial replies, but I can understand the frustration that she feels. The Table Office is well aware of the issue and is ready to assist the hon. Lady with follow-up questions.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): On a point of order, Mr. Speaker. You will have heard that an important speech was made earlier today by the Minister for Policing, Security and Community Safety about the amalgamation of police forces. The matter has concerned many hon. Members for several months. Should not that all-important statement—it was a policy U-turn—have been made in this place so that it could be have been examined by all Members of Parliament?

Mr. Speaker: The Home Secretary is in the Chamber, so perhaps he will be able to clarify matters.

The Secretary of State for the Home Department (John Reid): Further to that point of order, Mr. Speaker. If the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) had been following the debates in the House closely enough, he would have seen that that had been announced in the House, not least on 19 June when I made it absolutely plain that although the mergers and the coming together for protective services of police forces was to be maintained as the destination, I had changed the position on enforced mergers, not force mergers. In other words, I was no longer proceeding with a situation in which we would be laying orders against the wishes of the forces involved. That is what has changed, not our desire to bring together police forces in new configurations.

Several hon. Members *rose*—

Mr. Speaker: Order. Let me reply to the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd). I am sure that we will come back to this matter. Although we have heard from the Home Secretary, there is nothing to prevent the hon. Gentleman from seeking an Adjournment debate so that the Home Secretary or an appropriate Minister could come to the House. I would advise him to do that.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Further to that point of order, Mr. Speaker. You will remember the practice of the House. When a Minister rises on a point of order to make a contribution to the point of order, it is within the discretion of the Chair to treat that as a statement, and at that point hon. Members are entitled to ask questions of the Minister who has intervened.

Mr. Speaker: I think that we will leave it at that for the moment.

Mr. Stewart Jackson (Peterborough) (Con): On a point of order, Mr. Speaker. I listened carefully to the answer that you gave to my hon. Friend the Member for St. Albans (Anne Main). You will know that I raised that matter in the House on 14 June, at the conclusion of Prime Minister's questions—I had tabled a named day question on 29 April on the specific issue of foreign prisoner releases from Her Majesty's prison in Peterborough. I was reassured by the Leader of the House on that occasion that the matter would be looked into. Thirteen weeks later, I have still not received a substantive answer to my question. That is unacceptable. Putting a generic statement in the House of Commons Library is unacceptable, too.

Mr. Speaker: The hon. Gentleman was present in the Chamber when I advised the hon. Member for St. Albans (Anne Main) to go to the Table Office, which will help. I shall go no further than that. The hon. Gentleman should go to the Table Office as well.

Sir Nicholas Winterton (Macclesfield) (Con): On a point of order, Mr. Speaker. You have sought to be extremely helpful to the House. Would it be possible during this point of order to ask the Home Secretary whether he intends to make any announcement about other enforced mergers, particularly Cheshire and Merseyside, which has been so strongly opposed? If he makes a statement on one, it would help the House if he included all the mergers that are so strongly opposed.

Mr. Speaker: No, I shall not do that. The House knows that I have, unusually, put aside the business of the House to allow the debate under Standing Order No. 24 to proceed, and I do not wish to intervene any further. These matters can be pursued with the Home Secretary on other occasions.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): On a point of order, Mr. Speaker. I listened carefully to the response that you gave to my hon.

[Mr. Shailesh Vara]

Friend the Member for St. Albans (Anne Main). I note that you say that further questions should be asked of relevant Ministers. However, if the Minister were to answer the question in the first place, would there not be a saving for the taxpayer on further questions needing to be asked? You will agree, I think, that each question costs a substantial amount of money. Is there not a case for Ministers to answer questions properly in the first place?

Mr. Speaker: There certainly is a case. That would have saved a lot of bother, and the Speaker would not have to answer point of order, would he?

Mr. Gordon Prentice (Pendle) (Lab): On a point of order, Mr. Speaker. I do not want to detain the House unnecessarily, but Lancashire and Cumbria was not a forced merger. It was a voluntary measure, which has been stopped—

Mr. Speaker: Order. We are now entering into a debate, and we have the main business of the House to deal with.

UK-US Extradition Treaty

12.38 pm

Mr. Nick Clegg (Sheffield, Hallam) (LD): I beg to move, That this House do now adjourn.

Leave having been given on Tuesday 11 July under Standing Order No. 24.

Thank you, Mr. Speaker, for allowing this debate to be held on a matter of tremendous seriousness and urgency. We are all aware that tomorrow morning, three British citizens are to be extradited to the United States on the basis of an unfair, imbalanced treaty that the Government negotiated in secret and to which they devoted the most cursory parliamentary scrutiny imaginable. Although it is too late to alter the fate of the so-called NatWest three, except in terms of pressing for bail, in which we support any efforts that the Government are able to make, it is not too late to abandon that treaty, which is not yet in force in international law, but which we have chosen, inexplicably, to implement unilaterally.

We on the Liberal Democrat Benches have objected to the extradition arrangements with the USA ever since the text of the new treaty was published in May 2003. We spoke and voted against the orders implementing our end of the treaty in December 2003. We have tabled a Bill in the House to restore the need for prima facie evidence to be provided by US authorities when requesting extradition. We have supported in another place amendments to the Police and Justice Bill that would suspend our implementation of the treaty. The purpose of those parliamentary initiatives has been to prevent serious injustice for those who face extradition to the USA or may do so in future—injustice because the extradition treaty and its enactment through the Extradition Act 2003 is manifestly unfair to British citizens.

Mr. Chris Mullin (Sunderland, South) (Lab): Several times in the past 24 hours or so, the hon. Gentleman has made the point that parliamentary scrutiny of the measure was minimal, but, in fact, the draft Bill was the subject of a fairly detailed Home Affairs Committee report. The Committee made a number of recommendations, many of which were sympathetic to his point of view, and some of which were implemented.

Mr. Clegg: It is true that the report was published. However, the hon. Gentleman knows that the treaty was negotiated in secret and the text was only published two months later—a day before the Whitsun recess, I believe. Then, it was the subject of no more than 90 minutes' scrutiny in the Committee.

Mr. Mullin *rose—*

Mr. Clegg: I need to make progress—many hon. Members want to speak.

Hon. Members: Give way!

Mr. Clegg: We did not see the treaty.

Mr. Mullin: There were many sessions of hearings on the subject—many.

Mr. Clegg: Did the hon. Gentleman see the treaty before the report was published? I think not. The full text was published two months later.

In recent days, the Government have claimed in strong terms that the treaty is reciprocal—a claim repeated by the Prime Minister today. They say that the arrangements with the United States are, despite all appearances, reciprocal and equivalent. As my noble Friend Lord Goodhart said in another place last night:

"That is simply and totally incorrect."—[*Official Report, House of Lords,* 11 July 2006; Vol. 684, c. 630.]

Let me explain. Article 8 of the UK-US extradition treaty sets out the new procedures between the two countries. It states that the requesting country—either the United Kingdom or the United States—must provide

"a statement of the facts of the offense(s)".

Then, in paragraph 3(c), an additional burden is placed on the United Kingdom when requesting an extradition from the United States. The provision requires:

"for requests to the United States"—

to the United States only—

"such information as would provide a reasonable basis to believe that the person sought committed the offense for which extradition is requested."

That fulfils the now well known requirement for "probable cause" for extradition from the United States, in line with the terms of the US constitution. However, there is no requirement for any corresponding information for extradition from the United Kingdom.

Before the issue hit the headlines, the Government admitted that lack of reciprocity. In a Committee of the House on 15 December 2003, the hon. Member for Don Valley (Caroline Flint), then a Home Office Minister, said:

"when we make extradition requests to the United States, we will need to submit sufficient evidence to establish 'probable cause'."

She acknowledged that that is a lower test than the previous prima facie standard, but added that it was

"a higher threshold than we ask of the United States, and I make no secret of that."—[*Official Report, Third Standing Committee on Delegated Legislation,* 15 December 2003; c. 7.]

In another place, on 16 December last year, the noble Baroness Scotland repeated the same sentiment in almost identical terms.

Those admissions of two and a half years ago are in total contrast to the Prime Minister's statement to my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) last week, that

"it is not true that the United States has a different evidential burden from this country. The probable cause, which is the burden that the United States places on countries that want to extradite from the United States, is analogous to what we now provide under the Extradition Act 2003."—[*Official Report,* 5 July 2006; Vol. 448, c. 807.]

The Government cannot have it both ways. The treaty does, as I have explained, place different evidential burdens on the two parties. Either it is not reciprocal, as Ministers have repeatedly confirmed for months, or—miraculously—it is now reciprocal, in accordance with the Prime Minister's pronouncements last week and today.

Mr. Michael Wills (North Swindon) (Lab): I want to understand the point that the hon. Gentleman is making. He is saying that the treaty between the United States and the United Kingdom is asymmetrical. Can he tell us which extradition treaties are exactly symmetrical?

Mr. Clegg: I know of no other extradition treaty that is as asymmetric as that treaty. All the extradition treaties covered by the Extradition Act 2003, as the hon. Gentleman probably knows, are almost entirely reciprocal. That is why they are covered by the Council of Europe convention and the European arrest warrant, which are founded on a symmetrical relationship between the two parties.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Would the hon. Gentleman care to tell the hon. Member for North Swindon (Mr. Wills) that the 1972 treaty between the United States and the United Kingdom was extremely balanced?

Mr. Clegg: Indeed. For reasons that seem to have escaped the Prime Minister and other members of the Government, it was balanced between the burden of probable cause in the United States and the necessity for the US authorities to present prima facie evidence in British courts. At the time, that treaty was considered by all legal experts and Government Ministers to be balanced in its application.

The Leader of the House of Commons (Mr. Jack Straw): Not true.

Mr. Clegg: I accept that the prima facie burden was slightly higher than probable cause, but we have wildly over-compensated by removing the prima facie burden altogether.

To return to the NatWest three, that case is not the be-all and end-all of this debate. It is the tip of the iceberg, and it has highlighted a wider problem—the Government signed a lopsided treaty that short-changes the interests of British citizens and people under our judicial protection. It may be the case, as the Prime Minister suggested today, that the extradited individuals could have been extradited under the terms of the 1972 treaty. It is perfectly possible that in initiating extradition proceedings against the NatWest three, the US authorities presented sufficient evidence to meet the higher hurdles under the 1972 treaty. The point is that we do not know, because under the new provisions, there is no cross-questioning or examination of the substantive evidence that they present. Much more importantly, they are not required to present the amount of evidence that could have been presented in the case of the NatWest three—a non-requirement that will apply to all future cases.

Keith Vaz (Leicester, East) (Lab): I have a great deal of sympathy for the points that the hon. Gentleman has made, but he was in the Chamber when the Prime

[Keith Vaz]

Minister responded to the question from the right hon. and learned Member for North-East Fife (Sir Menzies Campbell). The worry for the families of the NatWest three is that they will go to the United States and stay there for years and years before the case is concluded. Was the hon. Gentleman not reassured by the Prime Minister's comments that there will be no opposition to an application for bail which, of course, will allow those three individuals to return to the United Kingdom?

Mr. Clegg: The courts in Houston, Texas must determine bail terms—they are notoriously stringent—but, of course, we welcome any measures by the Government to facilitate the granting of bail to those three individuals.

The Government have got themselves into that sticky situation by eagerly enforcing our obligations under the treaty and failing to exert, until very late in the day, meaningful political pressure on the United States to do likewise. There is no excuse, however, for the mess in which we find ourselves. The Government repeatedly argue that, because we do not demand prima facie evidence from Council of Europe countries—Albania and Azerbaijan are the most salubrious examples in the long list of countries cited by the Government—we should not demand it from the US. Broadly, because the US is a "mature democracy" we should not have any qualms about extraditing British citizens there.

I should like to make three quick observations. First, as I mentioned, we have reciprocal agreements with those countries, but none of the arrangements have such wildly differing evidential burdens. Hence our support for the European arrest warrant which, as I said, is based on symmetry between the parties that entered into it, and is reciprocal between nations. The US-UK agreement, by contrast, is unique in its lopsided provisions. Secondly, Council of Europe countries are all signatories of the European convention on human rights, which is not binding on the United States. Any contravention of the ECHR by a Council of Europe state subsequent to extradition can be reviewed by the European Court of Human Rights, but such judicial review is not available to individuals extradited to the United States.

Anne Snelgrove (South Swindon) (Lab): Does not the hon. Gentleman agree that the human rights conditions were met in the various courts that those gentlemen have been through in this country. Is not that sufficient? Has not the hon. Gentleman been unduly influenced by a public relations campaign funded by multi-millionaires who have made a packet from selling shares in Enron?

Mr. Clegg: As the hon. Lady must know, the courts merely heard the appeal against the application for extradition, which they could consider only in the limited terms of the 2003 Act. The courts have no power to second-guess an application made by the US authorities—*[Interruption.]* The Home Secretary has now said on several occasions that the US is not in Europe. I am well aware of that fact. However, he may need to reflect a little further on it, because we keep being told by the Prime Minister—and may be told by the Home Secretary and his Ministers—that there is no reason why we should not grant exactly the same provisions to the United States as to European countries. As I have explained, however, those arrangements were framed in the context of the ECHR, the conventions of the Council of Ministers and the legal terms of the European arrest warrant, which completely—legally and politically—sets the European examples apart from the US examples.

Mrs. Ann Cryer (Keighley) (Lab): Why has the hon. Gentleman waited such a long time before raising all these questions—*[Interruption.]* As my hon. Friend the Member for Sunderland, South (Mr. Mullin) said, those matters were covered in great detail—

Mr. David Heath (Somerton and Frome) (LD): On 15 December 2003.

Mrs. Cryer: No, on 22 November—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order.

Mrs. Cryer *rose—*

Mr. Deputy Speaker: Order. I am trying to help the hon. Lady. As the hon. Member for Sheffield, Hallam (Mr. Clegg) has given way, it would be a courtesy if he and his colleagues listened to what she has to say.

Mrs. Cryer: I am simply trying to say that on 22 November 2005, eight months ago, when a colleague of the hon. Member for Sheffield, Hallam (Mr. Clegg) was present, the Select Committee on Home Affairs went into a great deal of detail on those questions with my hon. Friend the Member for Leigh (Andy Burnham), then the Under-Secretary of State at the Home Office. I have some sympathy with the questions that the hon. Member for Sheffield, Hallam is putting, but they were all put eight months ago so why has he waited until now to raise them again?

Mr. Clegg: I hazard the suggestion that even eight months ago it was too late; the decision was taken on 15 December 2003, by order, to enact our side of the extradition treaty with the United States. As the hon. Lady may know, the only Members who objected at that point—when the House could have stopped the process—were Liberal Democrats.

I want to refer to scale. The United States is by a long way our largest extradition partner. There are between 15 and 20 ongoing requests for extradition from the United States to the United Kingdom, and in 2005 13 people were extradited to the US—the highest number in five years and more than double the figure in 2003, just before the provisions of the bilateral treaty came into effect.

Given the sheer number of requests made by the US compared to other countries, and the fact that the US has increasing ambitions for extra-territorial prosecutions, it is vital that the treaty is fair to the British people. But events have already proved without doubt that it is not. Surely questions must be asked

when Ian Norris, a former chief executive of Morgan Crucible, can be extradited for price-fixing, even though during the period he was alleged to have committed the offence it was not a criminal offence in the UK.

Mr. Ian Taylor (Esher and Walton) (Con): Will the hon. Gentleman underline the fact that one of the reasons why many Conservative Members supported the measure in the Chamber was that we thought it was to be used against potential terrorists? That is why there were grounds for passing the legislation; we did not expect the Government to encourage its use for purposes such as those we are discussing.

Mr. Clegg: The hon. Gentleman makes a valid point, although I am duty-bound to point out that it would have been helpful if he had listened to some of the arguments made from the Liberal Democrat Benches two years ago, which put the measure into a wider context. However, even if we consider the treaty only as part of the battle against terrorism, serious questions must be raised. For example, Lotfi Raissi, the Algerian pilot wrongly accused of training the 11 September hijackers, would have been extradited to the US under the provisions of the new treaty, but he was protected under the old one because the US could provide no evidence whatever that he was involved in the plot.

Peter Luff (Mid-Worcestershire) (Con): I realise that the hon. Gentleman is coming towards the end of his speech and that he has understandably and necessarily rested his arguments so far on issues relating to extradition and treaties, but does he share my concern about the impact on the confidence of people engaged in commercial relationships with the United States of America of what I consider an abuse of the treaty?

Mr. Clegg: The impact on the confidence of the British business community in its dealings with the United States is very considerable indeed.

The case is not, as the Government would have us believe, merely a technical issue to be debated on legalistic points; it is causing serious consternation in the business community where fears of doing business in the US are increasing. I should be interested to learn from the Solicitor-General whether he agrees that the Chancellor's City taskforce should consider the damage the case could do to our world-class financial services industry.

Mr. Gerald Howarth (Aldershot) (Con): Will the hon. Gentleman give way?

Mr. Clegg: I need to make progress, as many Members want to speak on this important topic.

It is more than three years since the Government signed the extradition treaty with the United States, two and half years since the secondary legislation introducing that treaty was passed and less than 24 hours before the high-profile individuals who have brought such attention to the treaty will leave the country for a Texan jail. We should have debated the treaty years ago, but we did not have the chance, thanks to the Government's continued disregard for the opinions of the House.

The treaty was negotiated in secret, signed by royal prerogative and announced merely in a written statement, offering the House no chance to question the Home Secretary on the wisdom of his actions. The text of the treaty was published two months later on 21 May 2003, as I mentioned earlier, the day before the Whitsun recess, thus reducing the chances of parliamentary scrutiny. The Extradition Act was piloted through the House by a junior Minister, with the Home Secretary making no comment on its progress. The secondary legislation was passed in a Committee that sat for barely 90 minutes.

Until the case started making daily headlines, the Government had made no attempt to persuade the United States to keep its end of the bargain and ratify the treaty; indeed, we know that as recently as March, during the US Secretary of State's last visit to the UK, the Foreign Secretary did not even mention the issue. And the Government had to be forced, by Mr. Speaker's decision, to come to the House today to hear this debate.

Much emphasis has been put on the Senate's failure to ratify the treaty. Surely, we should be asking why we have no ratification process in this country similar to that enjoyed by the US Senate. Why is there no proper parliamentary scrutiny, and no written constitution to protect us from the Government's willingness to hand away vital legal protections?

It is six years since the Wakeham Commission on Lords reform proposed proper parliamentary scrutiny of treaties in Parliament. The Government must take action. First, they should recognise the force of opinion among the public and in another place—where the Police and Justice Bill has been amended to repeal our part of the treaty—and revoke the 2003 order immediately so far as it applies to the USA. Next, the Government should renegotiate the 2003 treaty to make the extradition test reciprocal. Finally, they must introduce proper parliamentary scrutiny of treaties, and amend the royal prerogative so that international agreements can no longer be entered into without meaningful reference to the House.

12.58 pm

The Solicitor-General (Mr. Mike O'Brien): To listen to the hon. Member for Sheffield, Hallam (Mr. Clegg), we might think that the 2003 treaty had some relevance to whether the Enron three were extradited. In fact, if the treaty had been ratified it would have made not a blind bit of difference to whether the three were extradited.

Let us consider what the treaty would change if it was ratified. It would introduce a sentence threshold of 12 months for both sides and increase the number of offences covered, and temporary surrender would be allowed. In terms of the amount of proof required, it would change little. Indeed, in terms of the test, it would change nothing; the procedure would be changed but the actual test would not. As my noble and learned Friend Baroness Scotland made clear in another place yesterday, it would improve some of the procedures, but none of that would change anything for the Enron three.

[The Solicitor-General]

Let me be clear: we want the treaty ratified, which is why Baroness Scotland will be going to the United States shortly to discuss with US Senators the need to ratify the treaty. We have the support of the White House. We need the support of the Senate.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): My hon. and learned Friend has mentioned the test and the question whether it will be changed. Will he elaborate on the test for the House, because I understand that we are discussing a two-door test, rather than the over-simplification that we heard from the Liberal spokesman?

The Solicitor-General: It is important to consider how the tests operate and how they operated in relation to Enron. As my hon. Friend has said, there is a double-door procedure in relation to extraditions from this country to the US and in the opposite direction—in effect, there is a door in the US courts and a door in the UK courts—and both those doors must be passed through in order to extradite someone either way. In order for us to apply to extradite someone from the US, we must issue a letter based on information from the UK, which is the first door, and we then have to show probable cause in a US court, which is the second door.

In order for the Enron three, for example, to be extradited from the UK, both doors must be passed through in the opposite direction. A grand jury must have a case shown to it that there was probable cause to issue an indictment in the United States, which is the first door. The second door is that a UK court must be satisfied that there was sufficient information to justify the issue of a warrant for arrest in this country, if the offence had been committed here. If a police officer were to apply for a warrant in front of a magistrate for an offence in this country, he would have to satisfy the magistrate that a criminal offence had taken place or that one was suspected to have taken place and that an identified person was suspected of having committed that offence.

The test is higher than mere suspicion, because in the US the phrase "probable cause" means that the person who is asking to arrest someone has a reasonable basis to believe that a crime has been committed and that that person committed the crime, which is more than reasonable suspicion. If we were to return to the pre-2003 situation, the US would have had to prove a prima facie case, which is a much higher test.

Mr. Michael Howard (Folkestone and Hythe) (Con) *rose—*

The Solicitor-General: When the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) was Home Secretary, there was an imbalance in the tests that were applied in different countries. That balance was enormously disadvantageous to the United States, the effect of which was that it sometimes took 30 months to extradite someone—one case took 10 years. How can he justify that?

Mr. Howard: I will deal with that, Mr. Deputy Speaker, when, if I am fortunate enough to catch your eye, I have the opportunity to contribute to the debate. Why has the Solicitor-General used the wholly prejudicial description "the Enron three" in relation to those British subjects, when the company that they are accused of defrauding, NatWest, is British, and when the British authorities have decided to take no action in respect of acts committed in this country? Why has he engaged in that entirely prejudicial description of those British subjects?

The Solicitor-General: It is interesting that the right hon. and learned Gentleman should rise at this point. We have heard Opposition Members say that we should return to the prima facie test, which predated the Extradition Act 2003, but let us see what the district judge, Judge Evans, said about the case:

"Although this case proceeds under the Extradition Act 2003, the request was prepared to meet the requirements of schedule 1 to the Extradition Act 1989."—

a Conservative measure.

"There is therefore available affidavit evidence giving considerable factual detail of the allegations. As a matter of interest, that evidence makes a case to answer."

The learned district judge took a clear view in relation to the prima facie case.

Mr. Dominic Grieve (Beaconsfield) (Con): The Solicitor-General is in danger of making a very bad point. The major difference was that those who appeared in front of the district judge were not, under the new rules, allowed to examine or explore whether there was a prima facie case, because the new rules do not allow that to happen. So to argue that the material that was originally submitted might have been sufficient to establish the case does not answer the question that the Solicitor-General has posed to himself, because those who appeared in front of the district judge could not carry out any examination of that material.

The Solicitor-General: The hon. Gentleman has made a bad point himself. The district judge took the view that so far as he was concerned

"that evidence makes a case to answer."

Several hon. Members *rose—*

The Solicitor-General: Half a dozen hon. Members are trying to get me to give way, Mr. Deputy Speaker. Perhaps it would be helpful if I were to deal with the points that have been raised already. If the hon. Member for Henley (Mr. Johnson) keeps his hair on, I will get to him, too.

The Enron three are to be extradited—

Mr. Hogg: On a point of order, Mr. Deputy Speaker. It must be wrong in principle to refer to those three people as "the Enron three", because it is prejudicial to any trial that may take place. I ask you to intervene to stop it.

Mr. Deputy Speaker: That is not a point of order for the Chair. That is a point of argument, which I have no doubt will continue in the course of the debate.

The Solicitor-General: If the right hon. and learned Gentleman is offended by the description, which has been used by many in the media, then perhaps he is right. I shall refer to them as "the three individuals", and I hope that that satisfies him.

Rob Marris (Wolverhampton, South-West) (Lab): Today's debate seems to have been prompted by the pressing case of the NatWest three. Does my hon. and learned Friend know whether the Liberal Democrats or the Conservatives ever protested about the case of Mr. Babar Ahmad, a UK-Asian heritage Muslim, as I did one year ago?

The Solicitor-General: The Liberal Democrats must answer for themselves, and I will let them do so, but I had not heard any complaints from Opposition Members until this particular case.

Mr. Boris Johnson (Henley) (Con): If the Solicitor-General is persuaded by the view of the district judge that there was evidence against the NatWest three, will he explain why the Home Office is so resolute in refusing to set in motion a procedure that would allow them to be tried in this country, where the offence, if it took place, was committed?

The Solicitor-General: I do not blame the Enron three for the substantial publicity campaign that they have generated in order to prevent their extradition, nor do I blame the hon. Gentleman, who has done a good job of defending his constituent. Like all accused, the three individuals are innocent until proved guilty, and they may well be acquitted. No one, least of all the Enron three, has claimed that there is no evidence against them. *[Interruption.]* They have been accused of very serious crimes. *[Interruption.]* The allegations have been reviewed—

Mr. Deputy Speaker: Order. Mr. Speaker granted this debate because he regarded it as a matter of genuine urgency and because there was great concern throughout the country about the issue. It is right and proper that the matter should be discussed in a dignified and moderate manner, which is being impeded by too many interventions and sedentary comments.

The Solicitor-General *rose—*

Mr. Kenneth Clarke (Rushcliffe) (Con): On a point of order, Mr. Deputy Speaker. The debate began with a discussion of the treaty, the imbalance in the treaty and the application of the treaty, but references have been made to the current cases which have caused so much concern. Quite properly, our proceedings are governed by a sub judice rule, and we do not normally debate the merits of individual criminal allegations or their handling in the courts. We are reaching the stage at which the language to describe the three suspects is being used to indicate on which side of the argument a particular hon. Member stands. I realise that the difficulty has arisen suddenly and taken you by surprise, but I suggest that the repeated use of such language, particularly by the Solicitor-General, is taking us dangerously near to inviting hon. Members to indicate by a thinly disguised formula their views on the merits of the case, which is presumably going to be tried.

Mr. Deputy Speaker: Order. The House will have heard what the right hon. and learned Gentleman has said, but I am not aware of a case that is currently being tried in this country to which the sub judice rule would apply.

Mr. Hogg: On a point of order, Mr. Deputy Speaker. This is an important debate, and it is bound to be listened to in the United States. The fact that the Solicitor-General appears to be indicating by the language that he is using that he or the Government think that there is a strong case against these individuals will be prejudicial to those individuals. The Chair always has an ability to extend existing precedents. Mr. Speaker did so last week with regard to a question put to the Prime Minister about the Deputy Prime Minister. It would be perfectly proper for you to extend that rule to cover this situation.

Mr. Deputy Speaker: Order. I have ruled on the question of sub judice. I think that what is of concern to some right hon. and hon. Members is the use of language, which is a matter of debate. I can only see it in that way.

The Solicitor-General: If the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) had been listening, he would have heard me say that these three individuals are, like all accused people, innocent until proved guilty, and they may well be acquitted in a US court.

Malcolm Bruce (Gordon) (LD): Will the Solicitor-General give way?

The Solicitor-General: No. I have given way rather a lot, and I want to proceed with my argument and to deal with some of the points that have been raised.

When challenged in another place in relation to the term "Enron three", my noble Friend Baroness Scotland quoted paragraph 66 of the High Court judgment, which states:

"Enron was deceived into parting with US $20,000,000."

It is the description that is broadly used. If people are offended by it, I wish to make it clear that there is no indication that these men are anything other than innocent until proved guilty, like all persons who are accused.

The allegations in this case have been reviewed at length by our courts, which say that the three individuals should stand trial in the United States. The men want their trial to take place in the UK, if trial there is to be. In dismissing their case, the High Court found that their argument was wholly unsustainable

[The Solicitor-General]

and that the extradition was lawful and in accordance with their human rights. The Serious Fraud Office has declined to prosecute—

Keith Vaz: Will my right hon. Friend give way?

The Solicitor-General: May I deal with the point raised by the hon. Member for Henley?

The Serious Fraud Office has declined to prosecute the case in the United Kingdom for a range of reasons, including the fact that no complaint has been made in this country and because the main evidence, in the form of the alleged conspiracy and the witnesses, is in the United States, where the case is well advanced. That is where the alleged conspiracy took place. The three individuals are British citizens resident in the UK. They were employees of a UK bank responsible for a number of bank clients, including a subsidiary of Enron in the United States. Enron's headquarters are in Houston, Texas. *[Interruption.]* They were in Houston, Texas. Its bank had offices there, as well as in London. Some of the key witnesses, including Mr. Michael Kopper, the managing director at Enron, and Mr. Andrew Fastow, Enron's chief financial director, are in the United States.

A crucial meeting is alleged to have taken place in Houston on 22 February, attended by the defendants, which US lawyers say played a central part in the case. The US prosecution alleges that it was a secret meeting with Enron's chief financial officer, Mr. Andrew Fastow. The allegation is that the three individuals had access to information that enabled them to let their bank undertake certain financial transactions.

Mr. Boris Johnson *rose—*

The Solicitor-General: I will give way to the hon. Gentleman in a moment; let me put my argument first.

I will not go into the list of transactions, which are complex, but the prosecution alleges that the defendants conspired with US co-conspirators to deceive Enron into parting with $20 million, and that both Enron and NatWest were defrauded. It is alleged that the defendants got $7.3 million, which derived from Enron and represented the sale of the bank's interest in a company called Swap Sub.

Mr. Johnson *rose—*

The Solicitor-General: I will give way to the hon. Gentleman when I have finished these points, as I know that he is concerned about this issue in relation to his constituent.

On 14 January 2004, Mr. Fastow pleaded guilty on two counts, including conspiracy to wire fraud. There was also a plea agreement entered into with Mr. Kopper. In this, it became clear that allegations had been made, including this claim by Mr. Fastow:

"In...February 2000, I and others, including three bankers employed by NatWest, participated in a scheme to extract...increased value by defrauding Enron and NatWest. Enron paid $30 million for the Swap Sub buyout. That price was based on my misleading representation to Enron that the limited partners of Swap Sub had agreed to sell their interests in Swap Sub for $20 million and $10 million, respectively. In fact, NatWest had agreed to sell its interest for only $1 million, not $20 million. I knew that the NatWest bankers induced NatWest to sell its interests in Swap Sub for $1 million at a time they knew the interest was worth significantly more."

In summary, the SFO took the view that the case involved an allegation that UK-based employees conspired with US Enron executives. The main evidence was in the USA—that is, the co-conspirators. As the conspiracy took place there, no complaint has been received in the United Kingdom. The fraud could not have occurred without the complicity of the Enron executives, some of whom were key witnesses. The case was well advanced in the USA, and it was thought that in the overall interests of justice it would be best dealt with by one court in the USA.

Mr. Justice Evans made a very important point that I want to put to the hon. Member for Henley:

"The reality is that were the SFO to commence an investigation, then, by the time they were ready to launch a prosecution, there would be defence submissions inviting the court to stay the prosecution as an abuse because of what by then would be considerable delay. Additionally and crucially, Kopper and Fastow are important witnesses for the prosecution. They are readily available to give evidence in the States and not in the UK."

Mr. Boris Johnson: Nothing that the Solicitor-General has said contradicts the central fact that these are UK citizens who, if they committed any crime, committed it against a UK company in the UK. Everything that he has said is completely irrelevant next to the central point that under American jurisdiction they would be able to challenge in an American court the stream of allegations that he has made against them before they were extradited to this country. Under the arrangements that his Government have entered into, it is not possible for them to have the allegations that he has made in this House tested before a court in this country before they are sent for trial in America. That is the point of this debate.

The Solicitor-General: The point of this debate is to deal with the issue of whether there is an imbalance between the various requirements of the treaty and the Extradition Act 2003. When the hon. Member for Sheffield, Hallam put his case, he seemed to be arguing about the Act, not the treaty. The Act enables people against whom there is a reasonable suspicion of having committed serious offences imprisonable for more than one year to be extradited to another country. The Liberal Democrats seem to want to suspend that provision in relation to the United States in particular.

It will be interesting to discover what the Conservative position is. Yesterday, we had the bizarre situation whereby Baroness Thatcher went into the Lobby in another place to vote to deny to the United States the sort of provisions that are currently available to Russia, Azerbaijan, Albania and a whole range of other countries with which we have a similar provisions.

Mr. Grieve: Perhaps the Solicitor-General could take this opportunity to clarify a matter around which there

is a degree of muddle. We talk about part 2 territories, which include the United States and Russia. Will the Solicitor-General identify which part 2 territories have been given special privileges under section 84(7) of the 2003 Act, which enables extradition to take place without the submission of prima facie evidence?

The Solicitor-General: The hon. Gentleman knows perfectly well that we are applying a similar test to the United States as we apply to a range of other countries, including South Africa, Azerbaijan, Russia, Australia and New Zealand. Is he seriously saying, on behalf of the Conservative Opposition, that the US legal system has inadequate safeguards for defendants and cannot be trusted to deal properly with cases such as these, compared with a whole range of other countries from Russia to Albania? If the Conservative Opposition are getting themselves into that position, they are digging a very deep hole indeed.

Mr. Hogg: Will the Solicitor-General give way?

The Solicitor-General: I will give way in a moment.

Mr. Howard: Will the Solicitor-General give way?

The Solicitor-General: Let me make my point, then I will give way.

I remember that when the right hon. and learned Member for Folkestone and Hythe was Leader of the Opposition, he managed to become involved in something of a fracas with the United States. The hon. Member for Sheffield, Hallam asked whether we should be concerned that our economy could be affected by damaging our relationship with the United States. It is important that we have a relationship with the United States that pays respect to a legal system that may have diverged from ours to some extent 200 years ago, but which still has substantial safeguards for defendants in its courts. We should respect that. Some might decide not to do so, and if the Conservatives decide to put themselves in the position of saying that the US courts cannot be trusted, they are going to get themselves into a very difficult position.

Mr. Howard: The answer to the entirely spurious point that the Solicitor-General is making is that the arrangements that we have with all the other countries to which he has referred are entirely reciprocal. The objection that is being made from this side of the House to our arrangements with the United States is, as Baroness Scotland acknowledged in another place in December 2003, that they are not reciprocal. That is the key question; that is the distinction. Why does the Solicitor-General keep referring to those other countries in this thoroughly misleading way?

The Solicitor-General: The United States has always required extradition on the basis of probable cause. Indeed, under its Bill of Rights, all criminal cases are determined in that way. The probable cause requirement is an evidential test that is enshrined in its Bill of Rights. The United States is not going to change that requirement, and we are not going to ask it to. Parliament has decided—correctly, in my view—that a probable cause standard of evidence, involving

"information which would justify the issue of a warrant for the arrest of a person",

should be required of countries such as Canada, Australia, New Zealand, the USA and others. Parliament considered the extradition treaty and ensured that it had robust safeguards against unfairness, to protect individuals. Those safeguards were dealt with in the courts. There was a lengthy process that dealt with the three individuals, who were able to go before the court and argue their case.

Individuals may only be extradited for conduct that is also criminal in the UK. This is a dual criminality test which has to be established before a district judge in the UK and can be challenged on appeal.

Keith Vaz: Will the Solicitor-General give way?

The Solicitor-General: I will give way to my hon. Friend. He has been waiting a long time.

Keith Vaz: I am most grateful to my hon. and learned Friend. I am following his arguments closely. What concerns the public and the families of the accused—whether we call them the Enron three or the NatWest three—is the issue of bail. They will be travelling all the way to the United States and staying there for months, or possibly years. We heard from the Prime Minister at Prime Minister's questions that the Attorney-General had spoken to the United States Justice Department. What new information does the Solicitor-General have for the House that will reassure the public and the families of those concerned that the three might be granted bail?

The Solicitor-General: I can tell my hon. Friend that discussions have taken place between our Attorney-General and the United States Attorney-General, Alberto Gonzales, who has indicated that the US prosecution will not oppose bail. It will of course be a matter for the court to set the appropriate conditions, and it will be a matter for the defendants to agree to those conditions. I hope that that will provide some reassurance.

Mr. Henry Bellingham (North-West Norfolk) (Con): Will the Solicitor-General give way?

The Solicitor-General: No, I will not. I want to deal with some of the myths that have been raised.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Solicitor-General give way?

The Solicitor-General: No, I have taken a lot of interventions. I have great respect for the hon. Gentleman, who is a close neighbour of mine, but I have now been speaking for 25 minutes without managing to reach some of the core arguments that I want to put before the House.

Sir Patrick Cormack: Will the Solicitor-General give way?

The Solicitor-General: No, I will not give way. I respect the hon. Gentleman and I apologise to him, but I must make some progress. I do not propose to stay on my feet for much longer, as there are many others who wish to speak in the debate.

The first myth is that the Extradition Act 2003 is intended solely to deal with terrorists. We heard that from Conservative Back Benchers. In fact, the Act covers all manner of crimes serious enough to attract a maximum sentence of more than 12 months' imprisonment. That was clear throughout the passage of the legislation. It was not drafted in response to 9/11, as has also been suggested. Its origins lay in the early development of the European arrest warrant in 1999, and it was intended to update an extradition system that dated back to Gladstonian times. The Home Office published a review in March 2001—I emphasise the month, because it was well before September—to set out the basics of what was to become the Act. Although much was made of fraud cases, the majority of cases brought under the Act are likely to include murder, rape, drugs, money laundering, child pornography and robbery. It will also help to extradite people accused of terrorism, but the basis of the Act predates 9/11 and it is a myth that that is not the case.

A further myth is that the US needs to provide us with more information when making a request. Indeed, I heard the hon. Member for Sheffield, Hallam on Radio 4 this morning saying that the US needed only to prove the identity and whereabouts of a defendant, and not much else. That is not the case. In order to meet our information requirement, the United States needs to supply information that will provide a reasonable basis to believe that the person sought has committed the offence for which extradition is being requested. Based on the evidence that the courts have heard, it has achieved that in the case of these three individuals.

Mr. Grieve: Will the Solicitor-General give way?

The Solicitor-General: I will not give way. With the greatest respect to the hon. Gentleman, I am trying to make some progress.

Would the United States have been able to prove a case to the higher standard of a prima facie case? We have already heard the district judge take that view.

Mr. Grieve: I appreciate that the Solicitor-General is dealing particularly with the case of Mr. Bermingham, Mr. Darby and Mr. Mulgrew, but will he confirm that other extradition cases are pending? Because those cases post-date the implementation of the 2003 Act, the kind of material that establishes a prima facie case is simply not being delivered. In the Morgan Crucible case, for example, the documents are very scanty indeed, yet they are still sufficient to give a basis for extradition.

The Solicitor-General: Exact reciprocity between different legal systems is probably impossible. The US and UK legal systems diverged 200 years ago, and it is our view that probable cause and the UK's information requirement are the nearest rough and ready parity that we are reasonably likely to be able to achieve in any reasonable circumstances. It is clear that the arrangements that existed before the Extradition Act 2003 were grossly unfair to the United States, because they required a much higher level of proof to extradite someone from the UK to the United States than the other way round. It often took 30 months to extradite someone. In one case, it took 10 years. The US system of probable cause is a lower test, and those we seek to extradite are normally removed to this country within about five months. We do not want to go back to a situation—as Opposition Members seem to want to—in which it takes 10 years to extradite someone.

We have modernised our extradition system to recognise the nature of global crime, and we do not want to send it back to the Victorian era. Exact reciprocity between two legal systems is almost impossible to achieve. We have been asked to look at the particular question of reciprocity many times since it was first raised during the passage of the 2003 Act, when we thought that probable cause might be a slightly higher test than others. We have gone into that in great detail. We have discussed the matter with the US, and we are entirely satisfied that it interprets the phrase that I have just used—such information as would provide a reasonable basis to believe that a person sought to commit the offence for which that extradition is requested—in a way that is broadly equivalent to our approach. That is our view, and I hope that Opposition Members will accept that there is such a view—that although the approaches are not entirely equivalent, they are broadly so, in a rough and ready manner. It may well be the case that probable cause is a slightly higher test than information, but we must remember that there is a two-door scenario going both ways. The test has to be proved to a probable-cause standard going both ways; that test is in the US courts. What we want is the treaty ratified, in order to ensure that other procedural benefits are put in place to make those whole procedures much faster and to ensure that we are able to extradite those persons who ought properly to be extradited.

The three individuals in this case face very serious allegations. Their case has been reviewed at length in the UK courts. It is a myth that this matter is all about events in the UK alone; that is pure myth. They are innocent until proved guilty, as are all accused. But we must remember that Enron was the biggest fraud in US history, and the US authorities are very concerned about any issues relating to it. The balance in the test for extradition that exists between the two countries is not identical but it is very similar. We believe that the treaty that we have entered into is the right one, and we also believe that about the Extradition Act 2003.

That Act is the real focus, not the treaty. This debate is all about that Act; it is about whether an Act that this House passed—that this House voted for—is the right Act. Those Opposition Members who will shortly speak need to decide what their position is on that; they were prepared to acknowledge the importance of dealing with these issues on a previous occasion, but are they still prepared to do so, or are they going to put themselves on course for another confrontation with the United States?

What we need is fairness. We have a broad level of fairness in the Extradition Act. We want to ensure that we keep that level of fairness, and that the Acts of

Parliament passed by this House—Acts which were the right ones when they were passed, and which are the right ones now—are the Acts on which our courts are able fairly to decide cases.

1.32 pm

Mr. Dominic Grieve (Beaconsfield) (Con): I am sorry that those of us attending this debate on such a serious issue—which was fairly opened by the spokesman for the Liberal Democrats, the hon. Member for Sheffield, Hallam (Mr. Clegg)—should have been treated in the Solicitor-General's response to a strange mixture of polemic and crude defence of the Government's position in a particular case, although I have some sympathy with the Government on the issues of that particular case, as I shall make clear. Only at the very end of his speech was he prepared to start to deal with some of the underlying issues involving the UK-US extradition treaty and, as he rightly said, the proper operation of the Extradition Act 2003, which ought to be of concern to this House because, as often happens when we pass legislation, we can end up with the law of unintended consequences.

The Solicitor-General has given the impression that the current media anxiety—which is clearly shared by the public, if the volume of e-mails that I have been receiving is anything to go by—is in some way manufactured, and, indeed, that it was suggested by a public relations agency. I rather doubt that that is the case. It seems to me that the events that have surrounded the extradition of Mr. Bermingham, Mr. Darby and Mr. Mulgrew to the United States have exposed misgivings on the part of the public about how the extradition arrangements between us and the US are operating. That must be a legitimate topic of debate in this House; it is what we are here to do. If we indeed made a mistake in respect of the Extradition Act 2003 three years ago, or in respect of our treaty with the United States, it is high time that we considered those issues.

Simon Hughes (North Southwark and Bermondsey) (LD): Does the hon. Gentleman agree with the views expressed by my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg), and by many others, first that there should only be implementation of a treaty to which we are a signatory when the other signatory also implements the treaty, so that there is reciprocity in respect of it coming into effect, and secondly that all such treaties should be subjected to proper parliamentary scrutiny before they are signed on behalf of the United Kingdom Government?

Mr. Grieve: Yes, I agree with the hon. Gentleman, and I will return to those points shortly.

Mr. Hogg: Does my hon. Friend also agree with this proposition: what the Government have done by designating the United States a country that benefits from a fast-track procedure is to remove from the United States any incentive to ratify this treaty?

Mr. Grieve: I entirely agree with my right hon. and learned Friend, and I shall also return to that point shortly.

I shall start with a few general points, because it is important that we get them clear. First, I have no idea whether Mr. Bermingham, Mr. Darby or Mr. Mulgrew are guilty or innocent of the offences with which they are charged—indeed, that outcome is irrelevant to our debate. Secondly, regardless of whether people are innocent or guilty, the process by which we extradite individuals to foreign countries to stand trial can be onerous: during the trial process, they are removed from proximity to their families; they are sometimes in foreign countries—not only the United States—with different cultural practices; and the conditions of imprisonment can be very different from those that prevail in this country. Those are not reasons why we should not extradite people, so long as we are satisfied with the fairness of the trial process. We are perfectly prepared to contemplate that. This country has been doing that, and the comity that exists between nations makes it important that we preserve that position.

I say this to the Solicitor-General because I hope that it might provide a quieter and calmer framework within which we can debate the issues. The problem arises because the Government perfectly sensibly chose to renegotiate the existing 1972 treaty with the United States of America. They had good reason to do that, because the old treaty had many flaws. The Solicitor-General has not touched on them, and I will not go into them in detail, but there were issues to do with time limits and temporary surrender, and there were handicaps, as has often been pointed out in the House, to do with extraditing certain types of United States defendants to this country, particularly if they were Irish nationals wanted for terrorist offences. To embark on renegotiation was perfectly sensible, and it was also perfectly sensible for those involved in that process to consider our own practices, particularly in light of the fact that the Extradition Act 2003 was in contemplation at the time.

The problem arises because, in negotiating that treaty, the Government allowed themselves—the expression used by Lord Mayhew in the other place was correct—to be treated like patsies in relation to reciprocity of implementation. They had a treaty that had some mutual advantages, although I do not think that its terms were sufficiently well scrutinised, but they gratuitously chose to give them to the United States without deriving any benefits for ourselves under it by giving the US privileged status under the Extradition Act 2003. I will return to that. When Baroness Scotland in the other place or Ministers in the House of Commons express their sadness, irritation, annoyance or anxiety on behalf of those in this House and the general public that the United States has not ratified the treaty, they have only themselves to blame for what happened. A little realpolitik dictates that those who give people everything that they want without asking for the return that they were promised are never going to get that return. I gather that Baroness Scotland is going to the United States—she may be flying over at this very moment—to supplicate the US Attorney-General, but the truth is that she cannot persuade Congress, which is made up of some pretty hard-headed individuals, unless they decide that there is something in it for them. There is a fundamental failure of government here, and although

[Mr. Grieve]

it does not reflect badly on the Solicitor-General or the Law Officers, it certainly reflects very badly on the Home Office.

Mr. Hogg: Will my hon. Friend remind the House that there is a termination clause in the treaty—article 24—and that, if we do not get satisfaction from the United States, we are entitled to invoke it to terminate the treaty?

Mr. Grieve: My right hon. and learned Friend makes a valid point. The Government should consider giving a terminal date to the United States by which ratification on their side must take place, or we should go back to the drawing board. The reason why we should go back to the drawing board is that the treaty raises a number of difficult issues that this House has not properly considered.

Mr. Bellingham: Does my hon. Friend agree that the way in which the Solicitor-General skipped over the ratification point was a disgrace? If the Government feel strongly about ratification and want to put pressure on, one thing that the Home Secretary surely could do is to refuse to allow any extraditions until ratification takes place.

Mr. Grieve: It is open to the Home Office to suspend operation of the designation of the United States as a part 2 territory with special privileges. That could be done by the signature of the Home Secretary at any time, and if I were in his position, I think that I would do just that.

Kate Hoey (Vauxhall) (Lab): Does the hon. Gentleman agree that it is possible that Congress will never agree to sign this treaty? It is clear from the history of cases of a political nature where people were not allowed to come back, particularly those involving Irish terrorism, that there are those in the United States who will never accept that British courts have a right to try anyone from Ireland.

Mr. Grieve: I agree with the hon. Lady and that point is a source of concern. The history—or non-history—of the ratification process strongly suggests that ratification may never happen. Indeed, the only way that it will is if this Government have the courage to point out to the United States that the privileges that we are giving to them, and which are of advantage to them and their criminal justice system, will be withdrawn. That, I am afraid, is how diplomacy works. Given that that approach has been abandoned for the airy-fairy concepts that have governed the Government's dealings with the United States since then, we should not blame the United States if, when it comes to the crunch, they look to their own advantage in these matters. It is only when countries on both sides look to their own advantage that one gets an agreement that is binding and durable.

The Solicitor-General: I am listening with care to the hon. Gentleman's argument and trying to work out exactly what the "return" that he mentioned the need to have is. Is it that probable cause be removed? I think not, and the hon. Gentleman has not suggested that. Is it that the treaty should be ratified? He wants it to be ratified, but does he accept that an information and probable cause reciprocity is adequate? Is that what he is asking for, or is he asking for an abrogation of the treaty? He talked at one stage of going back to the drawing board; is it Conservative policy to abrogate a treaty with the United States?

Mr. Grieve: I have to say to the Solicitor-General that I cannot think of any reason not to abrogate the treaty with the United States at the moment. There is absolutely no national advantage to our having signed it whatsoever. I said to the Solicitor-General that I would consider the other aspects—*[Interruption.]* He shakes his head, but the reality is that, at the moment, if we wish to extradite individuals from the United States, we are entirely bound by the 1972 treaty, which is still in operation and which I have no desire to abrogate. That is our advantage at the moment—nothing more. If we choose to abrogate the later treaty, which has not been ratified and has therefore never been brought into operation—I am not sure that it requires abrogation; it simply has not happened—I do not see that we would lose anything whatsoever in our current relations with the United States.

Several hon. Members *rose—*

Mr. Grieve: I want to make progress.

I turn to the Extradition Act 2003. In fact, the Government's willingness to give to the United States special privileges under that Act required no treaty at all with the US; it was merely a gratuitous act by this Parliament. *[Interruption.]* If the Leader of the House looks at what happened, he will see that in fact, we abstained on the order. *[Interruption.]* We abstained and expressed our misgivings, which were—*[Interruption.]* If the Leader of the House wants to intervene, I will give way to him.

Mr. Straw: The Conservatives did indeed abstain on the vote on the order; only the Liberal Democrats voted against it. Did they abstain because they were in favour, because they were against, or because they had absolutely no view?

Mr. Grieve: We abstained because we expressed misgivings about the scope of the powers given to the United States. We were swayed by the Government's arguments about the need to have the new arrangements to deal with terrorism. Speaking personally, I regret that, in view of what I have discovered since about the way that this process is operating. I say candidly to the Leader of the House that what happened troubles me, but it was done in good faith and the Government should be pleased, I suppose, that for once, assurances that they gave to hon. Members received a response on this side of the House. But the truth is that those assurances proved to be flawed.

Mr. Straw: That is a paltry explanation. The hon. Gentleman is familiar with the 2003 Act under which

the order was made and it is perfectly obvious that the order applies to any kind of extradition, not just terrorist offences.

Mr. Grieve: I do not know whether the Leader of the House has read the relevant *Hansard*, but if he has not and he does, he will see that during those debates, the hon. Member for Don Valley (Caroline Flint) made a number of claims about the way that the 2003 Act would operate in relation to the United States that were—I am sure inadvertently—misleading. The fact is that they certainly had an effect in persuading Members of this House to go along with what the Government wanted to do.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): As Leader of the Opposition at that time, it was clear to me—and to all my colleagues—that the main reason why we acquiesced to the speed with which this provision was pushed through was that the Government said that it was absolutely vital in the pursuit of terrorists. There were other aspects to it, but terrorism was the key driver, which the Government should not resile from. Will my hon. Friend please ask the Government a very simple question? Apart from the details that my hon. Friend thinks might be wrong, or which there might be problems with, what is it that the Government object to? The reality for all of us in this place is that when this provision was pushed through, the Government never said that parity was unimportant. Surely parity is vital, so why do the Government not act?

Mr. Grieve: I agree entirely with my right hon. Friend and I also agree that parity is vital.

That leads me to my next point, which concerns parts 1 and 2 of the 2003 Act. Part 1 deals with the European arrest warrant, which is backed by the fact that the signatories are signatories to the European convention on human rights. I want to pick up on the earlier intervention of the hon. Member for Sunderland, South (Mr. Mullin). He might have been about to make this point himself, but I will make it. In the summary of the report that considered that legislation, his Select Committee pointed out the following:

"we express concerns about proposals to relax the requirement that extradition requests from non-European countries must demonstrate that there is a prima facie case to answer".

The report goes into greater detail on that issue later. However, that is exactly what the Government chose to do, and they chose to do so in the context of the United States, when they were also aware that in fact, there would be no parity in terms of the test that had to be applied on both sides.

The weakest point of the Government's argument, both here and—in the light of yesterday's debate in the Lords—in the other place, is the extraordinary assertion that reasonable cause and making out mere suspicion, which is all that it boils down to, are on a par with each other. We have a substantial hurdle to overcome in the United States. The tendering of prima facie evidence in an evidential sense is not necessarily required, but the making of a prima facie case in a documentary and discursive sense is certainly required, although it can be done by hearsay. In contrast, all that the United States must now do is send in a document in which it sets out a case. As long as that case is made out, and the other criteria, which are a list of safeguards on identity, dual criminality, double jeopardy and the illness of the defendant, are satisfied—*[Interruption.]* As long as those criteria, including the Human Rights Act 1998, are satisfied, there can be no possibility of further examination of the material to decide whether the extradition should happen.

The Solicitor-General knows about the Raissi case, which posed the threat of a serious miscarriage of justice. Under the existing new rules, Mr. Raissi would undoubtedly have gone to the United States. He was spared that because it turned out, as the prima facie case was examined, that there was a case of mistaken identity. More than that, the case against him was entirely flawed.

Those are not slight or academic matters but have a practical impact. In deciding to grant this special privilege to the United States of designation under section 84(7) of the Act, the Government have made a mistake. The lack of parity immediately gives rise to the taint of unfairness. In any event, I have some reservations about moving away from the old test in the case of non-European countries generally. In that regard, I have genuine anxieties that go beyond merely the UK-US extradition treaty.

Malcolm Bruce: The hon. Gentleman is making an important point. Does he share my concern that the Solicitor-General, in quoting the district judge's comment on the submissions made in this case, failed to point out—in relation to which the hon. Member for Henley (Mr. Johnson) understandably intervened with some anger—that the defendants had no right to challenge, test, explain or counter that evidence, which might well have been produced by those engaged in a plea bargain in the United States and could have been entirely false?

Mr. Grieve: The hon. Gentleman is right, and that is why I intervened on the Solicitor-General when he started telling the House that we should not worry about anything, because the United States sent over volumes of material, as if it were doing a pre-2003 Act extradition. That might be true, and I accept that, if that material had been tested on the 1972 Act provisions, the three defendants might still be extradited to the United States. The difference is that there would not be such huge public disquiet about the manner in which it has been carried out. Even though the material was available, the defendants were deprived, in the course of the extradition proceedings, of the opportunity to carry out the pre-2003 Act scrutiny that they could have done previously, even when they took the matter to the High Court on review. The points taken in the Court of Appeal related to the Human Rights Act, and by their very nature were not as extensive, and could not be the same, as if we had provided a balancing exercise to enable that scrutiny to take place.

Mr. John Redwood (Wokingham) (Con): Is not the crucial point that, according to the British Government, these three men are entirely innocent. We know that that is the British Government's view,

[Mr. John Redwood]

because there is no prosecution pending and no suggestion of any charge in this country about events that took place here. Is not it the duty of the British Government to defend the innocent?

Mr. Grieve: My right hon. Friend makes a good pint. That brings me to the consideration—finally, I hope, as I do not want to take up too much time—of the issue of forums.

The second issue that we must consider, which was considered in the other place yesterday, is that we chose in the 2003 Act, bizarrely, to get rid of the protection that existed in article 7(1) of the 1957 convention on extradition, which allowed an extradition to be prevented if the person was being sent to an inappropriate forum for the trial. As I did not participate in detailed consideration of the 2003 Act, I am unclear as to why the Government decided not to include that safeguard in the Act generally. Every other country has that safeguard. The Irish, who regard themselves as close partners and friends of the United States, and who have an extradition arrangement, have a forum clause in their treaty, which enables the question of the appropriate forum to be considered.

One reason why so much public disquiet has been expressed about the case of Mr. Mulgrew, Mr. Bermingham and Mr. Darby is that they are in this country, the victim, NatWest, is in this country, and a trial could properly take place in this country without the onerous burden of extradition. However, they have been deprived of that opportunity—it has only been taken as a Human Rights Act point, which is inadequate. I have yet to hear from the Solicitor-General why the Government have not adopted that protection, which, in my understanding, applies across virtually every other European country. That makes a considerable difference. Were we to introduce that protection, along with reciprocity with the United States, the Solicitor-General would find that the public disquiet that has arisen, which, as I said, is genuine, would be allayed.

The Government have a responsibility for good governance. One of the features of good governance—picking up the point made by my right hon. Friend the Member for Wokingham (Mr. Redwood)—is the paternal relationship between the state and its citizens. That is not to say that the state should not give up its citizens for trial elsewhere when there is clear evidence that they should be tried and it is in the public interest. But the state should not appear to be cavalier with their rights. One of the things about the Government that makes me anxious, which is a wider issue than the UK-US extradition treaty and runs through a host of pieces of legislation that have an authoritarian tinge that undermines civil liberties in this country, is that they combine an extraordinary internationalism and an attitude that state boundaries and borders are rather archaic with a reluctance to stand up for their own. That is troubling, as it undermines public confidence in the state, and will ultimately, and corrosively, undermine public confidence in the criminal justice system.

The Solicitor-General: I want to clarify the nature of the hon. Gentleman's argument. He seems almost to be suggesting that we should make it the responsibility of a judge at a hearing to determine whether it is appropriate for the Serious Fraud Office in this case, but in other cases the Crown Prosecution Service, to take a view about whether a prosecution should occur, and that we abrogate that responsibility, which is for prosecutors. Perhaps I have misunderstood him. Alternatively, he is suggesting that the judge would oblige the SFO to investigate a case when the SFO decided that the best place to try it is elsewhere, as in the case of the three individuals under discussion. We should also remember that the district judge said that he had real concerns that, were there an obligation on the SFO to undertake a complete investigation, when it had already been done in the US, there could be issues around abuse of process, which would be serious. Is it the hon. Gentleman's view that we should return to a situation in which we must have a mini-trial in each case to examine all the evidence—some such cases have lasted 30 months and one lasted 10 years—and that that would also apply in terrorist cases?

Mr. Grieve: I am afraid that the Solicitor-General again does himself less than justice. Other courts, such as the Irish jurisdiction, are perfectly capable of resolving the issue of the forum test. He has once again moved from the general points that I want to make to the particular points about the case involving Messrs Bermingham, Mulgrew and Darby, which is precisely what I want to avoid. I have no idea whether, after consideration of forum points, those individuals might still be extradited to the United States. The fact is, however, that no such consideration has taken place, and that should be possible under the Extradition Act 2003 for every country to which we are carrying out extradition. That is a serious flaw in the legislation. The fact that that is provided for specifically in the 1957 extradition convention makes it all the odder that, when the Government move to try to streamline and simplify the extradition system, with which I do not disagree, they do not include such an essential safeguard. The lack of that safeguard is one of the major reasons for the Government's present problem.

The Solicitor-General: The provisions of the European convention on extradition were incorporated in the Extradition Act 1989 by the Conservative Government, but the natural forum protection provisions were not. Why did the Conservative Government not include those provisions?

Mr. Grieve: The Solicitor-General makes a good point. The answer to his question is that I do not know, but I would hazard a guess. At that time, we were still operating on the basis of having to show a prima facie case. The removal of that essential safeguard makes it all the more important to read the 1957 convention to establish whether there are other safeguards that ought to be included. All I can say to the Solicitor-General is that, in my view, the forum safeguard ought to be incorporated in the existing legislation.

Mr. Hogg: Perhaps another reason was that the Home Secretary retained residual discretion not to extradite.

Mr. Grieve: My right hon. and learned Friend is of course right. That is one of the issues that have arisen over the past two weeks. When people have written to me saying that the Home Secretary should exercise his discretion not to extradite, I have had to write back pointing out that no such discretion exists any longer. It has gone.

Let me return to the point that I was making to the Solicitor-General. That residual paternalism, which was there to protect the citizen through the mechanisms and operation of the state, has been removed. Something else must be put in its place, so that people consider that the outcome is fair.

This is not the first occasion on which this problem has arisen and, if the Government do not listen to what is being said, it will not be the last. It will continue. There are numerous other cases in the pipeline, some of them—on their facts—much more challenging that the case of Messrs Bermingham, Mulgrew and Darby. Unless the Government heed the warnings, the criminal justice system in this country will be tainted. There is no need for that to happen. Sensible measures can be put in place. I ask the Government to listen to what a large number of people are saying about this matter.

2.1 pm

Mr. David Winnick (Walsall, North) (Lab): I have reservations and concerns about what we are debating, but I will say this: if the position were different and either of the Opposition parties were in office, the same procedure would be taking place. I know that the Opposition parties do not agree. My hon. and learned Friend the Solicitor-General made a telling point to the hon. Member for Beaconsfield (Mr. Grieve) a few moments ago, and although the Liberal Democrats are hardly likely to agree, I believe that the same position would arise if they were in government. I must add that if my party were in opposition, we would be strenuously opposing what is intended. That is the nature of party politics in the House of Commons. I make no complaints about it, as long as we are not hypocritical and have no illusions.

If there were a free vote on the treaty, which will not happen, I doubt that many Members would vote for it. I would be surprised if more than 25 or 30 did so. As I have said, however, this is the House of Commons. Party politics dominate here, and I certainly have no complaints about that.

Bankers are not a group whom I would normally defend. They do not fall within the category of causes for which I have campaigned for 40 years and more, involving people who have been caught up in various cases and whom I have wished to defend. When, on past occasions, we have talked of the four, the five or the six, they have not been bankers. Perhaps this is a first.

I should also make it as clear as possible that if there have been dishonest dealings, as there may well have been, I am the last person to try to defend them. White-collar crime should certainly be taken seriously. It may well be that these three are guilty. They may have been seriously involved in all the dishonesty of Enron. If that is the case, obviously they should pay the penalty.

It has been suggested by one or two people—not in today's debate—that there has been a clever PR exercise in which the three have made themselves out to be heroes. If that is the case, to a large extent the Government have played into their hands. What is happening is a result of the treaty, and I do not think that that should be overlooked.

This is not a matter of bankers. It is the principle that concerns me: the principle of an unfair arrangement between the United States and ourselves. I know that some Members—perhaps I may cite my hon. Friend the Member for Sunderland, South (Mr. Mullin)—have concerns about the United States criminal justice system. That is not necessarily my concern. I do not work on the basis that the American legal system is so inferior, or indeed inferior in any way, to the British criminal justice system. I am not a lawyer, but for some time all the evidence has suggested to me—despite Guantanamo, and despite what has happened more recently in the United States—that the United States is a country based on law, and that its criminal justice system is exercised no less than is ours in this country.

Mr. Hogg: When the hon. Gentleman reflects on the American system, perhaps he should keep in mind Guantanamo Bay, and also the extraordinarily long prison sentences that are being imposed in respect of matters that would attract very modest sentences in this country.

Mr. Winnick: At the cost of arguing against myself, I did mention Guantanamo. I do not think there is any evidence that the three people involved in this case will be given uniforms like those who are detained there. We should also bear in mind what the United States Supreme Court has decided on Guantanamo—a decision of which I am sure the right hon. and learned Gentleman is aware. By and large, on the basis of what I have read and seen in films—although it may not reflect reality—I am by no means persuaded that the United States criminal justice system is inferior to ours. That is not part of my argument today, although it may be part of the arguments of others.

Let me return to the reason why I am concerned enough to speak in the debate. The treaty between the United States and ourselves is one-sided. As has been emphasised enough times before, and will be emphasised again, it is not reciprocal. We will not be able to extradite from the United States people living there, as US nationals or otherwise, on the same basis that enables the United States to extradite people from Britain.

All that I would ask the Government—not, I repeat, as a lawyer—is why the same level of evidence is not required on both sides. That, surely, is the issue: that is the principle that we are debating. It is simply not good enough to argue that the earlier treaty tended to be more one-sided in Britain's favour—although that may be so. In fact, the consensus is that it was slightly more one-sided in Britain's favour. But surely the remedy is not to reverse that. Surely the remedy is obvious, even, as I say, to a non-lawyer. There should be a balance: the same level of evidence should be the requirement. That is not the position now, and despite what has been

[Mr. Winnick]

argued by my hon. and learned Friend the Solicitor-General and others, I simply cannot be persuaded that what is being done is the remedy.

The Solicitor-General: I have listened carefully to my hon. Friend's argument, and it is an important argument—but, with the greatest respect to my hon. Friend, he is making a legal point. He is claiming that there is not a broad similarity between the two tests. As far as I can see, this is not a one-sided treaty, and, more particularly, the Act is not a one-sided Act. Exact reciprocity between two different legal systems is not possible, but what we have is broadly similar—sufficiently similar to be as good as anything that we are ever likely to get in terms of equality between the tests in the two countries. That is the legal position.

Mr. Winnick: I have listened to what has just been said. I have also read the report of the debate in the other place, and it appears to me that the position is not as my hon. and learned Friend has described it. That balance does not exist; if it did, the present controversy would not have arisen. The level of evidence required for this country to secure the extradition of a United States national, or someone living in the United States, to Britain is not the same as the level of evidence that is required for the opposite procedure.

Susan Kramer (Richmond Park) (LD): Does the hon. Gentleman agree that there are two imbalances? One is the imbalance inherent in the treaty—even if it were signed by both parties—but the more acute imbalance is the fact that the treaty is not even signed by the other party. Does he agree that when signing a treaty with the US, we have to be conscious that it involves a relationship with the Senate, not just the Administration? The American Civil Liberties Union and the Irish lobby campaigned strenuously from day one to ensure that the treaty was not ratified, so is it not obvious that the British Government must have known that obtaining that signature was near impossible?

Mr. Winnick: The hon. Lady makes just the point that I was about to make. First, the treaty has not been ratified. Indeed, it could well be argued on the American side that there is no need for any hurry. If it is being implemented on the British side, why should there be any hurry on the part of the American Senate to ratify it? There is no incentive to do so. The hon. Lady rightly made that first point, and her second one, too, remains relevant. Even if it is ratified the imbalance remains, so it is not just a question of the Senate acting in due course. Apparently, great efforts are being made on the British side to get ratification, but even if that happens, the imbalance and the controversy will continue. As has been said already, no other country in Europe—not even countries that are no less favourable allies than ourselves—has the same sort of arrangement that we have negotiated with the United States.

I conclude my brief remarks by saying that I am far from being anti-American, and I have shown that over recent events. Like the Prime Minister, though perhaps not to the same extent, I believe that it is in the interests of Britain to have a close, friendly working relationship with the US. It may come as a surprise to one or two people on the Opposition side to hear me say that, but that has nevertheless been my position. I do not believe that since 1945 it would have been to this country's advantage not to have such a close working relationship with the US. We have already lived through the cold war and now face acute terrorist threat and danger, as we saw only yesterday in India and in what happened on 7/7.

Obviously, I do not work on the basis that we are necessarily countries of equal size or influence; it would be nonsense to believe that. I am concerned, however, that there is a growing feeling in Britain, even among people who would not view themselves as anti-American, that in our relationship with the US we are not getting the balance and equality that we should. People feel that what the US wants, we concede without too much difficulty, and without going properly through all the ramifications. There is a real danger that such feeling could turn into real antagonism towards the US, which, as I said, would certainly not be in Britain's interest.

I ask the Solicitor-General to reflect on the fact that we are talking about three individuals now, but who knows what will happen next year or the year after? It may not necessarily be bankers next time. If that happens, there will be far more of an outcry on the Labour Benches than we have seen today. The principle is the important thing, and I hope that even at this late stage, my hon. and learned Friend will give further consideration to this matter. There is a great deal of anxiety in the country. He may think otherwise, but for all the reasons advanced in the debate, I believe that the anxiety is very considerable.

2.14 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): I congratulate the hon. Member for Sheffield, Hallam (Mr. Clegg) on obtaining the debate and on the way in which he opened it. I also congratulate the shadow Attorney-General on the extremely cogent points that he made, and I find myself in total agreement with the speech of the hon. Member for Walsall, North (Mr. Winnick). In those circumstances, it will not be easy for me entirely to avoid repetition. However, in the light of the Solicitor-General's continued assertion that black is white, and of his continued refusal to accept the most convincing propositions put in the debate thus far, some repetition may not be entirely out of order.

The first and overriding duty and responsibility of the House is to safeguard the liberties of the individual against unfair, arbitrary or oppressive action by the Executive. That is what we are here to do, and the question before us this afternoon is whether we can rise to the challenge of fulfilling that duty and discharging that responsibility, or whether we will allow the Government to ride roughshod over individual liberties.

The difficulties that we are debating arose out of two serious mistakes that the Government made. The first was to agree to a set of arrangements for governing extradition between this country and the United States, which lack reciprocity and are one-sided. The House

need not take my word for that, because chapter and verse have already been provided. On 16 December 2003, Baroness Scotland, the Minister responsible for these matters, said as much in the other place. She said that, under these arrangements, the test that we have to meet when we seek extradition to this country is, and I quote her exact words,

"a higher threshold than we ask of the United States, and I make no secret of that."—[*Official Report, House of Lords*, 16 December 2003; Vol. 655, c. 1063.]

In the light of that absolutely categorical statement, it is, to put it mildly, incomprehensible that Government spokesmen from the Prime Minister down have since continued to claim that the arrangements are reciprocal. They are not.

Mr. Hogg: And what is more, the imbalance is perpetuated in the terms of article 8(3)(c) of the treaty. The imbalance is actually stated there.

Mr. Howard: Indeed, it is stated explicitly in article 8(3)(c).

The difference, in a nutshell, is this. In order to obtain the extradition of anyone from the United States, we have to show that there is probable cause that the person concerned has committed the relevant offence, whereas the United States has to provide only information—not evidence—to justify the issue of a warrant for the arrest of the person concerned. There is a clear and enormous difference between the two, so the Government's first mistake was to agree to this one-sided test.

The Government's second mistake, as has already been pointed out, was to designate the United States under the Extradition Act 2003 before the US Senate had ratified the extradition treaty. Any incentive that there would otherwise have been for the Senate to ratify the treaty was thereby removed.

In response to overwhelming criticism from all quarters, the Government have tended to say three things. First, in the face of the facts and of the statement by Baroness Scotland in the other place, they assert that the arrangements are reciprocal. Just a week ago today, the Prime Minister said:

"it is not true that the United States has a different evidential burden from this country."—[*Official Report*, 5 July 2006; Vol. 448, c. 807]

That statement is plainly incorrect, and the Prime Minister should apologise and withdraw it.

Secondly, the Government resort to the terrorism gambit. On 1 March, in response to the leader of the Liberal Democrats, the Prime Minister referred to these issues as "international terrorism issues". As we know, that is a gross distortion of the issues at stake, and the Prime Minister demeans himself and devalues the importance of dealing with terrorism by using that argument in that way.

Thirdly, the Government accuse their critics of being anti-American. For those of us who have devoted a political lifetime to transatlantic relations, that is perhaps the most contemptible charge of all.

Mr. Clegg: I am equally stung by the assertion that those who criticise the Government's approach are anti-American. Is the right hon. and learned Gentleman as struck as I am by the report of the American Bar Association's symposium last year? The Las Vegas transcript of the symposium shows the US authorities almost incredulous at how far Britain has bent to accommodate their demands. One participant marvelled that a hearsay affidavit by the prosecutor was enough and that they did not even have to provide witness affidavits.

Mr. Howard: The hon. Gentleman is right. Other distinguished American lawyers have repeatedly made similar points. They cannot believe that this country so readily agreed to such a one-sided set of arrangements.

The Solicitor-General referred rather contemptuously to what he described as a "fracas" that I had with the President of the United States when I was Leader of the Opposition. It is true that I had a disagreement with the President of the United States, but the Solicitor-General appears to believe that there is something dishonourable or embarrassing about taking a view different from that of the President of the United States. The difference between him and me is that I do not believe that to maintain good relations between this country and the United States, it is necessary for the Prime Minister of the United Kingdom to be a poodle of the President of the United States.

The case that has given rise to the debate and the widespread concern behind it involves three British subjects who are accused of a crime committed in this country, largely against their British employers, who do not wish to press charges. The prosecuting authorities in this country do not wish to press charges, either. My hon. Friend the shadow Attorney-General referred to article 7.1 of the European convention on extradition—the forum clause, which obliges the court to take account of the matters that I described. If it had been incorporated in the 2003 Act, as it is in the extradition arrangements between the Irish Republic and the United States, it is at least open to question—I put it no more strongly; we cannot know the outcome—whether those men would have been extradited.

It would surely be an affront to our standards of justice and everything that the House should defend if those men found themselves in a Texas jail for up to two years before even having the opportunity to answer the charges against them.

The Solicitor-General: I give the right hon. and learned Gentleman the same opportunity as I gave the shadow Attorney-General to explain why, if the forum clause is so important, the Conservative Government decided not to include it in their 1989 legislation.

Mr. Howard: My hon. Friend the shadow Attorney-General and my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) answered that point. The circumstances were different—it was necessary to establish a prima facie case, and the Home Secretary had a residual discretion to refuse extradition.

Perhaps I can deal with the other question that the Solicitor-General and the Leader of the House posed about why my party abstained and did not oppose the arrangements when they came before the House. With the benefit of hindsight I wish that we had not

[Mr. Howard]

abstained, but the Solicitor-General and the Leader of the House appear to contend that we should have known better than to rely on assurances from members of the Government. They are right: we should have known better. Next time they ask us to rely on assurances from their colleagues, I have no doubt that my Front-Bench colleagues will remember their words today.

Mr. Redwood: The expertise of my right hon. and learned Friend on such matters is renowned and he is making a powerful case. However, is not the crucial point the fact that there is no charge pending and apparently no intention of charging those people in Britain, where the alleged events took place? That shows how supine the Government are. They will not stand up for innocent British citizens against the arbitrary use of power elsewhere.

Mr. Howard: My right hon. Friend is right. The Solicitor-General appeared to regard it as important that several potential witnesses were in the United States. He has apparently overlooked the invention of the aeroplane and the possibility of bringing people from the United States, as frequently happens, to give evidence in this country's courts. There is no reason why that should present difficulties.

The Prime Minister referred to the assurances that have been given about bail. The hon. Member for Leicester, East (Keith Vaz) asked about that earlier in the debate. It has been said that the United States prosecuting authorities will not oppose bail if the three men comply with "appropriate conditions"—I believe that I have quoted the Prime Minister correctly. What are appropriate conditions? The American courts will determine them, and we have no reason to suppose that they will depart from their precedents for what conditions are regarded as appropriate. Indeed, it would be extraordinary if they did so. We know that it is customary for American courts to demand the posting of a high value bond and to set onerous conditions before bail is granted.

I fear that, in the light of what has been said this afternoon, we will not be so easily taken in by the Prime Minister's assurances. It behoves us in future to be considerably more sceptical about assurances from the Prime Minister and other members of the Government.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): The Prime Minister's efforts in connection with bail highlight the inadequacies of the arrangements. If we could have confidence in the treaty and if it was founded on the principles of justice, we would not have to witness the spectacle of Law Officers running around trying to pauchle bail on the other side of the Atlantic.

Mr. Howard: I agree. It is not too late to avert the injustice that we all fear.

The Solicitor-General: I am grateful to the right hon. and learned Gentleman for giving way twice. I want to refer to my earlier point. He gave me an answer that he may wish to reconsider. He said that he and the Conservative Government did not include a forum clause in the protections in the Extradition Act 1989 because of a requirement for a prima facie case. However, the 1989 Act incorporated the provisions of the European convention, the key provision of which was the removal of the requirement for a prima facie case. It does not therefore make sense to claim that there was a requirement for a prima facie case. The 1989 Act removed that requirement in relation to European countries.

Mr. Howard: I was not in the Home Office in 1989, and I therefore had nothing to do with the Act. However, the point that I made to the Solicitor-General when he referred to other European countries is relevant. Our arrangements with other European countries are entirely reciprocal. We are considering our arrangements with the United States. The point has been made repeatedly and clearly in the debate that the arrangements with the United States are not reciprocal.

It is not too late for the injustice to be averted. It would be perfectly possible for the Government to introduce emergency legislation to remove the United States from the list of countries designated in the Extradition Act 2003. It would not take long. It could be done in an hour in the House and an hour in the other place. The Government should take that action without delay.

2.29 pm

Mr. Sadiq Khan (Tooting) (Lab): May I begin by thanking Mr. Speaker, through you, Mr. Deputy Speaker, for allowing this emergency debate to take place?

I submitted a petition to the previous Home Secretary in October last year. It was signed by 18,000 people who wanted to express concern about a constituent of mine. I realise that this debate has been allowed because of the concern felt by parliamentarians, the business community and ordinary lay citizens about the case of the so-called NatWest three who, under the terms of the UK-US extradition treaty, will board a plane for Texas tomorrow. I fully understand the huge amount of publicity that that case has generated, with or without a PR company, but I want to speak on behalf of my constituent. He faces extradition to the US, but he has not garnered the same amount of publicity in the mainstream or financial press. He is not photogenic, middle class or white, but it is important that I put on record my constituent's concerns about his treatment.

Babar Ahmad is of a similar age to me and, like me, he was born and raised in Tooting. I have known him on and off for the past 12 or 13 years. Other hon. Members, including the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), have spoken about the NatWest three facing two years of custody in Texas, but Babar Ahmad has already spent two years in custody in this country, in Belmarsh and Woodhill prisons.

Some Opposition Members have explained their abstention in the vote on the treaty on the grounds that

they thought that it applied only to terrorists. They have said that they did not realise that it would involve bankers being sent to America. That presents a problem for the people who have signed the petition about Babar Ahmad, and it is one reason why some of us have expressed concern that there are parallel judicial systems in this country—one for so-called terrorists, and another for so-called ordinary criminals. Like the NatWest three, Babar Ahmad should be presumed innocent until he is found guilty. Moreover, he is in fact innocent, as I shall explain later.

I want to describe Babar's background, as it is worth putting that on record. He is known locally in Tooting as a caring and helpful member of our community. He has worked with people of all ages—

Mr. Deputy Speaker: Order. I am afraid that I must advise the hon. Gentleman that this case is sub judice and that therefore he cannot continue to refer to it.

Mr. Khan: Thank you for that clarification, Mr. Deputy Speaker. The case is sub judice, as it comes before the High Court this week, so I shall not refer to it. Instead, I shall concentrate on the general matters of principle arising out of the extradition treaty.

Mr. Deputy Speaker: The hon. Gentleman must be clear that he cannot refer in any way to a case that is before the High Court at the present time. He can talk only on the general subject of the extradition treaty, and must make no reference to that particular case.

Mr. Khan: I am grateful, Mr. Deputy Speaker.

None of us can say, with our hands on our hearts, whether the three people facing extradition to the US at present are innocent or not, but it is clear that the British police and the Serious Fraud Office have decided not to charge or prosecute them in the UK. The Crown Prosecution Service has done the same thing, where it has been the appropriate prosecuting authority. To me, that is a good indication of innocence, but the more important question has to do with principle and perceived injustice.

People who are subject to extradition say that they are happy to face the music here in the UK. Other hon. Members have said that they are not against extradition as such, but that they do oppose the principle that underlies it. However, when all the evidence in a case has been collected in this country and all the people involved have remained in this country at all times, it seems appropriate for them to be tried here. That is the point of the forum clause to which reference was made earlier in the debate.

People who express concern about the current extradition treaty have been caricatured as somehow anti-American. That is unfair. The hon. Member for Beaconsfield (Mr. Grieve) referred to the case of Lotfi Raissi, of which I know that Ministers are well aware. That case took place before the new UK-US extradition treaty, and the high thresholds then in place meant that it was possible to ascertain that the evidence underlying the extradition claim was flawed.

The Solicitor-General: If I remember correctly, that case revolved around a question of identity. Similar evidentiary standards applied as in extradition cases, so it is very unlikely that a different decision would have been reached if the case had arisen after the extradition treaty had been agreed. I know that my hon. Friend is familiar with these matters, but I suspect that that is what would have happened.

Mr. Khan: I am afraid that the Solicitor-General is wrong about that. The evidence in that case was challenged, something that could not happen under the new regime. However, I do not want to speak about a single case, as I am interested in the principle underlying these matters.

Mr. Redwood: Will the hon. Gentleman accept an assurance from me that Opposition Members think that justice must be blind to status, colour, creed and everything else? The point that we are making today would apply to anyone: people who are thought to have committed an offence in Britain should be tried here by a proper prosecuting authority. If they are not found guilty as a result, they are innocent.

Mr. Khan: I cannot accept the blanket assurance that the right hon. Gentleman offers, since some Opposition Members today have said that they abstained two years ago because they believed that the cases of people charged with terrorist offences would go through on the nod. Quite rightly, the Lotfi Raissi case has been widely trailed in the press and attracted a great deal of attention, but what about all the other cases involving people facing extradition?

Mr. Hogg: May I assure the hon. Gentleman that many Opposition Members—including my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) and I—made very powerful arguments against the use of Belmarsh prison? We were entirely blind to the colour or the ethnic provenance of the people held in Belmarsh. The use of that prison was wrong, and we have said so repeatedly.

Mr. Khan: I do not question for one second the right hon. and learned Gentleman's commitment on these issues. I was asked to accept a blanket assurance about the attitude of Opposition Members on these matters, and I have explained why I cannot do so.

Concerns have been expressed in the debate about the reciprocity of the treaty. I accept that the evidentiary thresholds in two different legal jurisdictions will not be exactly identical, but people are worried that we have lowered the threshold and that it is not now possible to challenge prima facie evidence. Reference has been made to article 8 of the treaty, and to the forum clause. That provision relates to people who have never left the UK and to evidence that has been found only in the UK. The evidence that the US is relying on in the NatWest three case was obtained as a result of a search carried out in the UK, so why are the people involved not being charged in the UK?

Mr. Winnick: Like other speakers, I confined myself to the three people due to be sent to the US this week. That is because I realised that other cases are sub

[Mr. Winnick]

judice, as Mr. Deputy Speaker made clear earlier; otherwise, does my hon. Friend accept that I would have included those other cases in my remarks?

Mr. Khan: I am grateful to my hon. Friend. Of course, I am happy to give a blanket assurance that I accept that everyone on this side of the House will be consistent when it comes to issues of justice.

The press coverage this week has described the steps taken by my noble Friend Baroness Scotland to persuade colleagues in the US Senate to ratify the treaty. I hope that Ministers will understand that those of us making representations about these matters are not anti-American, but the lack of ratification has caused increased anti-American feeling around the country. That is unfortunate, because we merely want to ensure that we have an extradition treaty that is consistent and fair, irrespective of who is being extradited and of the offence that has been committed.

2.39 pm

Mr. Boris Johnson (Henley) (Con): I begin by saying how much I share the views of the hon. Member for Tooting (Mr. Khan) and by reminding him of the many times we have shared platforms in defence of our respective constituents.

Mr. Khan: I exclude completely from previous remarks the hon. Member for Henley (Mr. Johnson) who has become a friend—with a small f—and who has been consistent in his concern about the issue before us.

Mr. Johnson: I am grateful.

I think all of us agree, on both sides, that this issue has nothing to do with what kind of person may be involved or what kind of constituent presents himself or herself before us. It is an issue of justice and reciprocity, and that is why it is arousing such strong passions across the country. We are all starting to see those feelings expressed in our e-mail in-boxes, and the Minister should be aware of them, as I am sure he increasingly is.

The feeling prompting the rage and fury that surrounds this issue, and which has actuated many comments in the debate, is, I am afraid to say, a certain anti-Americanism. On that, I agree with the Government: anti-American points are sometimes scored in this debate, and that is a great shame. It is sad and regrettable, and it is all the more reason why the best and kindest thing we could do for the special relationship, for which my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) has laboured so long and on which he has spoken so eloquently, is to remove injustice and asymmetry and to restore confidence in the British people that their extradition arrangements with America are fair to them.

David T.C. Davies (Monmouth) (Con): I thoroughly agree, but does my hon. Friend not also agree that the Americans could send an even more positive message about the importance of the special relationship not only by offering reciprocity but by returning to Britain some of the IRA murderers who live freely in the United States at the moment?

Mr. Johnson: My hon. Friend makes an excellent point; that is the very reason why the Senate has, as has repeatedly been said, been so tardy in ratifying the treaty, and why, indeed, I think it highly unlikely that it will ratify it.

David Howarth (Cambridge) (LD) *rose—*

John Hemming (Birmingham, Yardley) (LD) *rose—*

Mr. Johnson: I should give way with pleasure, although I really ought to rattle on.

David Howarth *rose—*

Mr. Johnson: Go on.

David Howarth: The hon. Gentleman's point about ratification of the treaty seems to contradict in part what he said before. Because the treaty is inherently unequal, it might be a very good thing that the Senate will not ratify it. What we should do is go for a new treaty that is more equal.

Mr. Johnson: The point is well made. The problem of the absence of reciprocity was, of course, introduced by the 2003 treaty, which replaced—

John Hemming: Will the hon. Gentleman give way?

Mr. Johnson: If the hon. Gentleman will allow me, I shall try to address the point made by his colleague.

The absence of reciprocity was introduced by the signing of the treaty, which we enacted in the Extradition Act 2003. My right hon. and learned Friend the Member for Folkestone and Hythe rightly used the verb—or adjective—poodle. It was a poodle-like act of—*[Interruption.]* It is, indeed, a noun. It is also, however, a verb: to poodle is a verb—we poodled.

We poodled in implementing the treaty before the Americans had even ratified it, thereby—the point the hon. Member for Cambridge (David Howarth) was trying to make—negating the symmetry that pre-existed in the 1972 extradition treaty, which involved a rough parity. We have reached consensus that that parity was not totally perfect, but it certainly was not as asymmetrical and imbalanced as the arrangements into which the Government have entered now. The plain fact is—the Minister must accept it, as the point has been made to him beyond peradventure—that the United States does not now have to supply prima facie evidence. The key difference therefore is that a British national can be supramagnetically suctioned to America without any scrutiny of the evidence, as, on Thursday, the three are about to be, whereas the Americans would never allow that to happen to any of their nationals. That is the fundamental problem. We are failing to protect our nationals.

John Hemming: Does the hon. Gentleman agree that there are a lot of odd things about this situation, not least the word "pauchle" and the fact that we have had demonstrations without the hon. Member for Bethnal Green and Bow (Mr. Galloway), but also the fact that if an offence had been committed under UK law, it would have been tried within the UK? If an offence has been committed, it was committed within the UK, but because it is not charged in the UK, people are to be extradited.

Mr. Johnson: The hon. Gentleman certainly shows that he has been following the debate keenly and is dead right.

Sir Patrick Cormack: I am not sure of that.

Mr. Johnson: I sought to be generous to the hon. Member for Birmingham, Yardley (John Hemming) in order to prevent further interventions from the Liberal Democrats.

The Prime Minister and the Solicitor-General have told us that the three suspects, whom they brought into the debate, would have been extradited anyway under the terms of the 1972 arrangements. I am not at all sure that they can possibly know that. I am not at all sure that they have any right to say that in this House. The propositions that have been put, and which have obviously persuaded the Solicitor-General—who calls the men the "Enron three"—of their potential culpability, have never been tested in a court or a judicial proceeding in this country. That procedure would have taken place under the previous arrangements, and that is the procedure that has been wiped out by the Government's poodle-like acquiescence in the treaty. The Solicitor-General is clutching at the Dispatch Box as if he wants to intervene; perhaps he does not, so I shall move on.

That is the injustice at the core of this debate, and that is why we should suspend the treaty, undesignate America as a category 2 country, and do justice by our people. Anyone who seeks evidence of the imbalance and asymmetry in our arrangements with America may look at the numbers. Look at the numbers going from this country to America, which had, last time I looked, a population approaching 300 million, and the number that America is sending to us. More than 40 a year go to America—

Dr. Andrew Murrison (Westbury) (Con): Forty-five.

Mr. Johnson: My hon. Friend says 45. And two or three a year come from America. I make no comment on the respective criminalities of the two populations, but that seems extraordinary. I see the Solicitor-General reaching for the statistics; he should apprise himself of the basic data. They are patently unreciprocal and asymmetrical.

I was interested earlier to hear a Labour Member—the hon. Member for North Swindon (Mr. Wills)—say that all extradition treaties were asymmetrical. Did anyone catch that? He said that all extradition treaties were asymmetrical and that we should not complain about it. That seemed to be the gist of it. The fact is that he is, of course, as he was in much that he said, wrong. There is reciprocity in the Euro-warrant system, for instance. Among the many things that we do in common with our European friends is that we allow some measure of political decision making over whether or not a crime was committed in our jurisdiction.

If we want to get around the problem, and I know that the Solicitor-General does, we should implement the course I have urged on him in an early-day motion, signed by many Members on both sides of the House, which is to insert article 7 of the 1957 convention on extradition into our arrangements with America, so that a British authority may decide whether or not, in the interests of justice, the crime—if there was a crime—took place in this jurisdiction. That would be a clear and elegant solution to the problem. As my right hon. and learned Friend the Member for Folkestone and Hythe pointed out, that is a basic protection that the Irish give their citizens and the French give their citizens. Why cannot we give that protection to our citizens? I look forward to hearing the response of the Under-Secretary of State for the Home Department, the hon. Member for Enfield, North (Joan Ryan).

James Brokenshire (Hornchurch) (Con): My hon. Friend makes a powerful and persuasive point. Is it not a case not only of justice being done but being seen to be done? If a matter has a direct nexus with this country, it is essential that that matter should be disposed of here so that we can send a clear message that if something is criminal and happens here, we will deal with it and that we will not rely on other authorities to deal with matters that we should be dealing with ourselves.

Mr. Johnson: My hon. Friend makes an excellent point, and I am grateful to him. It is incredible: what comment are we sending to the outside world about the seriousness with which we take white-collar crime if the allegations that the Solicitor-General was happy to read out earlier are so trivial and footling that we take no account of them in this country but none the less think them serious enough to be tried in America? It is quite extraordinary.

The Government seem to have decided on a twin-track strategy in their manipulation of this growing public relations disaster. The Prime Minister comes to the House, as he did earlier, and says that he is very concerned about the fate of the NatWest three and their families. It is a measure of the complete chaos that the extradition treaty has wrought that he is obliged to dispatch senior Ministers around America to plead on behalf of individual cases. It is absolute chaos. That is the compassion that he wants to show on the one hand. However, he then sends his understrapper, the Solicitor-General, to the House, who repeats—very largely—the case against the three. He called them the Enron three as though to prejudge the matter.

Mr. Rob Wilson (Reading, East) (Con): That is a smear.

Mr. Johnson: I do not necessarily dissent from that. If the torrent of allegations that the Solicitor-General read out against the three are so compelling, why cannot he put them on trial in this country? It is not

[Mr. Boris Johnson]

too late for him to do that. He has the power at the stroke of a pen. Given the serious allegations that he has put before the House, he could command them to be arraigned before the courts in this country.

The Solicitor-General: I want to make it very clear that decisions about whether the matter is investigated are not made by Ministers; in this case, they are made by the Serious Fraud Office and the director of the Serious Fraud Office—an independent prosecuting service—who took the view that, because much of the evidence was in the United States and the alleged conspiracy was likely to have taken place there, if indeed it ever did, the matter would be better dealt with there. I remind him, too, that the district judge was also concerned that if there was an investigation here, it might in due course result in an abuse of process argument, because of the length of time such an investigation would take. It is appropriate to deal with the matter in the USA.

Mr. Johnson: I would say that I was grateful to the Solicitor-General, but I am not really. Lord Justice Laws himself was amazed that the UK authorities had sought to take no interest in this matter. Because there is no protection and no forum requirement inserted in the current Extradition Act—in the way that I propose and my right hon. and learned Friend the Member for Folkestone and Hythe agrees that it should be inserted—and because Parliament has failed to protect its citizens in the way that it should, the three are being sucked off to America.

Mr. Hogg: May I suggest an elegant solution building on the solution of my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard)? The other place has passed certain amendments, which will come back to this House in October, the effect of which if passed will be to remove the United States from the fast-track procedure. Given that, the Government, pending a decision of this House, should pass the orders referred to by my right and learned Friend, which would take the United States out of the class of a designated country, at which point the process of extradition would have to cease.

Mr. Johnson: As usual, my right hon. and learned Friend is bang on. It is a simple matter to undesignate America as a category 2 country, as Members on both sides of the House have said.

Mr. Stewart Jackson (Peterborough) (Con): Does my hon. Friend agree that the logical corollary of the statement by the Attorney-General is that any crime involving an e-mail that is routed through a server in, say, California will fall within the jurisdiction of the United States? Does he not think that that is absolutely bizarre?

Mr. Johnson: The United States Government take a broad view of their legal jurisdiction. The United States has few limits to its ambitions in the context of where a crime is committed against the interests of the United States. That is a matter for the United States. It is perfectly entitled to take that view, but it should be a matter for us—for this House and the Solicitor-General—to protect British citizens from injustice and the arrogance and abuse of power. I think that the Solicitor-General would agree that he is losing the argument. Increasingly, the Government have shown that they are losing the argument by the panic-stricken measures that they are taking in dispatching Ministers off around America. I do not believe—as I think that the hon. Member for Walsall, North (Mr. Winnick) said earlier, and I wholly agree with him—that it is the will of the House or the country that these unjust arrangements should persist. Above all, and paradoxically, I do not even think that it is the will of America. It is increasingly a matter of embarrassment that unnecessary hostility and unease is being engendered in this country by this incompetently negotiated treaty. I urge the Solicitor-General to have the humility to think again.

2.55 pm

Mr. George Galloway (Bethnal Green and Bow) (Respect): It is true, as the hon. Gentleman—whoever he was—said, that I was not on any demonstration for these three bankers, although I have been on demonstrations over the last two years on another case that you have precluded discussion of this afternoon, Mr. Deputy Speaker. Neither is it any good Labour Ministers trying to slip on their old class warrior clothes, fulminating about the Enron three. Eleven times in his remarks the Solicitor-General of the United Kingdom referred to the three individuals as the Enron three, in what can only have been an attempt to describe them pejoratively, which must be prejudicial and unprecedented from a Law Officer of the Crown in a matter such as this—fulminating about expensive public relations companies. With everything that we know about new Labour and its relationship to the corporate world and to PR companies, the idea that some sin has been created by a PR company being or not being involved is an allegation that can come from almost anyone except new Labour.

Mr. Grieve: I have to agree with everything that the hon. Gentleman has just said. I have seen the political briefing provided to the Solicitor-General, which starts with the heading:

"Not allowing crime to escape over borders versus supporting the PR campaign of multi-millionaires charged in relation to the biggest fraud in US corporate history."

At the end, it says:

"The Lib Dems have been spun by opportunistic PR merchants. We are fighting to get the benefits of the treaty for Britain to tackle crime. The opposition are supporting the campaign of multimillionaire bankers accused of serious crimes."

That is the level of discourse that we are getting.

Mr. Galloway: From a Government—*[Interruption.]* I think that I have the Floor, Mr. Deputy Speaker.

The Solicitor-General: On a point of order, Mr. Deputy Speaker. I would appreciate your advice in relation to an allegation that I have seen something, when I have never

seen whatever has been read out. Am I in a position where I can call the Member to order in relation to that?

Mr. Deputy Speaker: The hon. and learned Gentleman has used his intervention effectively to do that.

Mr. Galloway: I do not think that it is effective at all, because if it was not by means of a pager, it must have been by means of telepathy that the briefing notes read out by the shadow Solicitor-General were echoed in every particular in the contribution that the Solicitor-General made earlier. The country will not have missed the fact that Ministers, who a couple of weeks ago were wrapping themselves in the flag, are, on this occasion, wrapping themselves in quite a different flag—a point to which I shall come. The class warrior clothes no longer fit Ministers and they should not attempt to adopt them.

Equally hard to take was the contribution from one Conservative Member of Parliament—not others—who said that he had supported the unequal treaty because he thought that it was all about terrorists. He did not know that bankers, rich people, upper-class people, and white people might be caught up in this unequal relationship. British citizens accused of terrorist crimes are entitled to exactly the same protection and standards of justice as British citizens accused of white-collar crimes—not least because the reason why the Senate has not ratified, and I predict will never ratify, the treaty is because of the power of the lobby in the United States, in a state of perpetual election and re-election, in relation to the supporters of Irish republicanism in the United States of America.

Of course, as has been asked many times, why will the Senate have to ratify the treaty if we are already operating our half of it? Can the Minister not see that the absolutely logical conclusion from the national concern about these matters is to withdraw temporarily from our obligations under the treaty by whatever measures can be taken until the Senate has ratified it and we have reciprocity—it will be of an unequal kind, but at least reciprocity in that America will have signed the treaty and not just us. That is clear to everyone in the country except those on the Treasury Bench. It is clear to every newspaper and it is made clear on every radio phone-in show. It is clear in every one of our inboxes and postbags, and everyone in the House knows it—only those on the Treasury Bench resist it.

The most revealing thing of all in this whole debate was the near apoplexy of the Solicitor-General at the very idea that anyone in the House would suggest abrogating a treaty with the United States. He almost had a seizure. He asked the Conservatives to repeat the statement slowly so that people could hear it. The very idea that we would abrogate a treaty with the United States was quite beyond his ken, and that is the problem.

We all want a special relationship with the United States. I am the great-grandson of probably the only woman in the entire 19th century who emigrated from the United States to Scotland. She may have got on the wrong boat, but that was what she did—[Hon. Members: "Send him back."] I am probably the only man who will not be asked back to the United States, because the last time I went there I gave them a bloody good hiding.

All we want is a special relationship that does not resemble that between Miss Lewinsky and a former United States President: unequal, disreputable and with the junior partner always on their knees. That is not the kind of special relationship that we want, but as the hon. Member for Henley (Mr. Johnson) powerfully made clear, it is exactly the kind of special relationship that most people in Britain think that we have with the United States of America, whether that is true or not.

What does the Minister think that the public deduce when they hear that a treaty was agreed between British Ministers and the Government of George Bush in secret? What does he think that the British public think when they hear that the agreement that was secretly reached between George Bush's Government and new Labour was then passed on the royal prerogative without debate in this House? Does he think that the British people regard that as their Government standing up for them, or does he think that the British people imagine that that is just another example of the obeisance of the Government when it comes to the United States of America? I am absolutely sure what public opinion is on this matter and that the Government are absolutely isolated on it.

Had I been able to talk about other cases, as the hon. Member for Tooting (Mr. Khan) was, I would have gone much further down this road, but in view of your strictures, Mr. Deputy Speaker, I cannot. However, I say this: we are talking about sending our citizens—these three and two others, McKinnon and Babar Ahmad—into the maw of a US justice system that stands condemned around the entire world. There is no point in soft-soaping this. One cannot separate the facts of Guantanamo Bay, orange jump suits, cages in the tropics, people being hooded, manacled and forcibly injected with drugs, Abu Ghraib, Bagram air base and extraordinary rendition—by which people are flown around the world to be tortured by the United States Government, although we do not even know who those people are, or the jails in which they are hanging upside down, being water boarded and tortured—from the proposal to send our citizens casually into that maw. The British people do not separate them. Last night, the other place spoke for Britain. Would it not be good if this place could speak for Britain on this, too?

3.4 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): First, the House will want to say to Mr. Speaker through you, Mr. Deputy Speaker, that we are extraordinarily grateful for the opportunity to debate such an important matter. I know that we do not have much more time for the debate, so I will be brief. I will address just three matters: the condition of those who are extradited to overseas countries; what I think that we should do in the immediate future; and some longer-term actions.

I, like my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox), have considerable experience in the criminal courts. I can say without any question that those who are extradited and tried

[Mr. Douglas Hogg]

overseas are in great difficulty for several reasons. First, and inevitably, they are in a foreign country away from their home and their family's support. They will not have a home and they will not know lawyers. They will face considerable costs. Frequently, although this does not apply in the case of the United States, they will have serious language problems. Sometimes they will be held in custody and not granted bail, which makes the task of preparing a case yet more difficult. Defendants who are extradited to a country of which they are not a national face grave disadvantages that raise the prospect of an injustice taking place.

Mr. David Burrowes (Enfield, Southgate) (Con): I am grateful to my right hon. and learned Friend for citing the problems for those who are extradited, such as my constituent, Gary McKinnon, and his family. He has expressed great concern that as someone who does not have means—he is on benefits—he will have great difficulty meeting any bail conditions with which he will be obliged to comply. We heard the concerns expressed by my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), and Gary McKinnon will not be able to comply with any of the conditions that we know might be put forward, such as high financial penalties.

Mr. Hogg: My hon. Friend makes an important point. This goes back to what the Prime Minister said: bail might be granted, but on conditions. If one cannot meet the conditions, one does not get bail.

Dr. Murrison: Will my right hon. and learned Friend give way?

Mr. Hogg: Forgive me, but I had better press on because I think that the wind-ups will start in about 10 minutes.

My second point is specific to the United States. I speak as one who is a longstanding friend of the United States. My grandmother was an American citizen from Tennessee, and my father was proud of his close relations with the United States. My children have very close relations with the United States. However, I am deeply troubled by aspects of its policy and, especially, about its attitude towards the legal process. We cannot overlook Guantanamo Bay and we must not overlook extraordinary rendition. Although the hon. Member for Walsall North (Mr. Winnick) was right to say that the Supreme Court has intervened—that is a good thing—the situation tells us about the underlying attitude of the Administration.

We must keep two related points in mind. First, the lengths of the sentences that are being imposed in the United States in respect of white-collar fraud are quite different from those imposed in this country. I am well aware that Mr. Lay is dead and has not been sentenced, but there was much discussion of the fact that he would have to spend years and years of his life in prison—perhaps a whole life sentence—which would have been wholly disproportionate to what we would impose in Europe.

I have been in many prisons. I was the Minister with responsibility for prisons, and I visit my clients in prison regularly in the United Kingdom. I have also seen United States prisons and frankly they are ghastly. Those that I have seen are an affront to civilisation. It seems to me that that is the background against which we ought to consider our attitude towards extradition.

That brings me on to two final points: first, what we should do now; and secondly, the longer term. As to what we should do now, we should stop the extradition of these three persons. We can do so because, as my right hon. and learned Friend the Member for Folkestone and Hythe pointed out, there is the order-making power by which we can de-designate the United States as a designated country. We should do that because the other place has passed amendments which, if carried in this place, would have that effect. We will debate that in October. It would be monstrous if we approved those changes, yet in the interim these three people were sent to the United States. So we should de-designate the United States immediately.

Mr. Winnick: When the United States authorities read the debate, if they are not watching it, will it not help if they know the feelings of Members and the pressure from them? The fact that not one single Back-Bench Labour Member has spoken against what is being advocated by many of us is an indication of the strength of feeling in the House of Commons.

Mr. Hogg: That is a valuable suggestion. The Americans have a distinguished ambassador in Britain. I feel sure that his officials in the embassy will be looking at what has been said in the Chamber and in the other place, and I very much hope that they will report back to their Administration.

There are two other steps that we should take immediately. We should immediately review the 2003 treaty. We can terminate it under article 24 in order to bring it to an end. I entirely agree with what my hon. Friend the Member for Beaconsfield (Mr. Grieve) said on that point. Lastly, we must look again at the 2003 Act. That takes me to the last point that I want to make.

When we look at the 2003 Act, we must ask ourselves whether there is sufficient safeguard for our citizens. I believe that the Act needs amendment, in at least two particulars. First, we need to reintroduce something like a prima facie test. It has been explained by other right hon. and hon. Members, so I will not repeat it, but a prima facie test needs to be reincorporated in our extradition law, as the United States in its constitution provides for its citizens. Secondly, I very much agree with the forum test, which is a point that my hon. Friend and others made. The district judge ought to have the discretion to refuse extradition on the grounds that it is more appropriate—the language is negotiable—that the trial should take place in the United Kingdom and not in the jurisdiction of the country seeking extradition.

I have been brief because this is an important and urgent matter and others wish to speak. The liberty of our citizens is at stake and, for that matter, the good name of the United States.

3.12 pm

Sir Patrick Cormack (South Staffordshire) (Con): My right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) has indeed been brief, eloquent, to the point and wholly right in what he said. I cannot claim any American ancestry, as he can. I can claim to be proud to be an honorary citizen of Texas, but for all my admiration for America and for that great state, I am full of apprehension about what will face these three people when they go to Texas.

My right hon. and learned Friend spoke about the appalling conditions in American jails. What has conditioned public opinion in this country perhaps more than anything else over the past two or three weeks are the accounts of the chains, the manacles and the cages, and people who are innocent until proved guilty being put in those conditions thousands of miles away from home. It is emotive and I make no apology for being emotive. It is important that Ministers should recognise how deeply concerned and disturbed people are by those accounts.

The Solicitor General did not give way to me, although he made some pleasant enough remarks. I was seeking to ask him precisely what assurances would be given about bail. It is all very well for the noble Baroness Scotland to go to the United States. I have a high regard for Baroness Scotland. She is a most eloquent and persuasive Minister, but that is not good enough.

My right hon. and learned Friend spoke about the present American ambassador to Britain and in what high regard he is held. What should be done in a case like this is that the American ambassador should be politely invited to No. 10 Downing street by the Prime Minister, and the Attorney-General should be there. The American ambassador should be presented with a copy of the report of this debate and told just how concerned hon. Members in all parts of the House are about the matter.

Dr. Murrison: I am grateful to my hon. Friend for allowing me to intervene. My constituent, Mr. Giles Darby, is facing extradition tomorrow. Does my hon. Friend understand that he will hardly be reassured by the Prime Minister's protestations that all is being done to improve the bail conditions for him? Once he is there, he will be subject to due process, which involves all the penalties to which my hon. Friend has referred.

Sir Patrick Cormack: Yes, but we are close allies of the United States. I strongly agree with the points made about the extradition process by my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) and others, but we are where we are. I deplore the fact that the constituent of my hon. Friend the Member for Westbury (Dr. Murrison) will be getting on a plane tomorrow. I hope, even at this late hour, that there will be a delay, but there may not be.

I do not know whether my hon. Friend's constituent and his colleagues are guilty or innocent. I do know about the disparity in sentences so eloquently described by my right hon. and learned Friend the Member for Sleaford and North Hykeham, and I know that in this country it has been deemed that there are no charges to answer. Whether there is guilt for some crime committed in the United States I do not know, but I am exceptionally concerned that those people should get on a plane tomorrow or at any other time and be incarcerated in those conditions.

I hope that the Solicitor-General will speak to the Attorney-General immediately after the debate. I hope that they together will go and see the Prime Minister. The Prime Minister is highly regarded in the United States. He has been given the congressional medal of honour. I teased him about that at the Liaison Committee last week, suggesting that he should go and get it. He is held in high regard, and this is a serious matter because three people's lives—the conditions in which they live their lives over the next two or three years—are at stake.

I very much hope the Prime Minister will exercise the influence that he undoubtedly has upon the American ambassador and, through him, on the American Administration to say that there are certain things that we are above all enjoined to do in any democracy. One of those is to protect the welfare of our citizens, who are innocent until proved guilty.

I am not suggesting that we can go back to the days of 1850, when Palmerston spoke for some hours in the predecessor of this Chamber. As dawn broke, he was speaking in the Don Pacifico debate. However, the lessons of the Don Pacifico debate are to some degree still relevant today. I took the liberty of re-reading Palmerston's speech and I should like to quote from it. He said that

"whether, as the Roman, in days of old, held himself free from indignity, when he could say *Civis Romanus sum*; so also a British subject, in whatever land he may be, shall feel confident that the watchful eye and the strong arm of England will protect him against injustice and wrong."

We in the Chamber may not use such grandiloquent terms today, but we still have the same duty as our predecessors had to protect the innocent until proved guilty, to uphold the dignity of mankind, and to ensure that even the closest of alliances does not lead to any supine posture on our part. So although I have a regard for the Solicitor-General and the Attorney-General, and I make no comment about the merits of the case or judgments or any such thing, on the simple issue of human decency we have a duty to look after these three people and to ensure that if they have a trial, it is a fair one, and if they have to wait for their trial, they wait in civilised conditions on this side of the Atlantic with their families, not on the other side of the Atlantic. I look to the Government and to the Prime Minister in particular to ensure that that is so.

3.19 pm

Mr. David Heath (Somerton and Frome) (LD): The speeches made over the best part of three hours have amply demonstrated the importance of the debate and justified Mr. Speaker's confidence in providing the time for it to take place. I am grateful to all those who have taken part.

I shall not discuss every contribution for the simple reason that all but one of those who contributed spoke from the same perspective: we have an unacceptably asymmetric treaty and extradition arrangement that act against the interests of British citizens. The sole exception was the Solicitor-General, who clearly

[Mr. David Heath]

wanted to concentrate his remarks on the specific position of the three individuals who are to be extradited tomorrow, we believe. Their position is important, of course; it is important in human terms, it is important because they are constituents of some hon. Members, and it is important as an exposition of the effects of the treaty. However, I shall concentrate on the treaty and the orders as a whole and examine the ways in which they will affect, not just those three individuals, but many others in the months and years to come.

The Solicitor-General: The hon. Gentleman says that I wished to focus entirely on one case; in fact, I did not. My notes were broad in relation to the treaty and the Extradition Act. I found it necessary to focus on the one case because I took a large number of interventions that dealt with it and therefore responded to the House's wish to examine some of the issues in that case. I agree that we ought to have spent more time discussing the treaty and the Act rather than the specific case.

Mr. Heath: I am grateful to the Solicitor-General for his comments, but I think that most right hon. and hon. Members found an opportunity to discuss the general principles.

Let me sound one serious note of criticism in respect of the Solicitor-General's remarks. I found his reference to "the Enron three" abhorrent. It was suggested that that is common usage, but in fact it is common usage only among Ministers. It is clearly pejorative and it is not an expression that the Solicitor-General—a Law Officer—should have used in this Chamber.

The Solicitor-General: When it was pointed out to me that the reference may well be prejudicial, I agreed not to use it.

Mr. Galloway: On a point of order, Mr. Deputy Speaker. I counted five references to "the Enron three" after the Solicitor-General said that he would not use the term again. The record will show that.

Mr. Deputy Speaker: That is not a point of order for me. It is a matter for argument and debate.

The Solicitor-General: To complete my intervention on the hon. Member for Somerton and Frome (Mr. Heath). If I did as the hon. Member for Bethnal Green and Bow (Mr. Galloway) says, let me make it clear that I repeatedly said that at no point did I seek to prejudge or prejudice in any way the case in relation to those individuals, who, like all accused people, have a right to be considered innocent until proved guilty. That is my fundamental view and it applies to those individuals as well as to any others.

Mr. Heath: Of course I accept the Solicitor-General's words at face value, but I repeat that the term is pejorative and could have been regarded as prejudicial had it been used in relation to a case that was still before a British court. It is extraordinary that it was almost claimed that a prima facie case had been proven against those individuals, despite the fact that no court has had the opportunity properly to examine the evidence and irrespective of the points made by the judge in the initial case.

Let me now discuss the general points on which the debate has focused. There is real concern about the asymmetry of the arrangements. That is nothing to do with the fact that the treaty is yet to be ratified—a fact that, to many people in this country, adds insult to injury. Even if the treaty were ratified tomorrow, it would remain an unfair treaty that the Liberal Democrats would oppose. I almost welcome the fact that it has not been ratified, because that might give us the opportunity to renegotiate.

The Government have behaved in an extraordinary fashion. First, let us consider ratification. The then Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), in a written statement on 31 March 2003—our first opportunity to know about the treaty—said:

> "Before the treaty can come into force it needs to be ratified by the United States Senate."—[*Official Report*, 31 March 2003; Vol. 402, c. 42WS.]

As a statement of fact, that is true. Before the treaty can come into force, it has to be ratified by the Senate. What he omitted to mention was the fact that the British Government would not bother with bringing the treaty into force, but would instead ensure that its provisions came into force long before the Senate had had even the opportunity to not consider it. It is almost irrelevant whether the treaty is ratified, because the British Government, in an apparent attempt to curry favour with the US Administration, have already enacted all its provisions into our law.

Secondly, there is the matter of reciprocity. We have heard what I can only describe as sophistical arguments from the Law Officers and other Ministers about the equivalence of the provisions. I simply cannot reconcile their statements with what was plainly said by Home Office Ministers when we considered the orders made under the 2003 Act. In the Standing Committee on Delegated Legislation, the hon. Member for Don Valley (Caroline Flint) stated:

> "In contrast, when we make extradition requests to the United States, we will need to submit sufficient evidence to establish "probable cause". That is a lower test than prima facie but a higher threshold than we ask of the United States, and I make no secret of that."

It is impossible to reconcile that with what the Prime Minister said today and what the Law Officers have been saying in both Houses over the past two days.

Thirdly, there is the matter of application. We were told explicitly by Ministers that there was a limit to the application of the measures. I challenged that in the Committee, but was told by the hon. Member for Don Valley that

> "We do not have such a range of offences involving financial crime. The cases mentioned by the *Financial Times*—such as price fixing—would not apply. Dual criminality would have to exist."

That is directly countermanded by the fact that dual criminality was expressed in the form of the catch-all

conspiracy to defraud provision, which meant that the individuals in the very case to which attention was drawn in Committee are now subject to extradition proceedings, so I cannot talk about the matter further.

Throughout the early stages of the legislation, we heard the refrain that it was all about terrorism. I do not want to dwell on the Conservatives' position, because I welcome their support today. I utterly respect what the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) said. I agreed with everything he said, which is a rare occurrence indeed. He admitted that the Conservatives had been gullible in believing what the Government said, he acknowledged that mistake and said that he would recommend to his right hon. and hon. Friends that they avoid repeating it. I exempt the right hon. Member for Wokingham (Mr. Redwood), who was a member of the Standing Committee and failed to vote on the draft order, who said

"perhaps the US-UK arrangements are a little less unbalanced than the Liberal Democrat spokesman has suggested".

Well, he was wrong—they were every bit as unbalanced as I suggested and the right hon. Gentleman has now come to realise the folly of his position. The fact is that it was suggested that the legislation was to deal with big crimes and terrorism, when it was clear that it would apply to every offence that carried a tariff of more than one year's imprisonment. That was clear to me right from the beginning.

We have an imbalance in the evidential requirements. The American authorities have to do little more than establish identity and the grounds for issuing a warrant—a much lower evidential test than anyone else must meet. We know that huge mistakes are made as a result of misidentification. Mr. Derek Bond, a rotary club member from Clifton in Bristol, was arrested in South Africa on the basis of CIA information that he was an international gangster and money launderer.

My right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) was right in Committee when he said:

"However, I ask those who feel tempted or disposed to vote for the orders to wait until a constituent is the subject of extradition proceedings on the basis of identification alone. I am willing to bet my bottom dollar, since we are talking about the US, that they will be beating at the doors of the Minister and the Home Office to say how unfair and unreasonable our provisions are that allow for their constituents to be treated in that way."—[*Official Report, Third Standing Committee on Delegated Legislation*, 15 December 2003; c. 7, 26, 19, 21.

That is what we have seen today.

We should be concerned about the fact that we are dealing with 50 different state jurisdictions, plus the federal jurisdiction. Who knows what applies to Guantanamo Bay? We should be worried about the extra-territorial jurisdiction claimed by the Americans and about retrospectivity. Most of all, we should be concerned that we alone of the 132 states with which the US has bilateral extradition arrangements are willing to allow our citizens to be extradited on the basis of such a low and unequal burden of proof. A Minister acting under duress could not have signed a worse treaty and I object to that supine acquiescence, not because I am anti-American, but because a sovereign power such as Britain should defend the interests of British citizens. We are not a wholly owned subsidiary of the US. I urge the Government, even at this late stage, to consider tabling amendments to the Police and Justice Bill in another place, to consider revisions to the Extradition Act 2003, and to consider renegotiating the treaty. They should not be afraid to abrogate it, because it has been abrogated by the American Senate, which refused to ratify it. Let us deal with a situation that the people of this country recognise as unfair and which, I am pleased to see, the vast majority of hon. Members recognise as unfair, too.

3.32 pm

The Parliamentary Under-Secretary of State for the Home Department (Joan Ryan): I apologise in advance to right hon. and hon. Members if I fail to address their points, as I have only five or six minutes in which to respond.

We have had extradition treaties with the United States since 1796 and, for most of that time, those relationships have been uncontentious. The only criticism has been that procedures are often slow. Indeed, we heard about cases in which people waited eight or 10 years to be extradited. I am pleased that, under the Extradition Act 2003, such lengthy processes before someone can even stand trial, which are not in the interests of justice, will no longer take place. The Government have a responsibility to review and modernise the UK's extradition laws, as that has not been undertaken thoroughly since 1870. The Home Office published a full review of extradition law in March 2001, which was well before 9/11—a point that has already been made. Many right hon. and hon. Members said that the treaty and the Act dealt only with crimes related to terrorism, but that is not the case. The Act deals with our relationship with a particular country and it covers all crimes, not just terrorism. I have a record of our debates in Standing Committee, in which the United States was designated as a country that did not require prima facie evidence. We made it clear that the designation, which changed our relationship with the United States, did not just apply to terrorism. Much of the debate, if anyone chooses to read it, was about different kinds of crime.

Mr. Denis MacShane (Rotherham) (Lab): How would my hon. Friend regard a British firm whose criminal activity led to the destruction of thousands of people's lives, their homes, pensions and their children's education? What if we wanted to bring back to this country someone to give evidence on the international ramifications of such activity, but another sovereign legislature refused to accept our claim? We should not forget that we are talking about international law and international crime.

Joan Ryan: Absolutely. My right hon. Friend makes the case for the measure.

I shall concentrate on a few issues that arose in our debate. First, the Liberal Democrats requested a debate because they said that there had not been enough time or scrutiny. When the treaty was ratified, it was laid before the House for 21 days with an explanatory memorandum. It was submitted to the Select Committee on Home Affairs under the Ponsonby rules,

[Joan Ryan]

which hon. Members can read in "Erskine May". There was therefore an opportunity to examine the treaty, and it was dealt with in the way that new treaties are normally dealt with. The Extradition Bill proceeded through both Houses in an appropriate period, as is the case with any Bill, so hon. Members had an opportunity to comment on it. When the designation was made, it was subject to affirmative resolution in Standing Committee in both Houses, as normal. Conservative Members did not oppose the measure, but I accept that the Liberal Democrats did. We could therefore say that there is honourable opposition from our Liberal Democrat colleagues, but Conservative Members did not express opposition to the Bill, to the treaty during the 21 day-period in which it was laid before the House, or to the order in Committee. Provisions in the European convention on extradition were incorporated in the Extradition Act 1989 by a Conservative Government, who did not ask for natural—

Mr. Hogg: *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly,

The House proceeded to a Division.

Mr. Alex Salmond (Banff and Buchan) (SNP): On a point of order, Mr. Deputy Speaker. As I am sure that you are well aware, "Erskine May" makes it clear that, in this House, according to ancient practice, votes should follow voices. In my distinct observation, Government Front Benchers shouted, "No", on the Division, but I have not seen any of them vote in the No Lobby. Will you therefore explain whether "Erskine May" has been observed by Government Front Benchers and confirm that that is the practice of this House? Perhaps you will even suggest why the Government are not voting in the Division.

Mr. Deputy Speaker (Sir Michael Lord): The hon. Member for Banff and Buchan (Mr. Salmond) has misinterpreted what is set out in "Erskine May". The best thing that we can do is wait to see the result of the Division.

The House having divided: Ayes 246, Noes 4.

Division No. 284] **[3.32 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Gale, Mr. Roger
Galloway, Mr. George
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Osten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George

Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rowen, Paul
Russell, Bob
Salmond, Mr. Alex
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Andrew Rosindell and Mr. Dan Rogerson

NOES

Cohen, Harry
Simpson, Alan
Skinner, Mr. Dennis
Taylor, David

Tellers for the Noes:
Mr. Douglas Hogg and David Maclean

Question accordingly agreed to.

Adjourned at six minutes to Four o'clock.

House of Commons

Thursday 13 July 2006

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Lisbon Agenda

1. **Mr. Mark Hendrick** (Preston) (Lab/Co-op): If he will make a statement on progress towards meeting the Lisbon agenda. [84762]

The Chancellor of the Exchequer (Mr. Gordon Brown): Britain is at or near the best for employment and enterprise. The report on science that we are publishing today shows the progress that we are making on research and development. Europe accounts for 50 per cent. of British imports and exports. To speed up the pace of economic reform across Europe, we are proposing that Governments and business join together in a Europe-wide business forum.

Mr. Hendrick: My right hon. Friend presides over one of the most dynamic economies in the world, with record levels of foreign direct investment, according to the United Nations, and massive levels of employment, according to the G7 nations. In an age of globalisation and cut-throat competition, what is he doing to ensure that our European Union partners go the same way as we have?

Mr. Brown: I am grateful to my hon. Friend, who has taken a broad interest in these matters. He is absolutely right about our economic performance, given that the shadow Chancellor has congratulated us on establishing economic credibility and on our success in macro-economic policy. On employment, despite the recent difficulties, the claimant count in Britain is 3 per cent. and the labour force survey figure is 5 per cent. Our unemployment rate is about half that of the mainland European economies. I believe that we can continue to expand, even in a situation of massive global competition. Our aim is full employment for this country, and I hope that all parties will subscribe to that.

Mr. John Redwood (Wokingham) (Con): Will the Chancellor try to speed up progress on the famous Lisbon agenda, particularly deregulation, given that under his stewardship the Scottish economy has grown at only one quarter of the pace of the Irish economy? Can he learn from the Irish economy, which gets less in subsidy from the EU than Scotland gets from England?

Mr. Brown: I can only tell the right hon. Gentleman what he said in his own report on the British economy:

"What are the most attractive locations today?...The lure of the USA...Of China...Of India...Of the UK".

We have that allure for investors because we have a low-tax economy, stability, and an open competition policy. When the right hon. Gentleman chairs the Conservative party review on these matters, perhaps he can sort out its policy on Europe, which is in complete disarray according to the e-mails of the Leader of the Opposition's Parliamentary Private Secretary. Perhaps he can also say that our economic record has brought stability, whereas under the Government in which he served there was instability.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Does the Chancellor intend to continue working with colleagues across Europe to promote employment and stability under the Lisbon agenda, or does he have any plans to isolate us from Europe and common sense by joining up with neo-fascists, weirdos and maniacs from all over the place?

Mr. Brown: My hon. Friend is right. It was Conservative Members who talked about the cranks, fanatics and extremists that they might have to join if they were part of the opposite grouping to the European People's party. The choice is between a pro-European and pro-business agenda and an anti-European and anti-business agenda. The tragedy is that the Conservatives are not only anti-European, but are about doing what is damaging to business. If they will not believe what I have said, perhaps the Swayne e-mails—

Hon. Members: Order!

Mr. Speaker: Order. I have given the Chancellor some elbow room, but he is stretching a point.

Dr. Vincent Cable (Twickenham) (LD): Is not the Chancellor becoming a little concerned that Britain's good performance in employment and unemployment is being undermined by the fact that unemployment has risen for 15 of the past 16 months and is at its highest point for six years? Does he have any specific initiative to make in respect of Britain's mortgage lenders, given that unemployment is translating into rapidly rising repossessions because of the absence of any system of safety nets for people in mortgage arrears?

Mr. Brown: It is difficult to take lectures from the Liberals when they have just published their tax and spending plans, which show a £20 billion spending hole that would lead to damage to the economy. As for employment, I would have thought that he would give us a balanced account. We have one of the lowest unemployment rates in Europe. At the same time, we

have moved closer and faster to full employment under this Government than under any Government for 50 years.

On interest rates, while I recognise that house prices have risen, the hon. Gentleman should recognise that interest rates are among the lowest that they have ever been. In fact, for mortgage holders, interest rates have averaged half under the Labour Government of what they were under the Conservative Government. It is perhaps about time that the Liberals acknowledged that.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): The Chancellor will agree that the Lisbon agenda must be founded on the rock of economic stability. The Treasury Committee's report, "Globalisation: the role of the IMF" suggests that there is significant risk to the UK in Europe if there are global imbalances and disorderly unwinding in the global community. Given that, will my right hon. Friend ensure that when he goes to Singapore in September, he will promote crisis prevention rather than crisis resolution so that economic stability is best served in the UK, Europe and the global community?

Mr. Brown: I am grateful to my right hon. Friend. The report is an important document, which points to the changing role of the IMF and, indeed, other international institutions. The emphasis must now be on crisis prevention rather than crisis resolution, the transparency that is necessary for countries to report what is happening in their fiscal and monetary policies and, therefore, for programmes of proper surveillance, whereby we can examine at first hand what is happening not only to countries' fiscal and monetary but their corporate positions. That is why the proposal for extending article IV reports to cover those issues, and for an international form of surveillance as well as national reports, is important. I applaud the report. Perhaps we should also have surveillance of Opposition parties' proposals.

Mr. George Osborne (Tatton) (Con): The Labour Member on the European convention, the hon. Member for Birmingham, Edgbaston (Ms Stuart), said recently that economic policy throughout Europe is moving backwards. She singled out one country for special criticism—Britain. She said:

"The seeds of future stagnation have been sown. We have excessive public spending, rising taxes and excessive micro-management."

I know that the Chancellor is keen to get on with the parliamentary Labour party at the moment. What does he have to say to his hon. Friend?

Mr. Brown: I just repeat what the hon. Gentleman says outside the House but not in it. He supported us and congratulated us on our successful macro-economic policy. *[Interruption.]* What is the country to make of a shadow Chancellor who, inside the House, criticises us for our economic policy but outside, when talking to business, to try to show that he has learned from his mistakes under a previous Conservative Government, refers to

"Labour's success on macroeconomic policy"

and says that Labour has been successful in "establishing economic credibility." He also said:

"Labour have improved the macro-economic management of the UK economy."

If he is not prepared to say those things in the House but says them outside, the country will have to draw its own conclusions.

As for European issues, perhaps he should read the e-mails of the Leader of the Opposition's parliamentary private secretary. [HON. MEMBERS: "Oh!] Oh yes—they are precisely about the Conservative party's European policy, which, according to the e-mails, is the subject of dismay, depression, "frustration and impotence."

Mr. Osborne: Before the Chancellor talks about friends in Europe, he should read the comments of the President of the European Commission, who says that, every time the Chancellor turns up in Brussels, it is like a vegetarian visiting a beef eaters' club.

If the Chancellor does not agree with the hon. Member for Birmingham, Edgbaston, perhaps he will agree with the Prime Minister's former chief economic adviser, who wrote recently in the *Financial Times* that

"higher taxes and intrusive micro-management are gradually taking their toll."

Or perhaps the right hon. Gentleman is simply no longer interested in the mundane issues of the economy because his whole attitude is, as the right hon. Member for Birmingham, Ladywood (Clare Short) put it recently, "Please, please, let me take over. I'll do anything you say."

Mr. Brown: I can only quote back his own words to the shadow Chancellor and cite what has happened in his constituency, where unemployment has fallen by 54 per cent. under a Labour Government. Only a few days ago, he said:

"I worked for John Major when we lost the 1997 election, was William Hague's political adviser when we lost the election after that. That doesn't say much for the quality of my advice."

Mr. Dennis Skinner (Bolsover) (Lab): Does my right hon. Friend agree that the Lisbon agenda is about real issues such as inflation, employment and getting money for public services? Will he scour the agenda next time to see whether it has any references to saying no to chocolate oranges and padded bras, or hugging a hoodie selling dodgy goods? I do not think that he will find them because they are all part of the Tories' agenda.

Mr. Brown: The issue is whether one believes in stunts or substance in policy. The substance in policy is the lowest unemployment for 30 years, the lowest interest rates for 40 years and the lowest inflation rate in a generation. No Conservative Government have been able to boast of such a record. The shadow Chancellor would do better to go back to the drawing board with the right hon. Member for Wokingham (Mr. Redwood) and examine the Conservatives' economic policy.

G8 Summit

2. **Mr. David Anderson** (Blaydon) (Lab): What progress he expects to be made at the forthcoming G8 meeting in St. Petersburg towards agreement on education provision for every child; and if he will make a statement. [84763]

The Chancellor of the Exchequer (Mr. Gordon Brown): We call on all G8 and other countries to join us, and the fast-track initiative of the World Bank, in 10-year plans to expand education so that, instead of the situation today in which 100 million children are denied schooling, all children throughout the world will have the right to education.

Mr. Anderson: I thank my right hon. Friend for that answer. Yesterday, 10 children from St. Joseph's primary school, in my constituency, met the Prime Minister and pressed him on this very issue. One read a poem, which included the following words:

"Education is the key,
Look how it's helped you and me,
Help them to feel safe and secure,
Knowledge unlocks the door for the poor."

How can my right hon. Friend help to ensure that those children's words and efforts are not in vain, especially if other countries renege on their commitments?

Mr. Brown: I am grateful to my hon. Friend. He has led a campaign in his constituency, and I hope that there are many Members in all parts of the House who are able work with schoolchildren and teachers in their constituencies, so that the "education for all" initiative gains support throughout the country, and schools in Britain can link up with schools in Africa. Two thirds of the 100 million children who do not receive education are girls. Many are at school, but the pupil:teacher ratios are anything from 100:1 to 150:1. Britain has set aside £8.5 billion over the next 10 years—the Secretary of State for International Development will make a statement later today on future plans—so that we can lead the way in providing education for all. That is the most cost-effective and beneficial investment that the world could ever make, and I hope that all Members can join together to support it.

Mr. David Laws (Yeovil) (LD): This is clearly an ambitious and bold project that we Liberal Democrats would wish to support, but it will clearly also be very expensive. In light of that, and of the views of the Office of Government Commerce, will the Chancellor of the Exchequer consider redirecting the savings made by not proceeding with the identity card scheme into this area?

Mr. Brown: One of the benefits of running a successful economy, which the Liberal party might not understand, is that it is possible to spend money on both international development and domestic policy. We have proved over the past nine years that it is possible to expand public expenditure on policing and the Home Office, education and health and social services generally, and still to double the amount of money in real terms going into international development. I hope that the Liberal party will review its own spending plans, so that it can prove to the public that it, too, could be trusted with the spending of money.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Would my right hon. Friend care to develop his thinking on the education for all programmes and the strategies of African countries, particularly in view of the need for them to be fully funded and consistent with paragraph 18(a) of the Gleneagles communiqué?

Mr. Brown: I am not—I do not have it to hand—aware of what the (a) part of paragraph 18 says, but the whole House will thank my right hon. Friend for his work on the International Development (Reporting and Transparency) Bill, which will require the Government to report regularly to Parliament on the successes in, and the challenges of, meeting the international development aid targets. His work has been welcomed by all non-governmental organisations and pressure groups not only in this country, but around the world.

Yes, we will keep to the Gleneagles agreement on these issues, and at the same time we will continue to expand spending not only on education, but on health. The vaccination initiative introduced in the past few months, providing £5 billion extra for vaccination, will ensure that over the next 20 years millions of children will be able to survive, where previously they would have died. This initiative involves both education and health, and we are showing that this Government are properly funding it.

Mr. Graham Stuart (Beverley and Holderness) (Con): For education programmes to be worth while, we also need a decent environment for children. Can the Chancellor explain why he was unable to address the G8-plus-five legislators' dialogue last weekend, which was very disappointed not to hear from him? Can he also tell us of any progress that has been made with the climate change fund, which he announced with many headlines at the time of World Bank's spring meetings in Washington?

Mr. Brown: I am glad that the hon. Gentleman agrees about the need for action on climate change, and I hope that he will support not only our UK climate change levy but our public investment programme, so that the World Bank will set up, as he knows, a fund providing loans and grants to enable developing countries to move into alternative sources of energy and to make more efficient use of existing energy.

David Taylor (North-West Leicestershire) (Lab/Co-op): If media reports are to be believed—not always the case—Vladimir Putin was successful in keeping Africa off the core agenda of the G8 meeting in his country at St. Petersburg. Can the Chancellor reassure the House that education has the greatest potential to transform the lives of people on the continent of Africa? Will he try to ensure that the subject of education provides a means of broadening the debate

so that Africa is not forgotten? It played a central part in Gleneagles, but it seems to be less central in St. Petersburg this week.

Mr. Brown: I suspect that middle east issues will form a big part of the G8 agenda in St. Petersburg, but I can assure my hon. Friend that African issues will be discussed. I can also assure him that the Germany presidency of the G8 next year fully intends to make development a central part of what it does. The IMF and World Bank meetings in September are focusing heavily on issues of development and providing finance for it. There is also a UN reform commission that is looking into how the UN can play a far more effective role in development in future. Far from those issues being off the agenda after Gleneagles, they are definitively on the agenda, and I believe that the public action by non-governmental organisations, Churches and faith groups, which have kept it on the agenda over the past year, will also keep it on the agenda in future years. I hope that MPs on both sides of the House can join Churches and faith groups in making sure that in every country there is a full knowledge of our responsibilities to the developing countries.

Mrs. Theresa Villiers (Chipping Barnet) (Con): At the forthcoming meeting, will the Chancellor urge his G8 colleagues to live up to their promises on programmes for dealing with HIV/AIDS, particularly programmes relating to children? Will he take steps to ensure that UK Government programmes that are administered multilaterally alongside G8 partners or the EU give HIV/AIDS a much higher priority than they have in the past?

Mr. Brown: I will not be attending the meeting at St. Petersburg on Saturday, but I was at the meeting of Finance Ministers there only a few days ago. What was decided there was that we would push the development agenda forward. We discussed health issues and promised that HIV/AIDS sufferers would get some form of treatment and help by 2010. We know that 25 million people have died as a result of AIDS, we know that there are 12 million AIDS orphans and we know what our responsibilities are. Instead of promoting what I believe are divisive ideas about education vouchers, I wish the Conservative party would unite around the necessary funding that should go through Governments and civil society to deal with problems of health and education.

Tax Credits

3. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): If he will make a statement on the recent operation of the tax credits system. [84764]

5. **Mr. David Heathcoat-Amory** (Wells) (Con): What assessment he has made of the level of fraud in the tax credit system in the last 12 months. [84766]

The Paymaster General (Dawn Primarolo): I made a statement to the House on Tuesday on the operation of tax credits. Her Majesty's Revenue and Customs published on its website its estimates of error and fraud for tax credits relating to 2003-04.

Danny Alexander: I am grateful for that reply, but it is a shame that it did not come from the Chancellor, who has not answered an oral question on tax credits for 791 days. One cause of the extraordinary level of fraud and error in tax credits—now the worst in the welfare system—was payments made to people subject to immigration controls. Why were the verification procedures that would have prevented such mistakes, specifically rule 12, suspended for 18 months from April 2003? Did the Paymaster General approve that decision?

Dawn Primarolo: I can tell the hon. Gentleman that at no point were officials instructed to overlook irregularities where claimants had failed the UK residential rule. I also say to the hon. Gentleman that I am the Minister for the Department, I am accountable to the House and I accept responsibility for what happens in the Department.

Mr. Heathcoat-Amory: Tax credits are the Chancellor's flagship scheme, but the level of fraud and error reported to the House earlier this week is running at nearly £2 billion for just one year. Does that not add the Treasury to the growing list of Government Departments, such as the Department for Environment, Food and Rural Affairs and the Home Office, that are not fit for purpose? How can the Treasury hope to control the rest of Whitehall when it cannot even run its own schemes properly?

Dawn Primarolo: If the right hon. Gentleman looks at the figures for 2005-06, as reported to the House, he will see that the Department stopped the overwhelming number of attempts to defraud it, thus demonstrating clearly that the anti-fraud measures are working. But of course he is right, and it is true for any Department that fraud must be tackled and reduced and that claimant error must also be tackled, by ensuring that claimants have clearer information and a clear understanding of their responsibilities and that the Department responds accurately and in a timely way to those submissions.

Angela Eagle (Wallasey) (Lab): May I ask my right hon. Friend to focus on the outcome of the tax credits system, which in my constituency is providing new chances for single parents to work and therefore look after their own families, giving new opportunities to people who did not have them before and tackling child poverty, which was an absolute scourge when the Labour party came to power?

Dawn Primarolo: My hon. Friend works very hard in her constituency to ensure that her constituents receive all their entitlements, including tax credits, and she will know that the take-up of tax credits in their first year of operation, particularly for lower income families, was about 93 per cent., so we now have 10 million children—6 million families—benefiting. Tax credits have made a huge contribution in helping people to return to work, in paying for child care and, most importantly, in eradicating child poverty and lifting children out of poverty. That is the situation that needs to be tackled, because child poverty doubled under the previous Government, and the difference between the

Labour party and the Conservative party is that we are dedicated to eradicating child poverty; they do not even want to understand it.

Mr. George Mudie (Leeds, East) (Lab): Is the Paymaster General aware that, only five weeks ago, the Treasury Sub-Committee—chaired so well by the hon. Member for Sevenoaks (Mr. Fallon), who is sitting on the Opposition Benches—found that the policy of using tax credits as a method of taking people out of poverty was laudable and that the programme had considerable success? Encouraged by such all-party support, will she assure us that she will continue her efforts to help the poorest people in our communities?

Dawn Primarolo: My hon. Friend is right to refer to the Treasury Sub-Committee report, which I welcomed when it was presented to the House, because it made it absolutely clear that both the Sub-Committee and the overwhelming number of people who gave evidence to it said that tax credits had widespread support, that they made an important contribution to tackling child poverty, and that they should be supported.

Mr. David Gauke (South-West Hertfordshire) (Con): We have learned that, in 2003-04, nearly £1 in every £10 paid in tax credits was paid either in error or because of fraud. Specifically with regard to fraud, does the Paymaster General believe that that figure will fall as a proportion of tax credits paid, and if not, why not?

Dawn Primarolo: If the hon. Gentleman looks at the figures for 2003-04, he will see that they are divided between claimant error and fraud, which amounts to £70 million. As I explained to the House earlier in the week, the difference between error and fraud is that the investigating officer must be certain that there was an attempt to defraud, as opposed to a genuine error. The hon. Gentleman is quite right to suggest that strategies need to be developed—they have been announced to the House—to ensure that claimant error is reduced, that the information given to the Department is correct, and that officials act on it speedily and correctly. I have already answered the question on fraud in response to the right hon. Member for Wells (Mr. Heathcoat-Amory), by pointing out that the strategies in place in the Department are ensuring that the majority of fraud attempts made against it are not succeeding.

Mr. Wayne David (Caerphilly) (Lab): Does the Paymaster General agree that tax credits have been absolutely central in helping to reduce the tax burden on low-to-middle income families and that Opposition Members should welcome that?

Dawn Primarolo: One would expect both the Opposition parties to welcome tax credits on the basis that, according to the latest figures from the Organisation for Economic Co-operation and Development, the tax paid by an average family on £21,000 a year has gone down from between 18 and 19 per cent. to 9 per cent. That has to be welcomed. In addition, the number of families paying no tax on their income has risen since 1997 from fewer than 2.5 million to more than 3 million, when tax credits and benefit reform are taken together. One would have thought that the Opposition parties would welcome this, but they do not, because they do not want to tackle poverty. That is the dividing line between us. They decry the experience of poverty but, unlike this party, they will do nothing to eradicate it.

Mr. Paul Goodman (Wycombe) (Con): The Paymaster General is making a spirited attempt to defend the indefensible, but the real culprit is not the Paymaster General—I will pay her that compliment—but the Chancellor. He invented the system, which is riddled with error and fraud. The Treasury itself concedes that nearly half of all payments are wrong. Week after week, the Chancellor answers questions about world poverty, which is not his responsibility, but he will not answer questions about tax credits, which are. Will he now get to his feet, come to the Dispatch Box and take responsibility for this mess, instead of using the Paymaster General as a human shield?

Dawn Primarolo: I fear that the hon. Gentleman has made a terrible mistake here. He has just described tax credits as "indefensible". What is indefensible is his party's record of doubling child poverty. When he reflects on his contribution in the Chamber today, he will deeply regret the fact that, for the first time, he has made it abundantly clear that the Conservatives are not prepared to defend tax credits. They do not support them because they are not prepared to tackle child poverty.

Cocaine Smuggling

6. **John Mann** (Bassetlaw) (Lab): How many drugs liaison officers within Her Majesty's Revenue and Customs are employed in tackling cocaine smuggling. [84767]

The Financial Secretary to the Treasury (John Healey): From April this year, the Serious Organised Crime Agency—SOCA—took over responsibility for the network of overseas drugs liaison officers. Her Majesty's Revenue and Customs retains responsibility for anti-smuggling controls at the UK borders, and continues to seize drugs as part of its frontier work.

John Mann: Unlike drugs such as heroin, cocaine is incredibly price-sensitive. Can the Minister give us an assurance that the expertise that has been built up in Customs and Excise will be made fully available to SOCA to ensure that the unsung successes in intercepting cocaine that have taken place in areas such as the Caribbean, giving great value for money, are not only continued but expanded by the Government?

John Healey: I pay tribute to my hon. Friend's work in the House, his constituency and elsewhere on the serious menace that drugs cause in our communities. I can give him the assurance that he seeks. When SOCA was set up, more than 1,100 drugs officers and their expertise were transferred from HMRC, and they now play an integral part in the work that SOCA is undertaking. I can also assure him that HMRC and

SOCA continue to work closely together, including at the frontiers, so that we can continue to play a part in the battle against drugs.

Mr. Philip Hollobone (Kettering) (Con): A very high proportion of the 8,000 foreign prisoners in British jails are drug smugglers from Jamaica and other Caribbean countries. Will the Minister liaise with the Home Secretary to ensure that those people are sent back to secure detention in their own countries, thus saving the British taxpayer a small fortune?

John Healey: The hon. Gentleman refers to a groundbreaking, innovative and highly effective programme called Operation Airbridge. This involved UK Customs and Excise—later HMRC—linking up with the Jamaican constabulary to prevent would-be cocaine smugglers and swallowers from getting on to the planes in the first place. That operation has resulted in an increase in the number of smugglers being intercepted in Jamaica, a reduction in the number of seizures and smugglers from the Caribbean being intercepted here, and a consequent reduction in the number of smugglers from those parts of the world having to be dealt with by our criminal justice system.

Mr. Bob Blizzard (Waveney) (Lab): Until April there were two drug liaison officers in Peru, and then SOCA moved them to Colombia. Peru is the second largest cocaine-producing country in the world, cocaine production is on the increase and crop eradication and substitution programmes are not working. Intelligence-led intervention in trafficking will make the biggest difference to this country. Will my hon. Friend increase SOCA's resources for that work, so that our drug liaison officers, who are very successful, can be in both Peru and Colombia?

John Healey: My hon. Friend is right to say that the role played by drug liaison officers overseas is pivotal. As I have explained, they have now been transferred to SOCA. He is right to stress the importance of being able to intercept drugs at every stage of the supply chain. He may be interested to know that in the first 10 months of last year, the agencies combined intercepted more than 30 tonnes of cocaine destined for European markets, which we would otherwise have had to try to intercept either at our borders or on our streets. That important international work is helping to keep some of our local communities freer of drugs than they would otherwise be.

Monetary Policy Committee

7. **Sir Peter Tapsell** (Louth and Horncastle) (Con): What plans he has to review the appointments procedure of the Monetary Policy Committee of the Bank of England. [84768]

The Chancellor of the Exchequer (Mr. Gordon Brown): Today I am appointing to the Monetary Policy Committee Mr. Andrew Sentance, chief economist at British Airways and previously chief economist of the CBI, and Professor Tim Besley of the London School of Economics. The whole House will also want to pay tribute to the work of the former MPC members—Richard Lambert, who is now director general of the CBI, and particularly David Walton, a brilliant economist who tragically passed away at the young age of just 43. Recognising the issues of market sensitivity, the procedure is that all appointments are made strictly in accordance with the legislation.

Sir Peter Tapsell: I start by echoing the Chancellor's deep regret at the tragic early death of the brilliant David Walton, which is a great loss to this country. But does the Chancellor regard his answer as an adequate response to the growing criticism in the City, in which even the Governor of the Bank of England has partially joined, of what is perceived as his dilatory and over-secretive approach to the filling of vacancies as they occur on the Monetary Policy Committee? Why can the procedure not be more open and transparent? Is it appropriate, in a Bank of England that the Chancellor claims he has made independent, that those appointments should be made by him in such a personal way?

Mr. Brown: Let us remind the House that the hon. Gentleman was a vicious opponent of the independence of the Bank of England. He said that it would lead to deflationary policies and higher unemployment, and that the Bank of England's reputation would be damaged. All those things proved to be untrue. On the appointments system for the Bank of England's Monetary Policy Committee, the legislation requires that we seek people with experience and expertise. That has been achieved, and the proof is in the record. It would be wrong, when there is market sensitivity—which, unfortunately, the shadow Chancellor denies—if a rumour about a Monetary Policy Committee appointment meant that there was movement of the pound and the stock exchange. There is market sensitivity, so such appointments must be handled with care.

Mr. George Osborne (Tatton) (Con): The Chancellor appoints them all.

Mr. Brown: Well, if we had followed the Opposition's policy, the Bank of England would not have been independent, we would not have had stability, we would not have had low inflation, and we would not have had the lowest interest rates for 30 years.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): Has a review been undertaken to find out the effects of the independence of the bank since 1997?

Mr. Brown: The effect of independence for the Bank of England and the accompany monetary and fiscal policy is that inflation, interest rates and mortgage rates have been half what they were in the previous 18 years. I have considered all kinds of proposals that have been put forward for reform of the Bank of England Monetary Policy Committee. I have considered the shadow Chancellor's proposal that the House of Commons vote every year on the inflation target, which would be a recipe for the very instability that the Conservatives created in government. I have also

considered his proposals for appointment to the Monetary Policy Committee—and it is remarkable that those proposals are intended to increase the external accountability of the Monetary Policy Committee. Even the Governor of the Bank of England would disagree with a proposal for the Governor to choose the two deputy Governors, the Governor to choose the other two internal members and the Governor also to have a role in the appointment of the remaining four members. That would mean the Governor having either a direct or an indirect role in the appointment of all eight members except himself. How would that secure accountability? The shadow Chancellor should go back to the drawing board and think again—about this and other issues.

Julia Goldsworthy (Falmouth and Camborne) (LD): I echo the sympathy expressed by the Chancellor over the sad death of David Walton. The independence of the Bank of England was called for and welcomed by the Liberal Democrats, but does the Chancellor agree that it is compromised by the direct control that he exercises in appointments? Is he prepared to give up that control and fall into line with the code relating to ministerial appointments? If not, why not?

Mr. Brown: I remind the hon. Lady that the Conservative party opposed the legislation for independence of the Bank of England. She says that she supported that legislation—

Mr. Lindsay Hoyle (Chorley) (Lab): She was not here.

Mr. Brown: But the hon. Lady's party supported it. The legislation that she supported provided for five internal members of the Bank of England and four external members. That was in the legislation. The Chancellor of the Exchequer was obliged to propose the appointment of people with experience and expertise to the Monetary Policy Committee. I ask the House whether the record of the Bank of England as a result of our decisions has been good or bad. In my view, the only answer that the House can give is that we have achieved a degree of stability that the Conservatives could never dream of.

Mr. Mark Hoban (Fareham) (Con): I echo the Chancellor's comments about the late David Walton, and the work that he and Richard Lambert did on the MPC—but Richard Lambert was appointed to the MPC by means of a telephone call, as was Andrew Large. The Governor said before the Treasury Committee that the current process was

"something that is very informal and seems to result in appointments being made very much at the last minute."

Is it not time for a proper, open and robust process for MPC appointments, rather than their being made furtively behind closed doors, on the whim of the Chancellor?

Mr. Brown: The policy of the hon. Gentleman's party favours greater accountability of the MPC to Parliament and the public, but the detail of the shadow Chancellor's proposal is that the two deputy Governors should be chosen by the Governor, the two internal members should be chosen by the Governor, and the Governor should have a direct role in the choice of the four external members. That is not extending external accountability. The Conservatives are making a laughing stock of their own policies.

Inheritance Tax

8. **Martin Linton** (Battersea) (Lab): If he will assess the merits of linking inheritance tax thresholds to median house prices in each council area. [84769]

The Chief Secretary to the Treasury (Mr. Stephen Timms): This year's Budget announced above-inflation increases in the inheritance tax threshold, with the threshold rising to £325,000 by the end of the current Parliament. Even given rising house prices, most homes are below the threshold. A link to house prices in each area would be very difficult and complex to administer, and I think that it would also be unfair.

Martin Linton: What should I tell my constituent, who lives in a terraced house in Battersea and fears that her daughter, who is also her full-time carer, would face a bill for more than £100,000? Average house prices in my borough are still £80,000 above the threshold, and even given the increases—enormously welcome though they are—they will still be some £35,000 above it. Does not my hon. Friend, as a London Member, share my fear that families will no longer be able to live in the family home when their parents die, and that families will disperse and communities break up?

Mr. Timms: I know that my hon. Friend will agree that it is right for the estates of better-off people to contribute to wider welfare—and only 6 per cent. of estates paid inheritance tax last year. I think that he will also accept my point about the complexity that would arise if the threshold varied constantly, depending on what had happened to house prices, and if it were different in every area. In cases such as the one that he has described, equity release might help. I think that there would be a real problem if estates with no residential properties but otherwise identical paid different amounts of tax in different parts of the country.

Peter Bottomley (Worthing, West) (Con): The Minister may have dealt with the main point made by his hon. Friend, but he has not dealt with the supplementary point. What happens if a 90-year-old mother living with two 60-year-old retired daughters has a house whose value is above the threshold? How can she pass it on, without the benefits of civil partnership?

Mr. Timms: The hon. Gentleman is one of those who would agree that it is right that the estates of wealthy people should contribute to the wider wealth; I know of his interest in addressing poverty. In the situation that he describes, perhaps equity release could help. It is right that larger estates should contribute to the wider welfare, and that is what inheritance tax allows to happen.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my hon. Friend review the threshold annually? Rising house prices mean that it is Mr. and Mrs. Average who are now being caught by inheritance tax, whereas the wealthiest have the best advisers, set up trust funds, hold their money abroad and do not pay.

Mr. Timms: I can reassure my hon. Friend that the situation is reviewed annually, and we have committed to above-inflation indexing up to £325,000 by 2009-10. Where there are loopholes, we will continue to take steps to close them, and further progress was made on that front in the Finance Bill this year.

Economic Growth

10. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What recent discussions he has had with his G8 colleagues regarding prospects for global economic growth. [84771]

The Economic Secretary to the Treasury (Ed Balls): My right hon. Friend the Chancellor met his G8 colleagues in June. At that time, Finance Ministers judged that prospects for global growth remained strong, although downside risks from high and volatile energy prices, global imbalances and the lack of progress on the Doha trade round remain.

Mr. Crabb: I thank the Economic Secretary for that reply, but—as I think he knows—the UK's recent economic growth looks good only when set against some poor comparators. Will he explain specifically why he thinks that the UK's GDP growth over the past year has been less than the US's, less than Canada's, less than Japan's, and less than the G7 average, and why we are forecast to grow less strongly than the Organisation for Economic Co-operation and Development average this year? Has the Treasury given up on the idea of the UK being able to compete in the top division for GDP growth in industrialised countries?

Ed Balls: The growth rate for the UK was revised up by the Office for National Statistics a week ago for 2001, 2002, 2003, 2004 and 2005. Since 1997 growth in output has been 26 per cent., compared with only 15 per cent. in the previous nine years. We have also had the lowest unemployment. In the hon. Gentleman's constituency, for example, unemployment has fallen by two thirds and long-term unemployment by 90 per cent. At the same time as achieving growth and low unemployment, we have had stability and low inflation. That is because of our successful reform of the Bank of England, which would be put at risk by proposals to change the inflation target annually and remove the majority of internal members on the Monetary Policy Committee. We were told a few months ago that there had been detailed discussions on those matters, and the Governor was forced to issue—

Mr. Speaker: Order. If those are Opposition proposals, it is not for the Minister to tell the House about them.

Mr. Richard Spring (West Suffolk) (Con): When discussions take place with G8 colleagues, will the Economic Secretary explain to other members of the G8 why unemployment in this country has risen faster than in any other advanced country in the past 12 months?

Ed Balls: Unemployment in the euro area is 7.9 per cent., in Germany it is 8.3 per cent and in Britain it is 5.2 per cent. That is the lowest level for 30 years. In the past four years there have been recessions in Japan, Germany, France and the US, but not in Britain. We all remember what happened when the Conservatives were running the economy. We remember what it was like to have unemployment at 3 million and interest rates at 15 per cent., and we are not going to go back to those days. It is about time we had a grown-up debate on the economy, instead of this triviality.

Mr. Jim Cunningham (Coventry, South) (Lab): Has my hon. Friend had any discussions with the G8 countries about the high cost of energy?

Ed Balls: My hon. Friend is right: the high oil prices were discussed at the G8 meeting a few weeks ago. We have the highest oil prices for 25 years, and the geopolitical situation has meant that we have had high oil prices and falling stock markets since the beginning of the decade. Despite those pressures, we have still managed to combine rising employment, low inflation and rising growth. The last time such issues arose in the global economy, we had recession rather than growth, high inflation rather than low inflation and high unemployment rather than low unemployment. We have no intention of going back to those days.

Tax Credits

11. **David Heyes** (Ashton-under-Lyne) (Lab): How many non-pensioner families in the Ashton-under-Lyne constituency were recipients of tax credits in each of the last three years; how many have been identified as having received overpayments; and if he will make a statement. [84772]

The Paymaster General (Dawn Primarolo): The estimated number of child and working tax credits awards in the Ashton-under-Lyne constituency in 2003-04 was 11,600. In 2004-05 there were 13,300 awards to families in Ashton-under-Lyne, of which 4,100 were overpaid.

David Heyes: I thank my right hon. Friend for that reply. It is clear that many families in my constituency have been lifted out of poverty by tax credits, and she is to be commended for her role in that. However, she will know that the continuing delays in resolving disputes about overpayments still cause hardship and distress for some people. One of my constituents has been told repeatedly that she is invisible to the computer, even though she can produce reams of correspondence that the computer has generated. Other eligible constituents have simply abandoned their claims in despair. Will my right hon. Friend redouble her efforts to get to grips with such problems?

Dawn Primarolo: As my hon. Friend acknowledged, some 13,300 families in his constituency benefit from tax credits. He will be aware that I have announced to the House that the Department must deal with disputed overpayments within four weeks, and that it must continue to pay claimants while disputes are being resolved. That is precisely what is happening. I hear what my hon. Friend says about specific cases in his area. I cannot deal with them now, but if he raises them with me in writing, I shall do my best to get him a sensible answer.

Greg Clark (Tunbridge Wells) (Con) *rose—*

Mr. Speaker: Order. I can tell the hon. Gentleman that Tunbridge Wells is a bit too far away for him to get involved in this question. While I am on my feet, I must advise you, Mr. Stuart, that you must be quiet. You have had your say in the House, and it is unfair to barrack Ministers every time they speak.

Digital Inclusion

12. **Peter Luff** (Mid-Worcestershire) (Con): If he will make a statement on his fiscal policies to support the Government's digital inclusion strategy. [84773]

The Chief Secretary to the Treasury (Mr. Stephen Timms): Competition is helping to boost digital inclusion through falling prices for equipment and communications services. The Government are helping by making targeted fiscal interventions, such as supporting the network of 6,000 UK Online centres. We are also investing in information and communications technology in schools and funding ICT at home for school students.

Peter Luff: I have had some harsh words with members of the Treasury Bench about how the home computing initiative was abolished, but I have since received conciliatory letters acknowledging that there is a hole in the digital inclusion strategy in respect of low-income employees. Will Ministers acknowledge the efforts made by the industry to address those problems and to deliver a compliant and self-regulatory framework for schemes that enable employers to purchase computers? In that way, the industry is helping to plug that very important hole in the Government's strategy.

Mr. Timms: I am not sure that the hole to which the hon. Gentleman refers exists. Home computer penetration has risen from one in four in 1997 to two thirds today, which shows that very welcome progress has been made, largely because of falling prices. I know that the hon. Gentleman has submitted some proposals on behalf of the industry, and I assure him that Ministers in the Department of Trade and Industry are looking at them. When he submitted them, he said that they looked rather complicated, and I think that he was probably right. However, the large price falls in PC equipment and much higher home take-up mean that the case for Government intervention looks much less strong today than it did in 1999, when the incentive was introduced.

Mr. Brian Jenkins (Tamworth) (Lab): Analogue switch-off is looming for many people, so will my hon. Friend consider funding the move from analogue to digital out of future income from the sale of the spectrum? Would that not be preferable to letting the cost fall on BBC licence fee payers?

Mr. Timms: My hon. Friend will know that my right hon. Friend the Secretary of State for Culture, Media and Sport is looking at those issues, and at ways of helping people make the transition in the future. Certainly, the switchover holds out a lot of promise for promoting digital inclusion, and I am sure that he and the whole House will welcome that.

Financial Capability

13. **Stephen Hesford** (Wirral, West) (Lab): What steps his Department is taking to improve financial capability among the general public; and if he will make a statement. [84774]

The Economic Secretary to the Treasury (Ed Balls): The Financial Services Authority has a statutory objective to increase consumer understanding of the financial system, and works in partnership with the Government, the industry and the voluntary sector on those matters. I can tell the House that in the autumn my Department will publish a 10-year strategy on financial capability and inclusion, setting out the Government's plans for action in that important area.

Stephen Hesford: I thank the Minister for that answer and welcome his announcement. I know that the FSA is doing all it can to increase knowledge and literacy in financial matters for schools, young adults and workplaces and by providing money advice for new parents. Could the FSA extend its remit to pensioners and others who have to deal with instruments and other matters because of the increasing capital wealth among that age group?

Ed Balls: My hon. Friend is right. In implementing the pensions White Paper, we will need to focus on such capability issues for future pensioners as well as current pensioners. Some things have been done, and we have announced that financial education will be embedded in the GCSE maths curriculum over the new few years. But there is much more to be done, and I shall give the House two facts. On the one hand, we know from our recent benchmark survey that more than 70 per cent. of schools provide personal financial education only occasionally—once or twice a month. We need to do much better than that, which is what the survey is about. However, our survey also shows that the cash management skills of many people on low incomes are very good—considerably better than the cash management skills of many people in the House.

Greg Clark (Tunbridge Wells) (Con): When it comes to financial accountability, how many times in a row should a set of accounts be qualified by the auditors before the finance director gets the sack?

Ed Balls: If the hon. Gentleman is referring to the European budget, I can tell him that I am going to Brussels this afternoon to meet Commissioners, and I shall be at the budget Council of ECOFIN tomorrow. It is of great concern to us that the budget has been qualified for 11 or 12 years. That is exactly why, last autumn, we agreed in ECOFIN a plan to sort it out by 2009. We ought to have support from Opposition Members in trying to sort out the European budget, rather than the continual triviality of their attempting to leave the mainstream of Europe and join the extremist fringes.

Mr. Ian Austin (Dudley, North) (Lab): Has my hon. Friend considered funding courses in financial capability for MPs who believe that it is possible to increase spending in areas such as housing, child care, youth services and social enterprises at the same time as introducing a proceeds of growth rule that would result in cutting public expenditure by £17 billion?

Ed Balls: My hon. Friend is right. Perhaps we could arrange such classes, where we might explain to people that it is not possible to invest in education, tackle child poverty, clean up the environment and at the same time cut £17 billion from public spending, as the shadow Chancellor proposes.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister accept that too many financial institutions—such as banks, building societies and credit card companies—encourage people of all ages to borrow beyond their ability to repay? Is that responsible? Should not something be done about it? The citizens advice bureau in my area wrote to me recently about growing debt among the elderly, because they are encouraged to borrow. What can the Government do about it?

Ed Balls: I understand the hon. Gentleman's concerns, and join him in praising the work of citizens advice bureaux. I met them a week or so ago, and they are in the process of hiring 350 personal finance advisers, precisely to give that kind of advice. It is often the case, however, that people fall into debt because they suddenly and unexpectedly face unemployment, family break-up or ill health. In those circumstances, going into debt would be the wrong thing, and we need to give people proper advice and support. In general, I do not think it right to say that banks should discourage people from taking out loans or credit cards, which in fact play an important part in our economy. The fact that so many more people in our society have mortgages and are home owners is a good thing, but we need to make sure that people have proper advice and support, especially at times of crisis, and I commend the CAB for all its work.

Non-EU European Banks

15. **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): What steps he is taking to improve the regulation of the London-based operations of non-EU European banks. [84776]

The Economic Secretary to the Treasury (Ed Balls): The Financial Services Authority regulates all non-EU banks operating in the UK under the Financial Services and Markets Act 2000. That includes the regulation of prudential standards, conduct of business, liquidity and financial crime. The Government and the FSA work closely together to ensure that the regulation of the banking sector is effective, well focused and up to date with current market practice.

Mr. Sheerman: Will my hon. Friend stop dodging and diving on this one? I have been trying to get some protection for constituents of mine, who believed that when they allowed assets to be managed by a Swiss bank that had opened a London office, they had the same protection as customers of other banks, and that European directives would apply. Pictet Asset Management does not conform to those rules. Is it not about time that Swiss banks were regulated properly in this country?

Ed Balls: The Financial Services Authority regulates all banks operating in the UK in relation to financial crime and all other matters, including Swiss subsidiaries and branches, under existing legislation. I would say to my hon. Friend that I have been in this job for eight weeks, and this is the first time that we have had a conversation on this subject. I am happy to look into it in detail, but as I said, this is the first time that we have had the opportunity to discuss it. If he would like to meet, I will be happy to do so and provide him with all the reassurance he needs that the FSA is doing a good job, including with Swiss banks and subsidiaries.

The Speaker: Order. We now return to Questions 4 and 14.

Fundamental Savings Review

4. **Mr. Jim Devine** (Livingston) (Lab): What recent assessment he has made of the impact of the level of funding for public services on the economy. [84765]

14. **David Tredinnick** (Bosworth) (Con): When the fundamental savings review will be published. [84775]

The Chancellor of the Exchequer (Mr. Gordon Brown): To ensure that, in the coming spending round, even more resources will go direct to front-line services, I am requiring asset sales in excess of £30 billion by 2010; and as we complete a zero-based and fundamental review of each Department's baseline spending, with further announcements in the pre-Budget report, I can also confirm that all Departments will have to achieve efficiency savings of at least 2.5 per cent. annually, on top of the £21 billion administrative savings being implemented from the Gershon review. Administrative budgets which have already been frozen will now be cut not only in real terms but in cash terms, releasing extra resources for front-line services. These administrative savings make possible improvements in service within a Home Office budget which, as agreed, will have a flat real settlement, and settlements for the Treasury, Department for Work and Pensions, Her Majesty's Revenue and Customs and the Cabinet Office, which have agreed a 20 per cent. real-terms decrease over five years. *[Interruption.]*

I am also today publishing the terms of reference for the six policy reviews on children and young people, the third sector, economic development and regeneration, supporting housing growth, mental health outcomes and counter-terrorism and security. These will inform cross-Government priorities for the comprehensive spending review. I can confirm that Sir David Varney, chairman of HMRC, will report to me at the pre-Budget report on further administrative savings—[HON. MEMBERS: "This is a statement".]—and I am also publishing my letter to the public sector pay review bodies, proposing that public sector pay settlements should be founded on a 2 per cent. target. *[Interruption.]*

Mr. Speaker: Order. Mr. Pritchard, the last thing you should do is shout. If you are unhappy, you may raise a point of order after Question Time.

David Tredinnick: Why has the Chancellor chosen to put that information out with a whimper, not a fanfare, at the end of Treasury questions? Surely the House deserves a proper statement. And why is it so at variance with his press release of 19 July 2005, which promised a thorough review of demographic change, innovation, global issues and terrorism? What has happened to his pledge to look at spending over 10 years? If we just look at health spending, 73 per cent. has gone on increased costs. When will Government get a grip of these issues and ensure that money is spent more effectively?

Mr. Brown: The hon. Gentleman should read what I have said previously. We published a document on globalisation and its challenges. We shall publish a further document on that in the pre-Budget report. As for administrative savings based on a zero-based review, I am announcing today—and I thought there was some all-party support for it—that we are finding savings in administration, we are imposing efficiency savings and we are imposing asset sales. The purpose of that is to release resources for front-line services. I should have thought that hon. Gentlemen would support that, but perhaps the Conservative party is still the party under which, when additional public spending was announced in the 1990s, 80 per cent. of it went to debt and unemployment; whereas now 80 per cent. of new spending goes to health, education and vital public services.

Mr. Devine: I thank my right hon. Friend for that answer. Will he ensure that the spending review does not follow the rule whereby public expenditure grows less than the growth in the economy?

Mr. Brown: I reject the rule that has been put forward called the third fiscal rule. The third fiscal rule would require, no matter what the circumstances, that public spending should fall as a share of national income. *[Interruption.]* It was excellent I hear a Conservative Member say. It was exactly the policy on which the Conservatives fought the last election and the previous election. The electorate knew that and voted on the basis that they wanted to see improvements in health and education investment, money spent to relieve child and pensioner poverty, and this country properly defended and secure. I suggest that to impose a rigid rule on public expenditure would mean cuts of £17 billion this year and £18 billion next year. That would mean that hospitals, schools and public services generally would not have the resources that they need.

Mr. George Osborne (Tatton) (Con): Is this empty document really what the Prime Minister called the vital foundation stone of his spending review and announced at the Labour party conference last year? This is not a fundamental savings review. A fundamental look at Government spending would have asked this simple question: how can Labour have taxed so much, spent so much and achieved so little? How can Labour have spent £4 trillion over nine years and have an NHS that is sacking doctors and nurses and a Home Office that is not fit for purpose? Surely a serious attempt to find savings would have addressed soaring public sector construction costs and falling public sector productivity, but the document does none of those things. Surely a review of that kind would have concluded that the real reason why the Chancellor has been a big spender rather than a wise spender is because he blocked proper public service reform.

Mr. Brown: I am amazed at the shadow Chancellor. He does not support my announcement that we get efficiency savings of 2½ per cent. He does not seem to acknowledge my announcement that the administration budgets of Departments will be cut. He does not seem to recognise that £30 billion of asset sales are being asked for. He does not seem to recognise that the administrative budgets of Departments, which were 6 per cent. in the early '90s, will fall below 4 per cent. now. When it comes to the reason why he does not recognise that, I have a copy of a speech that he gave at the fringes of the Conservative party conference. He said that he would not compete with us at the next general election on efficiency savings. What he would do is promise that there would be very specific cuts in particular areas of the Budget, such as child tax credits and the new deal. He said:

"It's a hard choice which we will put to voters in an election."

He should tell us which hospitals, which schools, which teachers and which nurses will—*[Interruption.]*

Mr. Speaker: Order.

Dr. Vincent Cable (Twickenham) (LD): I thank the Chancellor for sending us his 66-page report before the statement, but he did not give us the opportunity to respond fully to it. The Prime Minister himself set out the criteria at his party conference, when he stated that the report would describe

"where we can save, and where we need to spend more".

Since the Chancellor has already indicated where he intends to spend more—partly on admirable objectives such as reducing child poverty, but also on massive overruns on the NHS IT scheme, on an ID card scheme costing £15 billion, on acquiring sites for new nuclear power stations, and on advance spending on the Trident missile—can he point us to those paragraphs in the report that show the Departments that will be cut in order to accommodate that? As his savings appear to

depend largely on efficiency, which, of course we entirely welcome—the Gershon savings—can he point us to independent reviews that have shown where those efficiency savings have so far been materialised and how they will be monitored thoroughly in future?

Mr. Brown: We have had the work of the National Audit Office, the announcement in this document in relation to the first step—40,000 jobs in the Department for Work and Pensions and Her Majesty's Revenue and Customs that were referred to in the Gershon report have gone—and the announcement in this document that DWP, HMRC and the Treasury, as well as the Cabinet Office, will have .5 per cent. real-terms cuts in their budgets over the spending round. The hon. Gentleman has therefore got the answer that he sought. I also said that this is part of a process whereby, in the pre-Budget report, we will have the Varney report and further detail on departmental settlements. Next week, we will have the capability reviews of individual departments. That is a continuing process that will lead to the spending round next year. I thought that he would have welcomed that, particularly as he has a special problem to solve: he has to find £20 billion to plug the gap.

When the leader of the hon. Gentleman's party was asked a few days ago how he would do that—*[Interruption.]*

Hon. Members: Sit down!

Mr. Speaker: Order. I know how to tell the Chancellor to sit down. I do not need help from anyone else. I say to the Chancellor that the policies of the Liberal and Conservative parties are really nothing to do with the Chancellor in the House.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): My constituents have benefited massively from the extraordinary increases in public expenditure for front-line services. They also value greatly their own public assets, which they have worked and paid for and which they control through public policies. Will the Chancellor give us some idea, an overview, of what kind of assets he intends to dispose of in order to give a further boost to public services?

Mr. Brown: Surplus land is a very good example—land that has been held by public authorities for a long period is now being released for housing. We have achieved £6 billion of asset sales in the last two years, and there will be £30 billion of asset sales by 2010. It would be wrong for the Government to hold on to assets that they did not need; it would be right for the Government to keep assets that they do need. My hon. Friend will see that that £30 billion makes possible investment in other areas of vital importance to the economy and to public services. He would be the first to acknowledge—indeed he did so—that in the past nine years we have doubled expenditure on health, and on education, and on policing and on transport, and the results are that not only do we now have more doctors, nurses, teachers and teaching assistants but standards in health, education and policing are rising, not falling.

Adam Price (Carmarthen, East and Dinefwr) (PC): The huge and mounting private finance initiative debt with which the Chancellor has saddled the public sector is now beginning to lead to cutbacks in the very front-line services that he is trumpeting. In advance of any internal Labour party election, is this one Tory policy that he regrets adopting?

Mr. Brown: The Tory policy was to cut public expenditure. Our policy is to increase public expenditure. The problem with the hon. Gentleman's policies is that they are so economically illiterate that they would lead to the same results of cuts in public expenditure, and he should go back to the drawing board and think again.

Kerry McCarthy (Bristol, East) (Lab): Last week I visited Brislington enterprise college in my constituency to look at the architect's plans for investment in new school buildings under the building schools for the future programme. Last week also saw the announcement of £750 million for investment in community hospitals, and in Bristol £42 million for the Greater Bristol bus network. Will the Chancellor assure me that that investment in front-line public services will continue under a Labour Government? What would be the implications for such investment if he were to give in to calls for spending to grow at a lower rate than economic growth?

Mr. Brown: I am pleased about those developments in my hon. Friend's constituency. That is happening in all constituencies, and Conservative and Liberal Members are also getting benefits from that investment. When we came into power net public investment was £7 billion. It is now £27 billion a year; it is rising, and because of the announcements today it will continue to rise every year right through to the end of the next spending round in 2011. I should have thought that in a country that desperately needs expenditure on infrastructure, as well as investment in health and education, there ought to be all-party support for that increase in investment, rather than the cuts programme of the Conservative party.

Mr. Michael Howard (Folkestone and Hythe) (Con): Nothing could more vividly demonstrate the contempt that the Chancellor has for the House than the way he sought to make what is in effect and should have been a statement in this underhand way, and all because of his childish desire to avoid giving my hon. Friend the Member for Tatton (Mr. Osborne) and the other party spokesmen advance sight of what he was going to say. Why has not the Chancellor given the House, from that Dispatch Box, a progress report on the implementation of the Gershon review? Is it not because, like so much of what comes from him and the rest of this Government, that review amounted simply to warm words and the Government have fallen far behind in its implementation?

Mr. Brown: What was unimplementable were the James proposals that the right hon. and learned Gentleman put forward at the last election. Our Gershon proposals have already achieved £9½ billion out of the £21 billion of savings to be made by 2008.

We have already reduced employment by the 40,000 net that we promised out of the 80,000 to come by 2008. We have already relocated 8,000 civil service jobs out of the 20,000 planned. We have reduced the share of administration in the Budget as proposed: compared with the 6 per cent. under the right hon. and learned Gentleman's Government, it is less than 4 per cent. under ours. I am not going to take any lectures about administration from the former Leader of the Opposition who was the poll tax Minister who caused the worst administrative mess in taxation this country has ever seen.

Mr. Michael Fallon (Sevenoaks) (Con): Does the Chancellor not understand the damage done by the stop-go nature of his public spending planning? Public spending was first constrained, then expanded massively, and today there are panic cuts outside the priority areas. Can he confirm that the Treasury has asked some public bodies to prepare illustrative plans on the basis of budget cuts of 5, 10 and 15 per cent.?

Mr. Brown: That question shows the difference between the Front Benchers and the Back Benchers. The Front Benchers say that the proposal is a damp squib, but the hon. Gentleman says that it cuts beyond anything that has ever been seen before. The truth, however, is that we are making administrative savings so that we can get more money to front-line services. Every person in the country will welcome the cuts that will be made to administrative budgets, the sale of unnecessary resources, which will release money for further investment, and of course the efficiency savings being achieved in different Departments. Once the hon. Gentleman looks at the details of the proposals, I should expect him to welcome them, and perhaps he might give a lecture to those on his Front Bench. These are serious proposals, and they should not be dealt with in the immature way that the shadow Chancellor has done.

Mr. Andrew Love (Edmonton) (Lab/Co-op): May I welcome the tough announcement that the Chancellor has made? The 2.5 per cent. cut that he announced will free up resources for our priorities of health and education, and I look forward to that. I welcome strongly the announcement on housing, but is the Chancellor selling off assets to ensure that the proceeds are made available for additional housing, and in particular affordable housing?

Mr. Brown: I can tell my hon. Friend that the budget for social housing is being doubled, which is a major advance. *[Interruption.]* The party of the hon. Member for Tatton (Mr. Osborne) set interest rates at 15 per cent. and prevented people from buying houses when they were in government. We have just announced £900 million for equity sharing to allow more people, particularly young couples, to buy their first home. I believe that we will be able to make further announcements about the extension of equity sharing, which should be supported on an all-party basis. My hon. Friend the Member for Edmonton (Mr. Love) is right that in addition to health, education, policing, security, and our defence responsibilities, housing has a priority in the future spending round.

Mr. David Laws (Yeovil) (LD): Can the Chancellor explain why, in the Home Office section of the report, identity cards are not even mentioned as one of the Home Office spending priorities? Is that because the Treasury was responsible for the leak by David Foord of the Office of Government Commerce, who talked about the unaffordability of the ID card project and a "lack of clear benefits"? He said:

> "Just because ministers say do something does not mean we ignore reality".

Has the Chancellor finally accepted the reality, which is that the scheme will not wash?

Mr. Brown: Sometimes I think that the hon. Gentleman lives in a completely unreal world. Identity cards are the policy of this Government. I should have thought that the more that people see the chances of their identity being stolen by organised crime, the more they would support identity cards. The Opposition parties have made a very big mistake in opposing identity cards, which are part of the spending settlement for the Home Office.

Mr. John Redwood (Wokingham) (Con): As someone who has never wanted cuts in hospitals and schools, but wants to reduce waste and inefficiency, I obviously welcome the Chancellor's latter-day conversion to the idea that we can achieve efficiency gains in the public sector. This time, has he consulted with the staff in advance and how many posts will have to go to meet these new, interesting targets?

Mr. Brown: The right hon. Gentleman is chairman of the Conservative party's economic competitiveness policy group, so there will be an interesting debate in that group between those who believe that we are doing something serious, as he does, and those who do not take seriously the fact that a major change is taking place in administrative budgets. As for the numbers, 80,000 civil servants, particularly at the DWP and the HMRC, will be replaced. As a net figure it is nearly 40,000, and as a gross figure it is over 40,000 now. We will reach the 80,000 figure by 2008, and we will introduce further proposals for the next spending round, so that we can ensure that we provide the most resources for the front-line caring services, which are the priority for the Government and, I know, are the first priority for the people of Britain. I welcome the right hon. Gentleman's support in this case, but can he inform and educate the shadow Chancellor on these matters?

Mark Pritchard (The Wrekin) (Con): On a point of order, Mr. Speaker.

Mr. Speaker: I will take it after the statements.

Business of the House

11.49 am

Mrs. Theresa May (Maidenhead) (Con): Will the Leader of the House give us the business until the recess?

The Leader of the House of Commons (Mr. Jack Straw): The business for next week will be as follows:

MONDAY 17 JULY—Remaining stages of the Compensation Bill [*Lords*].

TUESDAY 18 JULY—Consideration of Lords amendments to the Health Bill, followed by consideration of Lords amendments to the Government of Wales Bill, followed by a motion to take note of the outstanding reports of the Public Accounts Committee to which the Government have replied. Details will be given in the *Official Report*.

WEDNESDAY 19 JULY—Opposition half-day [unallotted day]. There will be a debate on home information packs on an Opposition motion, followed by remaining stages of the Commissioner for Older People (Wales) Bill *[Lords]*.

THURSDAY 20 JULY—A motion to approve the Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2006, followed by a debate on international development on a motion for the Adjournment of the House.

FRIDAY 21 JULY—The House will not be sitting.

The provisional business for the following week will be:

MONDAY 24 JULY—Second Reading of the Welfare Reform Bill.

TUESDAY 25 JULY—Motion on the retirement of the Clerk of the House, followed by consideration of Lords amendments to the Northern Ireland (Miscellaneous Provisions) Bill, followed by a motion on the summer recess Adjournment.

The information regarding business on Tuesday 18 July is as follows:—

The following reports fall within the scope of the motion:

2005-06		
Fourth Report	Fraud and error in benefit expenditure	HC 411 *(Cm 6728)*
Seventh Report	The use of operating theatres in the Northern Ireland Health and Personal Social Services	HC 414 *(Cm 6699)*
Eighth Report	Navan Centre	HC 415 *(Cm 6699)*
Ninth Report	Foot and Mouth Disease: applying the lessons	HC 563 *(Cm 6728)*
Twelfth Report	Helping those in financial hardship: the running of the Social Fund	HC 601 *(Cm 6728)*
Thirteenth Report	The Office of the Deputy Prime Minister: Tackling homelessness	HC 653 *(Cm 6743)*
Fourteenth Report	Energywatch and Postwatch	HC 654 *(Cm 6743)*
Fifteenth Report	HM Customs and Excise Standard Report 2003–04	HC 695 *(Cm 6743)*
Sixteenth Report	Home Office: Reducing vehicle crime	HC 696 *(Cm 6743)*
Seventeenth Report	Achieving value for money in the delivery of public services	HC 742 *(Cm 6743)*
Eighteenth Report	Department for Education and Skills: Improving school attendance in England	HC 789 *(Cm 6766)*
Nineteenth Report	Department of Health: Tackling cancer: improving the patient journey	HC 790 *(Cm 6766)*
Twentieth Report	The NHS Cancer Plan: a progress report	HC 791 *(Cm 6766)*
Twenty-first Report	Skills for Life: Improving adult literacy and numeracy	HC 792 *(Cm 6766)*
Twenty-second Report	Maintaining and improving Britain's railway stations	HC 535 *(Cm 6775)*
Twenty-third Report	Filing of income tax self assessment returns	HC 681 *(Cm 6775)*
Twenty-fourth Report	The BBC's White City 2 development	HC 652 *(Second Special Report, HC 1139, 2005-06)*
Twenty-fifth Report	Securing strategic leadership in the learning and skills sector	HC 602 *(Cm 6775)*
Twenty-sixth Report	Assessing and reporting military readiness	HC 667 *(Cm 6775)*
Twenty-seventh Report	Lost in translation? Responding to the challenges of European law	HC 590 *(Cm 6775)*
Twenty-eighth Report	Extending access to learning through technology: Ufi and the learndirect service	HC 706 *(Cm 6775)*
Twenty-ninth Report	Excess Votes 2004–05	HC 916 *(NIA)*
Thirtieth Report	Excess Votes (Northern Ireland) 2004–05	HC 917 *(NIA)*
Thirty-first Report	Northern Ireland's Waste Management Strategy	HC 741 *(Cm 6843)*
Thirty-second Report	Working with the voluntary sector	HC 717 *(Cm 6789)*
Thirty-third Report	The Royal Parks and the Diana, Princess of Wales Memorial Fountain	HC 644 *(Cm 6789)*
Thirty-fourth Report	Returning failed asylum applicants	HC 620 *(Cm 6863)*
Thirty-fifth Report	The refinancing of the Norfolk and Norwich PFI Hospital	HC 694 *(Cm ????)*
Thirty-sixth Report	Tackling the complexity of the benefits system	HC 765 *(Cm 6863)*
Thirty-seventh Report	Inland Revenue Standard Report: New Tax Credits	HC 782 *(Cm 6863)*
Thirty-eighth Report	Channel Tunnel Rail Link	HC 727 *(Cm 6863)*
Thirty-ninth Report	Consular services to British nationals	HC 813 *(Cm 6863)*
Fortieth Report	Environment Agency: Efficiency in water resource management	HC 749
Forty-first Report	The South Eastern Passenger Rail Franchise	HC 770
Forty-second Report	Enforcing competition in markets	HC 841

The reference number of the Treasury minute to each report is printed in brackets after the HC printing number

Mrs. May: I thank the Leader of the House for giving us the business up till the recess.

There have been a number of oral statements in recent days, but, sadly, that has not included the Chancellor's announcement about the fundamental savings review, and it was only because of your willingness, Mr. Speaker, to extend the time for Treasury questions that Members could question the Chancellor on that review. If the Chancellor has a statement to make, he should come to the House and make a proper oral statement, which would give a proper opportunity for all Members to question him on it. Perhaps his unwillingness to do so has more to do with the fact that the fundamental savings review was an idea announced by the Prime Minister at the Labour party conference, not by the Chancellor. Will the Leader of the House arrange for the Chancellor to come back to the House to make a proper oral statement on that review to allow more than just 20 minutes of questions from Members to the Chancellor?

Oral statements enable Members to put questions direct to Ministers, whereas written statements do not give that opportunity to raise matters in the House, particularly if they are published on the day the House goes into recess. On the day the House went into recess at Easter, there were 39 written ministerial statements. Last year, on the day the House went into summer recess, there were 63 written ministerial statements. What steps is the right hon. Gentleman taking to ensure that we do not have a repeat performance, with a large number of written statements coming out too late for Members to question Ministers?

It has been shown that there has been a hidden waiting list in the NHS for diagnostic tests, with patients waiting up to an average of 17 weeks for some tests. Some patients have to wait up to two years, but we do not know what the maximum wait is. Will the Leader of the House ensure that the Secretary of State for Health places full figures in the Library so that Members can see the true state of waiting lists, rather than the partial figures that the Government quote? Before the right hon. Gentleman prepares his standard response to me, which is about how many more nurses there are in my area, perhaps he will let me know instead why respite care at St. Mark's hospital, Maidenhead is under threat, Townlands hospital is under threat of closure and maternity services have been cut at Wycombe hospital—all affecting my constituents.

It was shocking to read this week that the Department of Health has been sitting on a report on patient safety in mental health services that refers to a number of rape cases. May we have a debate on mental health services when we return in the autumn, and will the Leader of the House ensure that the Secretary of State for Health publishes that report well before the debate?

Yesterday, my right hon. Friend the Leader of the Opposition challenged the Prime Minister on reports that the ID card scheme had been delayed. The Prime Minister's response was:

"It is a huge programme and there are bound to be changes along the way."—[*Official Report*, 12 July 2006; Vol. 448, c. 1384.]

So when will the Home Secretary come to the House to make a statement about those changes?

The Home Secretary announced on 21 June that there were plans for a major shake-up of the Home Office and that his task force would produce firm proposals by July. Will the Leader of the House arrange also for the Home Secretary to come to the House before the recess to make a statement on the changes proposed for the Home Office, so that we can know what on earth is going on there? The Home Secretary gave himself 100 days to sort out the Home Office. He is more than two thirds of the way through, and with the visa scam at foreign language schools, failure to deport foreign criminals, the ID card project being delayed and confusion over police mergers, he is not doing very well.

This summer the Office for National Statistics will bring in changes to place all private finance initiative deals on the Government's balance sheet. That is bad news for the Chancellor, as it could blow a hole through his sustainable investment rule. May we have a debate on the production and use of Government statistics? Does the Leader of the House stand by his comments made in a speech to the Royal Statistical Society in 1995 that there should be a national statistical service that should be

"placed at arm's length to Ministers, on a similar basis to that of the National Audit Office, and should report principally to a powerful Committee of the Commons",

and that the new arrangements

"would be placed on a statutory basis within a 'Governance of Britain Act'"?

Whatever happened to the governance of Britain Act?

Finally, yesterday, when asked who would be in charge of the country in the Prime Minister's absence, the Prime Minister said that

"the arrangements are exactly the same as they have been in previous years."—[*Official Report*, 12 July 2006; Vol. 448, c. 1385.]

Either that means that the Deputy Prime Minister will be in charge or it means that, unbeknown to him, he has never actually been in charge in the past. It was reported at one stage that the Leader of the House was being put on stand-by to take over in the Prime Minister's absence. May I tell him that the country would breathe a collective sigh of relief if that happened? After all, he has a job, he owns his houses and he has never been seen wearing a Stetson. What are his holiday plans?

Mr. Straw: It's the way she says it, Mr. Speaker. The right hon. Lady asks for a statement on the spending review. It is standard procedure provided for in "Erskine May" for Secretaries of State answering questions that may generate much more interest than would be taken account of by the normal time allowance for questions to delay them till the end of the Question Time. That, in my experience, has generally been to the approbation of the House, so I am surprised that the right hon. Lady and other Opposition Members are being so churlish about it. Questions 4 and 14 were drawn down by my right hon.

[Mr. Straw]

Friend the Chancellor of the Exchequer precisely because he recognised the interest in the matter, and there were then well over 20 minutes to discuss it.

The right hon. Lady spoke about oral statements. I entirely accept that, wherever possible, it is better for oral statements rather than written statements to be made to the House, and we will not keep her unsatisfied in that respect this week, next week or the week after. However, many statements have to be made by way of written ministerial statements. It is a characteristic of all Governments at all times that many announcements tend to be delayed until the last minute before recesses. Written ministerial statements were an innovation that we introduced because they are better than planted parliamentary questions, but I am encouraging my colleagues to ensure that, whenever possible, written ministerial statements are published before the last day. We are all aware of the issue, but with the best will in the world, there will be some on the last day.

The right hon. Lady asked about hidden waiting lists and the true state of those lists. I am only too happy to tell her about the true state of the waiting lists. I will not mention the increase of 85,000 in the number of nurses since 1997, nor the increase of many thousands in the number of doctors. Nor will I mention the fact that between 1997 and 2005 the number of doctors in the health area that covers the right hon. Lady's constituency increased by 1,400. I will mention, however, that overall waiting lists have fallen by 370,000 over the past nine years. The average wait for in-patient treatment is now 7.7 weeks, and waits of more than nine months are down by more than 118,000 since 1997. I am grateful to the right hon. Lady for asking that question.

I understand the point that the right hon. Lady makes about mental health services. My right hon. Friend the Secretary of State for Health is ready to publish the National Patient Safety Agency's report, which is being finalised, as soon as it is complete. I cannot promise that there will be a debate on mental health services in the spillover session, but I can promise that there should be such a debate in the autumn.

The right hon. Lady asked about statements by my right hon. Friend the Home Secretary. There will indeed be statements if he has to make any significant changes before the recess.

The right hon. Lady referred to a fine speech that I made in 1995 about reorganisation of the Office for National Statistics. I am flattered that she has such a stock of my speeches. That led to a manifesto commitment in 1997, which my right hon. Friend the Chancellor of the Exchequer has taken forward. Progressively, we have strengthened the independence of the ONS—I am glad to see agreement from Conservative Members on this—and we will continue to do so. That is in sharp contrast to the scandal under the Conservatives, who undermined the integrity of national statistics by manipulating them.

I am surprised that the right hon. Lady did not give me the usual list of demands for additional debates. I assume that she did not do so because of the most extraordinary own goal that she and Opposition Front Benchers committed yesterday. I have been in this House for 27 years, and I cannot think of a single occasion when the Opposition have gone into the Lobby five minutes before an Opposition day debate to vote to silence the House on that day. However, if they want to carry on in that way, that is absolutely fine.

Keith Vaz (Leicester, East) (Lab): Has my right hon. Friend seen early-day motion 2483 on the death of Zahid Mubarek?

[That this House welcomes the report of Mr. Justice Keith into the death of Zahid Mubarek at Feltham Young Offenders' Institution; condemns without exception the litany of systemic and individual failures that led to the death of this young man; calls on authorities to consider what action they are able to take against those individuals specified by Mr. Justice Keith as having direct responsibility in some way for the death of Zahid Mubarek; and hopes that in light of this tragedy action is taken to improve the conditions in which young offenders are detained and to safeguard young offenders in detention.]

I am sure that my right hon. Friend will have seen the report by Mr. Justice Keith, which sets out a systematic set of failures by the Prison Service, particularly at Feltham young offenders institution, where this young man died on the day before he was due to be released. As yet, no one has been held responsible. May we please have a debate on this important issue to ensure that the circumstances surrounding Zahid's death are not repeated?

Mr. Straw: I fully understand the deep concern of my right hon. Friend, the family of Zahid Mubarek, and many others. I was Home Secretary at the time of this terrible murder, and I take my share of the responsibility for the Prison Service's failure at that time. Many positive changes have been introduced in the Prison Service since 2000, not least following the important judicial inquiry that was conducted. I believe that the Prison Service is now absolutely seized of the need to ensure that something like that never happens again.

Mr. David Heath (Somerton and Frome) (LD): We shall try very hard not to interfere with the Conservative Opposition day next week.

The Leader of the House suggested that what we just witnessed from the Chancellor of the Exchequer was normal procedure. It is not. I defy him to find in "Erskine May" any example of a 66-page document—a White Paper with enormous ramifications for public spending—being released under such circumstances and without the opportunity for proper debate. I ask him seriously to consider whether it should have been a matter for a proper statement to the House, as I believe that it still should be next week.

I hear what the Leader of the House says about trying to avoid last-minute written ministerial statements. I hope that he achieves that. Perhaps he should tell Departments that the House goes into recess next Thursday—then we will have all the written statements on Thursday and at least two days to consider what they say before the event.

We should have a debate or a statement on the health service. I was struck, as was the right hon. Member for Maidenhead (Mrs. May), by the delays in diagnostic testing. It is not good enough that people have to wait for six months after seeing their GP for an essential diagnostic test. Irrespective of the investment that is going into the health service, that is a critical period for patients. This needs to be addressed, as it is an area where the Government are failing.

When we are debating the health service, perhaps we could consider the position of foundation hospitals and the fact that the heads of the companies that lend more than £500 million a year to the NHS are worried that they are going bankrupt. Are not the Government worried that foundation hospitals, which are now the flagship of the NHS, are going bankrupt?

I hope that I am not breaching any sub judice rules following recent events, but when we come back we need to have a serious and sober debate on party funding to enable us to exchange views, because all parties need to have a clear view of what will happen in future.

Before the recess, may we have a statement from the Leader of the House on the pressing matter of whether the Scrutiny Committee will have oversight of the Prime Minister's resignation honours?

Mr. Straw: Let me deal first with the hon. Gentleman's point about the drawing down of Questions 4 and 14 by my right hon. Friend the Chancellor of the Exchequer. There is nothing unusual about this procedure. [*Interruption.*] There is not—it is set out on page 399 of "Erskine May", and it is usually for the convenience of the House. I used the procedure as Foreign Secretary in respect of an issue that was of profound importance to Members of this House, as well as internationally, and excited just as much interest—the necessary withdrawal of our monitors from the jail in Jericho that then led to the arrest of the prisoners. For the life of me, I cannot see why Opposition Members are complaining about this, because it was to the benefit of the House, not its disadvantage.

I cannot guarantee that there will be no written ministerial statements on the Tuesday that we get up, but I hope that there will be fewer. As we all know, when written ministerial statements are put down on the Tuesday rather than the Monday there is, among other things, a cry that we are trying to avoid scrutiny. Generally speaking, we are not—it is merely that there has been a great logjam in getting them agreed.

There will be a debate on aspects of the health service when the Compensation Bill is before the House on Monday. There are plenty of opportunities to debate health services, and we are always delighted to do so, because despite the difficulties that will arise at any time, there is not a single constituency in which health care and spending has not improved, and the satisfaction of our constituents has not gone up, in the past nine years. Yes, it is the duty of Oppositions to criticise the Government, but in doing so they should not continually imply criticism of the additional thousands of doctors, nurses and other health care workers who are delivering that additional health care.

The hon. Gentleman will be aware that Sir Hayden Phillips is conducting an inquiry into party funding to which all parties are giving evidence. Sir Hayden has said that he intends to report by the end of the year, and he may give some interim indications in the middle of the autumn. It would be premature to have a debate until we have at least an interim report from him.

On the Scrutiny Committee, I hope that the hon. Gentleman will allow me to write to him.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): May I remind my right hon. Friend that today—13 July—is the birth date of John Clare, one of our greatest English poets? Many regard Clare as one of the greatest English poets of the countryside and the environment. Would not it be appropriate to hold an early debate after the recess about the Education and Skills Committee report on the value of out-of-school education? We expect an imminent response from the Government on a manifesto for education outside the classroom. Is not it time that we ensured that all children in this country, wherever they live, have the opportunity to visit, enjoy and fall in love with the English countryside?

Mr. Straw: I agree with my hon. Friend's sentiments and I commend his work on commemorating John Clare, including setting up a trust, about which I recently read an interesting interview with him in a magazine.

Mr. Peter Robinson (Belfast, East) (DUP): On the back of the most peaceful July parade for many years, will the Leader of the House arrange for a debate so that we can examine areas where there were glitches, consider changes that can be made to the procedures and structures surrounding parades and perhaps discuss the Northern Ireland Office's initiative to fund the Orange Institution to broaden the event's appeal and make it more of a tourist attraction?

Mr. Straw: My right hon. Friend the Secretary of State for Northern Ireland reported to Cabinet this morning that yesterday was the first occasion since 1970 when the Army did not need to take part in policing the parades—an extraordinary achievement by all the communities in Northern Ireland and the security forces. I offer our congratulations.

I cannot promise an immediate debate, but I take note of the comments of the hon. Member for Belfast, East (Mr. Robinson) and I am sure that discussions will take place between him and my right hon. Friend the Secretary of State for Northern Ireland.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Will my right hon. Friend agree to an annual debate on the Welsh block—the billions of pounds that the House provides for public services in Wales? Secondary school heads in my constituency tell me that there is a growing disparity between what they receive and what schools in others parts of the United Kingdom receive. Given that the Assembly Minister for Education, Lifelong Learning and Skills refused to meet them, refuses to meet me and even refuses to meet the Assembly Member for Islwyn, Irene James, an annual debate will

[Mr. Don Touhig]

mean that those of us in the United Kingdom Parliament can scrutinise what is being done with the generous settlement that we provide.

Mr. Straw: Such a debate would be a good idea. My hon. Friend emphasises that the House controls the amount of money available to the devolved Welsh Assembly and the devolved Scottish Parliament. We did not make a one-off decision to devolve power to the Welsh Assembly and the Scottish Parliament. Although we devolved power to them, we continue to exercise a great deal of control over what they can do through the block grant. For that and many other reasons, any suggestion that there should be two tiers of Members of Parliament in the House, with Scottish and Welsh Members denied an opportunity to vote on issues that directly or indirectly affect their constituents, is an outrage and would undermine the Union of the United Kingdom.

Sir Nicholas Winterton (Macclesfield) (Con): I fully support the request of my right hon. Friend the shadow Leader of the House for a debate on mental health services and facilities, not least because I have received information that Cheshire and Wirral Partnership NHS Trust is trying to remove all in-patient mental health facilities from Macclesfield district general hospital.

Will the Leader of the House give an assurance that the Greater Manchester PCTs forum will not make decisions about in-patient paediatric, maternity and obstetric services that affect my district general hospital and the people of west Derbyshire and north-west Staffordshire as well as east Cheshire before the House comes back? It would be wrong for Members of Parliament not to have an opportunity to raise those matters on the Floor of the House. We are considering essential NHS services.

Mr. Straw: I shall pass on the hon. Gentleman's comments to my right hon. Friend the Secretary of State for Health and ask her to respond to his obviously genuine concerns. He is an experienced advocate for his constituents and I know that he will be skilled in making his points to the PCTs forum and the PCTs in his area as well as the mental health trust. There is no way in which the health service in England can be run through the Secretary of State and the Department of Health making every decision. Local trusts or bodies will always make decisions locally, and that is appropriate. They are given the responsibility and have to make the decisions.

Sir Peter Soulsby (Leicester, South) (Lab): In response to questions from me at a sitting of the Environment, Food and Rural Affairs Committee yesterday, the Secretary of State was unable to reassure the Committee that, as a result of failures in the Rural Payments Agency, the Department is not contemplating severe cuts in current and future budgets of the agencies and organisations that it funds. Will the Leader of the House give an assurance that if DEFRA is contemplating cuts to bodies such as the Environment Agency and British Waterways, he will ask the Secretary of State to come to the House to make a statement before the recess so that hon. Members have the opportunity to question him about why those bodies, their customers and those who rely on their services should suffer cuts because of unconnected failures in the Rural Payments Agency?

Mr. Straw: All Departments have to live within their budgets—that is life. My right hon. Friend the Secretary of State for Environment, Food and Rural Affairs has been assiduous in coming to the House to make statements. I am sure that he will do so again if it is judged appropriate.

Mr. Andrew Mackay (Bracknell) (Con): The Leader of the House appeared to fail to understand the strength of feeling on the Opposition Benches about extradition arrangements with the United States and the lack of reciprocity. He failed to understand that we felt so strongly yesterday that we were prepared to delay our debate on home information packs until next week by voting with the Liberal Democrats to draw attention to the fact that something disgraceful is happening. He could put the matter right. The Police and Justice Bill will return from the Lords soon. The Government suffered a major defeat when their lordships rightly decided that there should be reciprocity. May we have ample time to debate the relevant amendment and a free vote, so that Labour Members who share our concerns are allowed to do that without the interference of the Whips?

Mr. Straw: I can take such criticism from the Liberal Democrats, who have consistently expressed their concerns about the Extradition Act 2003. It was known from the start that there would not be complete symmetry. We debated the matter at great length, not only yesterday but during the passage of the 2003 Act and when the matter was debated Upstairs under affirmative resolution procedure, which designated the United States as a part 2 country, notwithstanding the fact that it had not ratified the treaty. The Liberal Democrats voted against the order when it was presented on the Floor of the House on 15 December 2003. We voted in favour of it. The right hon. Member for Bracknell (Mr. Mackay) and all his hon. Friends abstained. They had no view about it then. That shows how little concerned they were about the matter at that stage. I am sorry but it is not a matter for Johnny-come-latelys.

Helen Goodman (Bishop Auckland) (Lab): Given the rapidly deteriorating situation in the middle east, will the Leader of the House assure us that the Foreign Secretary will discuss the matter with colleagues at the G8 over the weekend? As well as the report back from that meeting, will my right hon. Friend please reconsider whether there is time for a full debate?

Mr. Straw: I understand the desire for a full debate, and so does my right hon. Friend the Foreign Secretary. My right hon. Friend the Prime Minister will go to St. Petersburg for the G8. As he told the Cabinet today, it is clear that the deteriorating situation, which now affects the whole of the middle east, will be at the top of the agenda for all G8 countries. In Cabinet, my right

hon. Friends the Foreign Secretary and the Prime Minister expressed profound concern, and the Foreign Secretary reminded Cabinet of her condemnation of what is regarded as a disproportionate response by Israel as well as deep concern about the activities of Hamas and Hezbollah.

My right hon. Friend the Prime Minister will make a statement about that on Tuesday, following his return from the G8. The statement will be about the whole issue of the G8, but this matter can be covered by him in that statement, and it will be. There are also Foreign and Commonwealth Office questions in the following week, and meanwhile my right hon. Friend the Foreign Secretary will be at the General Affairs and External Relations Council of the European Union on Monday, where this matter will be top of the agenda—and, if possible, she or one of her Foreign Office Ministers will make a statement later in the week, if necessary.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I am a bit perplexed by references already made this morning to public funding, but in the light of increasing public concern, and given the conclusions in the recommendation of the Public Administration Committee, which was published this morning, can Government time be found to debate the issues addressed in my Honours (Prevention of Corruption) Bill, and will the Prime Minister make a statement?

Mr. Straw: The progress of Bills in this House is a well-known procedure and the Government will, of course, respond to the Public Administration Committee in due course.

Mr. Tom Harris (Glasgow, South) (Lab): I draw my right hon. Friend's attention to early-day motion 2519:

[That this House believes plans by the right hon. Member for Witney to ban hon. Members representing constituencies in Scotland from voting on matters relating exclusively to England would precipitate a constitutional crisis which would threaten the future of the United Kingdom; and further believes that everyone elected to this House should have the same rights of participation, irrespective of which part of the United Kingdom they represent.]

I tabled it in anticipation of the expected Opposition day debate by the Conservative party on the West Lothian question that was due to take place yesterday, but which did not do so, presumably because wiser counsel from the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), the hon. Member for Woodspring (Dr. Fox) and—God help us—the *Daily Mail* prevailed. Therefore, may we have a debate in Government time on the West Lothian question, so that the Conservative party's incredibly cynical position on that issue can be properly exposed?

Mr. Straw: I cannot promise that, but I will do my best. My hon. Friend raises an important issue. It is extraordinary that the shadow Secretary of State for Constitutional Affairs, the hon. Member for North-East Hertfordshire (Mr. Heald), told us through the organ of *The Observer* that he was hoping to use an Opposition day debate before the House broke for the summer to highlight the "English votes" Bill. Somehow or other, the Conservatives had a touch of nerves; the fact that they have been so worried and concerned to avoid this issue being discussed is another reason they voted down their own half-day yesterday. I would be delighted for this matter to be discussed. Meanwhile, I should like to draw to the attention of a wider audience a speech that I made on Tuesday to the Hansard Society on precisely this issue.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I asked the following question of the previous incumbent of the right hon. Gentleman's post, and I make no apologies for asking it again. I spent last Friday on the wards at Bedford hospital, where I witnessed nurse managers, nursing sisters and departmental managers leaving meetings in tears because they are going to lose their jobs. Nurses are the drivers of, and the most important people in, the NHS. They deserve to have a day and a debate of their own in this place, when we can discuss the future role of nursing in the UK, the fact that so many of them have lost their jobs, and where exactly nursing is going. I hope that the Leader of the House will make time for such a debate. Will he do so?

Mr. Straw: I understand the concern of the hon. Lady's constituents, and of nurses in her area, about what are temporary difficulties in health services in some parts of the country. Of course I commend such nurses' work, but I hope that the hon. Lady will take account of the fact that, between 1997 and 2005, there was an increase of 2,500 in the number of nurses in the area that covers her constituency.

Mrs. Dorries: They have lost their jobs.

Mr. Straw: No, 2,500 nurses have not lost their jobs in that area. There has been some reduction in the number of nurses, but that has been from a much higher level than ever was achieved under the Conservatives.

Mr. Paul Truswell (Pudsey) (Lab): My right hon. Friend will be aware that, last week, Kate Barker published her interim report on the impact of the planning process on business. Does my right hon. Friend agree that community involvement in the planning process is a vital part of our local democracy, and that it would be appropriate for us to have a debate in this House to ensure that that aspect of the planning system receives equal treatment, so that not only the interests of one sector of the community are addressed?

Mr. Straw: I certainly agree with what my hon. Friend says about the importance of involving communities. Like him, I receive many complaints about, and representations on, planning issues; they come from both sides—they are both in favour of development and against. I will ensure that my hon. Friend's concerns are drawn to the attention of our right hon. Friend the Secretary of State for Communities and Local Government.

Mark Hunter (Cheadle) (LD): Please will the Leader of the House find time for a debate on human rights abuses in China, and specifically the persecution of Falun Gong practitioners? The right hon. Gentleman might be aware of the forthcoming publication of a report, co-authored by a former Cabinet Minister from Canada, on the horrific practice of organ harvesting, and the shocking details of human rights abuses contained in that report surely demand the attention of this House and wider debate.

Mr. Straw: I refer the hon. Gentleman to the human rights report published by the Foreign Office, which gives details of the representations that the British Government are making on human rights in China. Meanwhile, I urge him, if he wishes to do so, to table a question on this issue for Foreign Office questions on Tuesday week.

Geraldine Smith (Morecambe and Lunesdale) (Lab): I am sure that the Leader of the House appreciates the importance of schoolchildren being able to visit this House, and that he will be delighted to know that a group from Morecambe high school are here today, seeing the workings of Parliament. Will he join me in thanking the education unit for all its help and, indeed, Virgin Trains for making it possible for schoolchildren from the north-west to come here? However, can he also tell me what we can do to improve facilities—and, indeed, when the visitors' centre will be ready—so that we can make the public most welcome in this House?

Mr. Straw: I commend my hon. Friend for her initiative in organising the Morecambe high school trip, and Members from all parts of the House. This kind of involvement by young people in the workings of Parliament and of politics is of profound importance if we are to maintain and develop interest in our democracy. Such trips are not just about having a day out; they are about something much more profound. A good experience in this House can live with people for the rest of their lives. The education unit and Virgin Trains deserve great approval. Following decisions made by this House on recommendations of the late Robin Cook and my right hon. Friend the Member for Neath (Mr. Hain), who is now Secretary of State for Northern Ireland, big changes and improvements in the way in which visitors are treated in this House are under way, and the visitors' centre—which will be a huge improvement—will be opened later in the year.

Mr. Richard Bacon (South Norfolk) (Con): What does the Leader of the House think of the proposal of the Hansard Society in its document, "The Fiscal Maze: Parliament, Government and Public Money"—of which he was sent a copy—for experimental financial audit sub-committees to be set up for some of the main Departmental Select Committees, so that there can be greater scrutiny of estimates and public expenditure?

Mr. Straw: It is a very interesting report—I have read it—and, as with all other Hansard Society proposals, it will be taken seriously. I will consider this recommendation with Government colleagues and will reach a considered view. Of course, because this is all-party, and it is the Hansard Society, we take it seriously.

Mr. Ian Austin (Dudley, North) (Lab): May I tell the Leader of the House how important I think it is that we have an urgent debate on the utterly disgraceful, anti-British, unpatriotic proposal to ban MPs from some parts of this country from voting in this House?

Mr. Straw: I agree. The Conservatives might have decided not to use one of their Opposition days on this matter because of real concern among many of their wiser right hon. and hon. Members about the implications of this two-tier system, which would lead inexorably to the break-up of the United Kingdom. Let me say as an Englishman that, yes, the United Kingdom has benefited all the four nations of the United Kingdom, but it was basically an English idea and it is England that would suffer the most if the Union were to break up.

Mrs. Iris Robinson (Strangford) (DUP): Will the Leader of the House urgently set aside Government time to discuss the plight of the families of the disappeared who were murdered by Sinn Fein-IRA and how best we can assist them in real and practical terms, as well as putting pressure on Sinn Fein-IRA to give the Police Service of Northern Ireland the locations of the murdered missing people so that they can have a proper burial and this nightmare can be brought to an end once and for all?

Mr. Straw: I will certainly pass on to my right hon. Friend the Secretary of State for Northern Ireland the hon. Lady's very great concern, which we all share, about the plight of the disappeared and the need for a continuing spotlight to be put on Sinn Fein-IRA for their responsibility for what happened to these people.

Andrew Mackinlay (Thurrock) (Lab): Will the Leader of the House reflect on the fact that today, Sir Richard Thomas, the Information Commissioner, published his annual report, in which he expresses dismay at the volume and mishandling of a great deal of personal data? I suffered from the unlawful disclosure of so-called personal data about me, which were subsequently acknowledged to be wholly untrue. That underlined the need for this House to examine the workings of the Data Protection Act 1998 to see whether it should be improved, particularly so that people who are wrongly traduced can know who the authors of that calumny are.

Mr. Straw: I understand my hon. Friend's concern and I am, of course, very familiar with the case that he mentions. We always need to improve procedures where we can, but I should point out that, had it not been for the 1998 Act, which was one of the very first that I introduced in this House as Home Secretary, none of us would have any right to know what data are held about us.

Mr. Greg Hands (Hammersmith and Fulham) (Con): May I return to the question of party funding? I have already highlighted how various constituency Labour parties are breaking the law, specifically section 5 of the Political Parties, Elections and Referendums Act 2000, which requires that constituency parties declare income of more than £25,000. According to written answers, 308 Conservative and 76 Liberal Democrat associations declare their accounts, but only 24 constituency Labour parties do. I was intrigued by the advertisement in today's edition of *The Times*, which purports to be from 28 individuals who say that they are

"proud to help fund the Labour Party."

They may be proud but, according to the Electoral Commission's website, fewer than half of them have declared their donations to the commission.

Mr. Straw: That might be because of the size of the donation. I would not advise the hon. Gentleman to mix it on this matter. If he has any complaints, he should refer them to the Electoral Commission; meanwhile, he should not judge the Labour party by the standards of the Tory party. I think that there is probably a reason why not many Labour party constituency associations are declaring that they have an income of more than £25,000—it is because they do not have an income of more than £25,000.

International Development

12.32 pm

The Secretary of State for International Development (Hilary Benn): With permission, Mr. Speaker, I wish to make a statement about the White Paper on International Development that I am publishing today. Copies of it, and of this statement, have been placed in the Vote Office.

At a time when the world has never been richer in wealth and knowledge, pregnancy and child birth claim the life of a woman every minute. Every day, dirty water and bad sanitation claim the lives of 5,000 children. Every year, malaria kills 1 million people, tuberculosis 2 million people, and AIDS 3 million people. Each death is a death caused by poverty.

Last year, the world came together and agreed to do something to change that. The G8 summit at Gleneagles promised more aid and debt cancellation, support for free education and health care, treatment for all with HIV/AIDS, and better ways of dealing with conflict. We have made progress in the past 12 months, but we have not yet made poverty history. There is still much to do, and this White Paper sets out our plans for the next five years. In preparing it, we received more than 600 submissions from around the world, and I would like to thank Members and their constituents, as well as many others, for their contributions.

How countries progress and improve the lives of their citizens is a complex process, but we know that governance is fundamental to it. Development does not happen without effective states that are capable of delivering services to their citizens and helping economies to grow—states that respond to people's needs and which, in turn, can be held to account. For all those reasons, good governance is at the heart of this White Paper.

While we will continue to help build public institutions' capacity for good governance in developing countries, we will now do more at the grass roots to reinforce the demand for good governance. To do this, we will set up a new £100 million governance and transparency fund, which will support civil society, a free media, parliamentarians and trade unions in improving accountability. To ensure that our aid is used to best effect, we will in future regularly assess the quality of governance and transparency and the commitment to reducing poverty in the countries in which we work. We will publish these assessments and use them to help make decisions about our aid.

Recognising that bad governance and corruption are international problems, too, we will: publish an annual UK action plan to tackle corruption affecting developing countries, and report on progress every six months; set up a new unit to investigate money laundering and allegations of bribery affecting UK firms; help developing countries to track assets and to carry out investigations; seek to expand—including through a resolution in the United Nations General Assembly—the successful extractive industries transparency initiative to other sectors such as construction, procurement and health; and work with others to set international standards to tackle the trade in conflict resources that fuels so much destruction. We will also strengthen implementation of the

[Hilary Benn]

Organisation for Economic Co-operation and Development's guidelines with new arrangements for the UK contact point, involving independent experts.

People cannot escape poverty if there is war and insecurity. We will therefore increase our efforts in fragile states and invest more in at least 10 countries where security is a major issue. That will mean help with reintegrating ex-combatants, supporting access to justice, monitoring human rights and reducing the spread of small arms, including through an international arms trade treaty.

Peace and good governance are also essential for the economic growth needed to create jobs and raise incomes. We will support the Infrastructure Consortium for Africa—which has already helped to secure investment of £1.4 billion in a range of projects—and the investment climate facility. We will double our funding for research in science and technology, agriculture, adapting to climate change and new drugs and vaccines. We will help poor people to get better access to markets to sell their goods, and to finance to support their livelihoods. We will also continue to press for a trade round that enables developing countries to earn their way out of poverty, while meeting our pledge to provide £100 million a year in aid for trade by 2010.

Everyone should have decent health care, education, water and sanitation, and social security when times are hard, and UK aid is already helping Governments to bring those to more of their citizens. With our aid rising to meet the UN 0.7 per cent. target by 2013, we will increase our spending on these public services to at least half of our bilateral aid budget. We will make long-term commitments through 10-year plans, so that countries can make long-term decisions to hire staff, build schools and clinics and abolish user fees.

We will increase spending on education to £1 billion a year by 2010 and, having doubled our spending on water and sanitation in Africa to £95 million a year by 2007, we will double it again by 2010, because clean water saves lives and helps more girls to go to school. We will also significantly increase our spending on social security in at least 10 countries in Asia and Africa over the next three years, because we know that one of the most effective ways to break the cycle of destitution that affects the poorest and most vulnerable is to give them a hand up to get them back on their feet.

All that will need to be done in a world that is changing—in which there is population growth, rapid urbanisation, the depletion of natural resources and climate change. That will be the ultimate test of global good governance, so we will work to secure international agreement on a long-term stabilisation goal; seek to ensure that developing countries are able fully to participate in any international negotiations; and support countries in adapting to climate change while generating the investment needed for clean energy.

We will also need an international development system fit for this century, not the last. We will push for reform of the United Nations, so that there is centrally pooled funding and a single plan in each country; an integrated UN humanitarian system that responds faster when crisis strikes; further reform of European aid, so that the European Union can play its full part in international development; and a better system for holding all of us—developed and developing countries alike—to account for the promises that we have made.

Finally, because this is a task for all of us, but particularly for the next generation, we will double our investment in development education so that every child in the UK has a chance to learn about the issues that shape their world. We will set up a new scheme to help UK groups to build links with developing countries and expand opportunities for our young people and diaspora communities to volunteer in those countries and to undertake internships with development charities.

Madam Deputy Speaker, there is much for all of us to do. We have listened to the voices of people in developing countries, who have told us all what they want. We listened to the British people as they campaigned to make poverty history and, with their and the House's support and the proposals I am setting out today, the UK will play its part in helping people to eliminate poverty and to change their lives, and thus our world, for the better.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I thank the Secretary of State for his customary courtesy in giving us advance sight of his White Paper this morning and of his statement on it. The whole House will understand that it is a White Paper of more than usual importance—not only to the hundreds of thousands, indeed millions, of our fellow citizens in Britain who care very deeply about these matters, but also to those living in a dangerous world where poverty and conflict breed anger and deep disaffection. We must demonstrate that Britain has the determination and the leadership to make the contribution that both our self-interest and our moral duty demand.

I very much hope that the Secretary of State will feel that he draws strength from the fact that this is not a Labour or a Conservative agenda, but rather a British agenda. All mainstream parties in Britain are committed to the 0.7 per cent. target by 2013. On this side of the House, we are as determined as the Government to ensure that the British contribution to lifting the living standards of the poorest, combating disease and illiteracy, promoting good governance and improving multi-national institutions is effective and successful. We may have differences of opinion about how best to deliver some of the noble aims and objectives set out in the White Paper, but those aims and objectives have our wholehearted support.

We look forward now to studying the White Paper and note that the House will have an opportunity to debate it next Thursday. At this early stage, I should like to ask the Secretary of State a number of questions. First, he has said that good governance is at the heart of his White Paper. We acknowledge the steps that the Government have already taken, building as they have on the foundations laid by Chris Patten, Lynda Chalker and the last Conservative Government, but more needs to be done. I am pleased that the Secretary of State has said today that he will in future regularly assess the quality and transparency of government. I would like to ask him, though, what form that monitoring will take, who will do it and, most importantly, whether it will be independent of his Department?

Secondly, the Secretary of State mentioned in respect of good governance a new unit to investigate money laundering. That is of interest to other Departments and agencies of the Government, so what discussions has he had with colleagues to ensure that the process is properly joined up and co-ordinated?

Thirdly, the Secretary of State has rightly spoken up for an international arms trade treaty, but he will be aware of the deeply disappointing conclusion and lack of progress at the recent international conference. What is he doing to re-energise this important effort ahead of the UN General Assembly later this year?

Fourthly, the Secretary of State set out his plans to spend more in fragile states, but how does he intend to ensure that such help gets through to the most needy on the ground? What steps will he take to work through deeply committed and effective non-governmental organisations such as Oxfam, working, for example, in Darfur? The shadow Foreign Secretary and I recently saw the work it does there.

Fifthly, the Secretary of State spoke of the importance of securing a successful trade round that enables countries to earn their way out of poverty. He will know that the next few days are critical in persuading the key parties to the talks to give a little more to avoid the calamity of failure. What steps are the Secretary of State and, in particular, the Prime Minister taking to reinvigorate the negotiations in the margins of the G8 and beyond? Do not recent developments in China and India, where millions have been lifted out of extreme poverty, demonstrate that access to markets and trade are a vital component of prosperity?

Sixthly, the Secretary of State rightly spoke of the need to update and reform the international institutions on which international development depends. In particular, he mentioned the United Nations. In my experience, it is an organisation that attracts people of the highest calibre and idealism—people like Mark Malloch Brown, the Deputy Secretary-General—but it is floundering because of an outdated organisational structure. What ideas does the Secretary of State have to make the much-vaunted "responsibility to protect", enthusiastically embraced by all nations at the UN summit last year, meaningful to people suffering in Darfur, Burma or Zimbabwe? How far should it impose on the international community a responsibility to intervene?

In his statement, the Secretary of State mentioned future reform of EU aid. As he knows, we have reservations about the fact that aid channelled through the EU does not always reach the poorest or those who most need our support. What can he tell the House about his plans for leading such reform within the EU, which would bring EU aid closer to the ideal that we both share?

The Secretary of State has made clear the potentially disastrous effects of climate change, particularly for the developing world, whether in the deserts of Africa or the flood plains of Bangladesh, which I am visiting on Monday. Will he tell us what structural changes his Department is making to address that problem and the interface between development and climate change?

Finally, although we will want in due course to discuss in detail whether the Department is giving adequate and rigorous attention to the independent evaluation of aid effectiveness, particularly to outputs and outcomes, we welcome what the Secretary of State has said and applaud the emphasis that he has placed today on the importance of good governance.

Hilary Benn: I am grateful to the hon. Gentleman for supporting the White Paper. It is indeed, in the broadest sense, the product of politics and of our own form of good governance. As the hon. Gentleman mentioned two of my predecessors from the Conservative party, who occupied the position that I now have the privilege to hold, let me say that part of the reason why I am able to announce increased spending on education and on a doubling again of investment in water and sanitation is that we have a rising aid budget. While I welcome the spirit in which the hon. Gentleman approaches his job and what he has said today, it has to be said that, in the end, we should all be judged by what we do when we have the chance to do it, rather than by what we say when we are not in power. People will have memories about what has happened in the past.

To deal with the hon. Gentleman's specific questions, we will undertake the assessment ourselves, but we will draw on a wide range of sources. It will include others who are looking at the quality of governance and we will obviously talk to the Governments of the countries concerned. The fact that we will publish that will mean that there is transparency, and if others have a different view of our assessment they will no doubt be able to speak up.

On the new unit to fight corruption and money laundering, I have, of course, discussed it with my right hon. Friends. I believe that it is absolutely right and proper that, in addition to the contribution of officers from the Met police and City of London police, DFID should contribute. As the hon. Gentleman knows, if we can be more effective in fighting corruption, the development benefits will be enormous.

On the arms trade treaty, the short answer is that we will continue our efforts to persuade others in the international community that that is the right approach to take. If my memory serves me correctly, about 50 countries in the world support the principle of an arms trade treaty, and the consequences of the unfettered flow of arms are always to be seen in conflict, death and destruction. We are making the case and we are working hard to encourage other countries to support it.

It is, of course, important to do more work in fragile states and the answer to the hon. Gentleman's question is that we will work with a variety of partners. Where it is possible to work with a country's Government, we will do so in the right circumstances, and we will also work with NGOs and other international partners.

On the trade talks, the hon. Gentleman will be aware that the Prime Minister has been working very hard since the failure of last year's Hong Kong talks to try to get the discussions back on track. He is doing so as we speak in the run-up to the G8 summit this weekend. The question is how the logjam between the three big blocs can be broken. The Prime Minister has done as much, if not more, than anyone else in the world to try to break that logjam, but it requires all parties to recognise the need to move.

[Hilary Benn]

On UN reform, the principal change that we need is that the UN development system should be more effective, which is why we have been very strong advocates both of the "four ones" in-country and of a central pool of funding, so that the UN system—which ought to have lead responsibility, particularly in fragile states and in setting standards—can be more effective.

On the responsibility to protect, we need a combination of political will and the Government have demonstrated that—as the hon. Gentleman referred to Darfur—in pressing very strongly in the UN Security Council for sanctions, for the UN force to be allowed to come in and for referring what happened in Darfur to the International Criminal Court. That is one aspect of the responsibility to protect. The other thing that we need to do is to build the capacity to act. That is why we have been such a strong support of both AMIS—the African Union Mission in Sudan—in Darfur and building an Africa stand-by capacity.

On EU aid, it is a question of both European Community aid—which has undoubtedly improved in recent years, but still has some way to go, particularly in ensuring that the EC has the right skills in-country—and the quality of aid of other EU members states, because almost all the growth in aid over the next five years will come from Europe. Therefore, part of what we will do is to talk to our partners about ways in which we can work more effectively together.

On climate change, the permanent secretary is undertaking a skills review in DFID precisely to do what the hon. Gentleman referred to, namely, to ensure that we have the right skills to take on that increasingly important work.

I hope that the hon. Gentleman can rest assured that I will continue to be determined to ensure that we keep an eye on aid effectiveness, because in the end all that work and all the policies laid out in the White Paper are for a purpose, which is to demonstrate to people that our international development effort makes a difference—and to do that, we must show results.

Tony Lloyd (Manchester, Central) (Lab): I strongly commend my right hon. Friend's statement, as well as the White Paper that underlies it. He will have widespread support for the whole concept of capacity building, which is absolutely vital not simply in the fight against corruption, but in building strong societies. In that context, we as the United Kingdom have a special role in increasing the capacity of the legal and courts systems, which are absolutely fundamental to the whole concept of good governance, precisely because the English legal system is still the dominant system in large parts of the world. Will he tell the House how exactly we can enhance our role to ensure that the courts and the general legal framework are central to his own capacity building for good governance?

Hilary Benn: I agree completely with my hon. Friend, because an effective, functioning legal system is fundamental to good governance and, in particular, to giving people the confidence that if they have a dispute—whether between two neighbours or in trying to enforce a legal contract—their court case will be dealt with fairly. With a good, functioning and effective legal system, people are more likely to invest their money in those countries and therefore create jobs and generate the wealth that they need to pay for improvements in health and education.

We already do a great deal of such work, as my hon. Friend knows, but what has been most striking in the past year is the keenness with which my Cabinet colleagues have said that they would like to do more of this work together. That is why we are now moving to the next stage of the Africa capacity-building initiative, which is to find a mechanism to match the desire to help with the demand for assistance from developing countries, so that we can draw on the great well of expertise and good will in the UK to work with legal professionals and others in developing countries to share skills—indeed, to learn from one another—because that is absolutely fundamental to making progress.

John Barrett (Edinburgh, West) (LD): I, too, thank the Secretary of State for presenting the White Paper and for the courtesy of supplying me with an advance copy of both the White Paper and his statement. The White Paper deals with issues that are literally matters of life and death for many of the most vulnerable people on the planet, many of whom are not only suffering from poverty, but from hunger and thirst, in some of the most dangerous parts of the world—with natural and man-made disasters combining to add to their misery. These are complex issues and the detailed response set out today in the White Paper is a good milestone on the journey towards the end of that misery.

Only a year ago, we witnessed not only the Make Poverty History march through my home city of Edinburgh and the Gleneagles summit, but the claims that, if only the G8 leaders would act on aid, trade and debt, we could make poverty history. However, I believe that such claims alone are simply not true, because other important issues, which are set out in today's White Paper, must also be tackled fully to make poverty history. Conflict is detailed on page 46 of the report, and the crisis that often follows the availability of natural resources in many of those fragile states is dealt with on page 35. Corruption is highlighted, as is global warming and the problems of disease—AIDS, malaria and tuberculosis—and access to clean drinking water supplies.

The title of the report highlights the importance of good governance, and corruption dramatically affects many of the fragile states that we have talked about. Corruption is not just an issue at the lowest level, where people on starvation wages might take a bribe as a way to feed their children; some people at the top are skimming millions of dollars into overseas bank accounts, and action on that both in DFID and in the City of London is absolutely vital. I look forward to hearing what the Secretary of State can do in conjunction with the banks and other institutions in the City to tackle that issue.

Democracy is also highlighted in the report, but we must remember that elections are simply not enough on their own if they give legitimacy to corrupt regimes. I should like to hear from the Secretary of State what he

will do to empower citizens to hold their own Governments to account and to work with other Departments, such as the Foreign Office and the Department of Trade and Industry, and parliamentarians here and abroad to ensure that that problem is tackled at all levels.

We have also heard that aid must be effective. It is good that DFID's aid budget is increasing, but the Secretary of State is under pressure to reduce staffing levels. It is more important than ever for his Department to monitor the effectiveness of the spending to ensure that it is effectively delivered. Where DFID has taken action—for instance, in Malawi, where the World Food Programme was charging more than $240 a tonne to deliver food aid, when DFID could deliver it for $100 a tonne—much more aid was delivered, and I hope that reducing staffing levels will not reduce the ability to monitor where the money is effectively spent.

Does the Secretary of State agree that DFID will be judged not on how much it spends, but on how effectively that money is spent? The Department has a good record on delivering humanitarian assistance following disasters. I recently witnessed its excellent response following the earthquake in Pakistan, but one interesting issue that cropped up on the ground there and stimulated debate is that of flag flying and the awareness of exactly what aid DFID is funding and delivering. An example was that the temporary shelters provided to help some of the 2 million to 3 million homeless in Pakistan had the Norwegian Government's brand on them, but they were more than 50 per cent. funded by DFID. Although I do not say that the flag should be waved in a colonial manner, we must ensure that two things happen. First, people must not be misled into not being aware of what DFID is funding. Secondly, when we are trying to build bridges with the Islamic community here at home, it is key that we make clear exactly what is happening in areas such as Pakistan and in other communities throughout the world, where good work is being done that is sometimes not fully recognised.

I have not had time to read all the report, but I should also like to hear from the Secretary of State whether more will be done on remittances. He will know that massive sums of money are flowing into the poorest countries of the world, but some of them have significant transaction costs, which reduce the money's impact at its final destination.

Page 7 of the report refers to the number of people living in the poorest countries of the world. Although we know that the poorest of the poor live in Africa, most of the world's poorest live elsewhere. I should like to know what the Secretary of State will do to reconsider how best to focus DFID's attack on poverty to catch those missing millions who live on less than $1 a day in Asia and Latin America.

The Secretary of State rightly highlighted—again, there are details on page 93 of the report—the more erratic weather conditions that are affecting more of the poorest of the poor in places such as the horn of Africa. Never before have we seen a clearer example of how the actions of the developed world, which is producing carbon emissions and eating up natural resources as if there were no tomorrow, and the impact that we in the west are having on the future of the poorest of the poor in sub-Saharan Africa and other parts of the world—

Madam Deputy Speaker (Sylvia Heal): Order. I would be grateful if the hon. Gentleman could bring his remarks to a close. There is pressure on the business of the House because of the further statement.

Hilary Benn: I am grateful to the hon. Gentleman for his support. He made an important point about the two types of corruption—grand and petty corruption. The action plan that I shall publish will give the House an opportunity to see the progress that we want to make. The governance and transparency fund will be the main vehicle for supporting people in their communities in improving the demand for good governance, and I will consult about the best way of setting that up.

We will indeed monitor the effectiveness of our spending. It is good to see my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) in the Chamber. I hope that his Bill will get on to the statute book, because it will provide us with a very effective means of doing precisely what the hon. Member for Edinburgh, West (John Barrett) asked for in that regard.

On disasters, we are considering putting in place some branding of the help that we give. There was, however, little doubt in the minds of those in the UK Kashmiri and Pakistani communities about the effectiveness of Britain's aid in response to the earthquake, not least because we sent the first search and rescue teams to the area. We are already doing work on remittances, particularly to bring down the costs involved, and we will continue with that work. In relation to the larger countries in Asia, I remind the hon. Gentleman that our biggest programme of all is in India, which is now making real progress. However, all those countries are going to be affected by climate change, and we have set out proposals on how we intend to respond to that.

Joan Ruddock (Lewisham, Deptford) (Lab): I add my congratulations to my right hon. Friend on the excellent White Paper. He may be aware that the World Bank and the International Energy Agency have estimated that it will take $300 billion every year for 25 years to meet the energy needs of developing countries and emerging economies. Will he work with the World Bank on its energy investment framework to ensure that, as far as possible, we donor countries no longer support polluting old energy technologies in developing countries, and that instead we provide them with the new technologies that deliver clean energy so as not to add further to the problem of climate change?

Hilary Benn: We will indeed support the World Bank in developing the energy investment framework. We will have a progress report on that at the World Bank's annual meetings in the autumn. My hon. Friend is right. There is a great thirst for energy in developing countries, because that is literally how they are going to be able to fuel economic development and fight poverty. It is vital that, as they invest in that new

[Hilary Benn]

generating capacity, they do so in a way that does not add to the problem of climate change.

Malcolm Bruce (Gordon) (LD): I welcome the White Paper and commend the right hon. Gentleman's Department for the leadership that it gives in setting standards for how aid should be delivered. I also welcome the fact that he is concentrating on good governance, which is essential if the money is to get to the poor rather than to corrupt elites. How effectively will he be able to deliver his objectives in the light of his recent cuts in budget support, particularly in Ethiopia and Uganda? Despite the fact that $200 million of international aid is going to northern Uganda, the Ugandan Government are failing adequately to deliver health care, education and policing. How will the Secretary of State ensure that they deliver those services and that we get an international settlement that will allow people to return to the region? Does he believe that he can deliver his budget with reduced staffing levels? If he has to go down the multilateral route, how will he use his role as the British member of the World Bank to make it more effective and follow DFID's world-class example in delivering aid more effectively? Is he aware that the International Development Committee will publish its report on private sector development before the recess? Will he explain what he proposes to do, through his Department, to unlock foreign investment and, in particular, domestic indigenous investment from entrepreneurs in poor countries? That is an essential means of expanding the private sector and delivering growth, which will bring down the levels of poverty.

Hilary Benn: I am grateful to the hon. Gentleman for his work in chairing the International Development Committee and for his kind words. In the case of Ethiopia, we have found another route for our aid, through the basic services grant, so that poor people are not punished because of the problems of governance there. In Uganda, a political settlement is needed. In my view, that requires the five indicted leaders of the Lord's Resistance Army to be hauled off to the International Criminal Court where they belong, because that would unlock an end to the terrible crisis that has affected so many people there.

The head count restrictions will have an impact on the way in which we work. The permanent secretary is also looking at how we are going to make that happen. I know that he gave evidence to the Select Committee the other day. On the multilateral system we will become more selective about where we put our money. The question that I will increasingly ask—as the House would wish—is, "What effect will we get from putting our money into this route, as opposed to that one?"

I look forward with great interest to the private sector development report. Good governance is fundamental to unlocking the investment that the hon. Gentleman and I want to see. If there is peace, security, stability and good governance, people are much more likely to invest their own money and that of other people.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. I remind hon. Members that there is a further statement to follow, as well as the main business. I therefore request that Members ask just one supplementary question, and that the Minister gives just a brief reply. In that way, as many people as possible will be able to catch my eye.

Ann McKechin (Glasgow, North) (Lab): I welcome the White Paper. My right hon. Friend rightly emphasises the need for good governance and transparency, but I am sure that he will appreciate that this is a two-way process. Will he outline how our Government will increase their accountability to the beneficiaries of our aid? How will the accountability of multilateral institutions such as the World Bank and the International Monetary Fund be increased?

Hilary Benn: The Government will achieve that by publishing more information about the work that we are doing, including the new commitments that I set out today in the White Paper, as well as what we are doing already. We will also achieve that aim through the support that we shall give to civil society, whose members can not only hold their Governments to account but talk to us about the way in which we provide support. In relation to the multilateral institutions, we are publishing for the second year in a row a report on the stance that we have taken in our discussions at the World Bank. Indeed, we have been pushing for greater transparency in the way in which the World Bank runs. It is right and proper that people should be able to see how these multilateral institutions work and make their decisions, because they receive a very large amount of our money.

Tony Baldry (Banbury) (Con): The New Partnership for Africa's Development—NEPAD—was meant to be a compact in which we gave more money and aid and African countries enhanced their governance. What is the Secretary of State's assessment of the progress of the NEPAD initiative? He rightly referred to the importance of parliamentarians, and the civil capacity fund for Africa is obviously very good news. However, is there not also work there for the Commonwealth Parliamentary Association? As we went through Africa, those of us who were on the Select Committee in the previous Parliament found—as I am sure those on the present Committee will—that parliamentarians were often left out of civil society. Their capacity seriously needs enhancing.

Hilary Benn: NEPAD has made progress most of all on the peer reviews. A couple of them have now been published and those of other countries are coming through the system. In the end, people will judge how effectively the results of those reviews are implemented. I specifically mentioned parliamentarians in relation to the governance and transparency fund because I agree with the hon. Gentleman that parliamentarians play a very important part in holding Governments to account. We will therefore look into how the fund can work to support them.

Mr. David Marshall (Glasgow, East) (Lab): I welcome the White Paper and know that my right hon. Friend is aware that some of the most fragile states in

the world are in the Pacific region. The declining UK diplomatic representation in the south Pacific, among some of the most pro-British small nations in the world, is a matter of great regret to those peoples. Will my right hon. Friend consider what additional aid can be given to the poorest Pacific islands, which are facing tremendous problems of poverty, remoteness and climate change?

Hilary Benn: We no longer have the programmes in the Pacific region that we had in the past, principally because we are focusing our efforts—rightly, in my view—on the poorest countries of the world. However, we continue to contribute to those Pacific countries through our contribution to the multilateral agencies. Just because we do not have a bilateral programme does not mean that we are not providing them with support; we are.

Nick Herbert (Arundel and South Downs) (Con): The Secretary of State reminded us that the millions of people who die from AIDS, TB and malaria do so as a result of poverty. Is it not also the case that they do so as a result of weak health care systems in developing countries? What balance has he struck between delivering vital drugs through the health care systems of those countries and through non-governmental organisations? Is it not a concern that, if the health care systems remain weak, vital drugs to treat entirely curable diseases such as TB will continue not to reach the people who need them?

Hilary Benn: The hon. Gentleman makes an extremely good point. That is why long-term commitments of support to enable developing countries to build their health services are needed. One benefit of a rising aid budget and a 0.7 per cent. commitment is that we can enter into more long-term arrangements with Governments. If they know that they have money coming in, from our contributions and from debt relief, they can plan to train nurses, build clinics and buy drugs that will help to beat those diseases.

Clive Efford (Eltham) (Lab): The work of my right hon. Friend and his colleagues on this important issue is a source of pride to all Labour Members. In recent weeks, I have visited a number of schools to pick up "buddies" that they have made as part of the Make Poverty History campaign. Those young people send the message to me that they want to make poverty history, but they do not want the aid that we provide to have strings attached. Through the White Paper, will my right hon. Friend engage with those schools to foster their interest and support for the Make Poverty History campaign, and make sure that the only strings attached to aid are to ensure that it gets to the people who need it most?

Hilary Benn: I spent some time visiting schools and an impressive group of young people from Tower Hamlets came to the House today to talk about these very issues. We have moved away from economic policy conditionality, because it was the wrong approach. I am unapologetic, however, about asking whether Governments are committed to reducing poverty, whether they uphold transparency and good governance, and whether they will ensure that the money is used for the intended purpose. People expect us to ask those questions, and I have no reluctance about taking decisions on the way in which we give aid on the basis of the answers and our assessment. Ultimately, it is about ensuring that the money that we give makes a difference to people on the ground.

Mr. Charles Walker (Broxbourne) (Con): I thank the Secretary of State for his excellent statement. One way of alleviating poverty in the developing world is to allow farmers in those countries access to the more developed markets of western Europe and north America. What progress is being made in that area at present?

Hilary Benn: The short answer is, not enough. Despite the agreement reached in Hong Kong in December to end export subsidies by 2013, which would help the agreement on aid for trade, we are stuck on the central question of access to agricultural markets, with the three big groups—including the larger developing countries, the United States and the European Community—all saying that they have made a good offer and will not move unless others do so. However, that is the key to unlocking opportunities for prosperity for farmers and others in developing countries, and that is why we must keep up the pressure to try to break the logjam and give them the chance that they want—to trade their way to a better life.

John Robertson (Glasgow, North-West) (Lab): I congratulate my right hon. Friend on his statement and look forward to reading the White Paper. In his statement, he mentioned that everyone should have decent health care and education. Last year, my all-party Nigeria group saw derelict buildings that had once been schools or hospitals where no sustainability had been built into the system to ensure that they continued. What does he intend to do to ensure that money that is invested continues to be invested in years to come?

Hilary Benn: One of the legacies of badly given aid is that donors turned up and built schools and clinics, and went away and said, "Hey, we have brought something good to the community." However, there was never any connection to the capacity of the Government of that country to fund and put in staff to maintain the buildings. In the right circumstances, therefore, the best approach is to work with Governments to build their capacity so that they can plan on the basis not only that they will build the school, but that they have the money to employ the teachers, do the maintenance, provide the supplies and make sure that the children are educated.

Pete Wishart (Perth and North Perthshire) (SNP): I very much welcome the right hon. Gentleman's recent announcement of an Africa compliance panel. As he knows, I have called for that for the past year. I only hope that the panel might be based in Perthshire. What action or sanction will be taken if G8 commitments are

[Pete Wishart]

not met? What more can be done to ensure compliance with G8 commitments among the international community?

Hilary Benn: The Prime Minister set up the Africa progress panel to increase the political pressure on all of us, both developed and developing countries, to make sure that we honour our promises. It will be chaired by Kofi Annan. It is about keeping up the political pressure, which, along with political leadership, enabled the commitments on aid, debt relief and other matters that have been implemented over the past 12 months to be achieved at Gleneagles last year. Only by keeping up that pressure will we achieve what the hon. Gentleman wants.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I warmly welcome today's White Paper. I share my right hon. Friend's recollections of the activities of the previous Government, which were not as portrayed by the hon. Member for Sutton Coldfield (Mr. Mitchell). My right hon. Friend mentioned UN reform, including central pooled funding and a single plan in each country. Will he expand on that and indicate what further reform he would like in the UN?

Hilary Benn: To take a practical example, in Vietnam, from memory, there are 11 different UN agencies with a budget of about $2 million all pursuing their own objectives. The truth is that the UN should get its act together. Having a single pool of funding in country, with one office, one plan and one person to lead it, would be sensible. That issue and the question of whether central pooled funding should be introduced in the UN development system generally are now being considered by the high level panel on which my right hon. Friend the Chancellor represents us. I very much hope that that will produce a report in the autumn that recommends such change, which could ensure that the UN development system is more effective.

Alistair Burt (North-East Bedfordshire) (Con): Well done to the Secretary of State for his commitment, stewardship of the Department and this White paper. Well done to my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) for helping to ensure that international development now has the priority and budget that it always deserved. From talking to colleagues on the continent, it is clear that environmental issues are still a higher priority for them than development issues. How will the Secretary of State ensure that G8 and European Union presidencies will give development issues the same priority as in this country?

Hilary Benn: I am grateful to the hon. Gentleman for his kind words. We must make the case that poverty will not be beaten in the developing world unless there is economic development, which must be sustainable economic development. If the rich world thinks that it can turn to the poor world and say, "You know the benefits that we had from economic growth—you can't have them, because the world can't cope," the poor world will turn round and say, "We're not having that." We must share out the earth's environmental carrying capacity on a more equitable basis. That is the fundamental political problem with natural resources and CO_2 emissions. The second argument is that, unless we do that, we will not have a safe and secure world to inhabit, wherever we happen to call home.

Sir Peter Soulsby (Leicester, South) (Lab): I join other Members in warmly welcoming the statement and White Paper. We are all painfully aware that making poverty history is not about quick fixes but long-term commitment and determination. With that in mind, I am pleased by the commitment to development education, the commitment on UK groups building links with developing countries and the expansion of opportunities for young people, especially from diaspora communities, to work in developing countries. What steps are my right hon. Friend and his colleagues taking to ensure that those initiatives are adequately resourced? In particular, what steps will he take to ensure that local authorities have the resources, encouragement and powers to ensure that those initiatives become reality?

Hilary Benn: First, we are increasing funding. We already have a programme to support development education in our schools. It is not just a question of money, but of attitude of mind. I have been to many schools that are using the opportunity of citizenship education—and of studying geography and other subjects—to make sure that the generation growing up understand more about the world of which they will be part. The truth is that they will be taking decisions about the future of our planet when most of us have long gone. It is therefore right and proper that we give them the skills and understanding that they need to make their way in the world and to take the right decisions for the future of our planet.

Mr. Henry Bellingham (North-West Norfolk) (Con): Zimbabwe was once a great African country with a first-class agricultural system. It has now become a total disaster, with an evil corrupt dictatorship not just persecuting its poorest people, but regularly stealing aid money. How can Britain and Europe make sure that the starving, helpless and poor of Zimbabwe are helped without further bolstering the Swiss bank accounts of Mugabe and his henchmen?

Hilary Benn: I agree with the hon. Gentleman's assessment of Zimbabwe, which provides a spectacularly bad example of governance. Zimbabwe has suffered above all from a failure of governance over the past 25 years. What do we do? We continue to help feed people through the World Food Programme. We do not give money directly to the Government of Zimbabwe. We have an AIDS programme, because HIV and AIDS are a big problem in Zimbabwe. We work through non-governmental organisations and others. That is a very good example of our determination as a Government to give our aid in different ways according to our judgment of the circumstances, so that the poor of Zimbabwe are not punished because they have a bad Government and we continue to play our part in helping them.

Mr. Michael Wills (North Swindon) (Lab): I welcome the White Paper, and pay tribute to all the efforts of my right hon. Friend and my hon. Friend the Under-Secretary of State on behalf of the world's neediest people.

Mention has already been made of the iniquitous and unfair world agricultural trading system. I know that the Government have led efforts to reform it, but will my right hon. Friend expand on what pressure he and his colleagues will exert on the other European Union members and the United States in the crucial next few days to bring about the reforms that are so desperately needed, and to make all the other admirable policies work to full effect?

Hilary Benn: I am grateful to my hon. Friend for his kind words and especially for what he said about my hon. Friend the Under-Secretary of State, who does a wonderful job in supporting me and the Department's work.

Our principal argument must be that if we are serious about fighting poverty, we need a trade deal. We must persuade people to turn the words that they utter when they make speeches about the importance of that into policies for trade negotiators that will allow progress to be made.

Europe contains many different countries and agriculture is more important in some than in others. A political debate is taking place about the extent to which Europe should move, but no one should doubt that, if we pass up this opportunity now, we will probably miss the single most important step that we could take at this point to fight world poverty.

Mr. Laurence Robertson (Tewkesbury) (Con): I am sure that the Secretary of State will agree that Africa possesses incredible tourist attractions in its history and natural beauty, yet fails to realise its assets. That is partly because of poor facilities—poor transport, for instance—but also because of the negative messages that emerge from African countries. People do not think that they should visit Africa, and they do not know what they are missing. What can the Government do to help those countries promote tourism in their areas?

Hilary Benn: I have described the steps that we will take and the work that we are already doing to help countries improve their governance. The best way to put tourists off is to have a war, because no one will visit a country in those circumstances. If there is insecurity or conflict on the streets or a problem involving corruption, people may choose to go elsewhere.

As the hon. Gentleman suggests, we must also enable people to see Africa in all its complexity. The same applies to other developing countries. Africa is not one continent; it is 54 countries. Ghana, Tanzania, Mozambique and South Africa are making real progress, and many people visit those countries. We want people to visit as tourists, we want people to invest and we want people to trade, because ultimately that will bolster the countries' economies and provide the money that they need to invest in saving people's lives and educating children.

Andrew George (St. Ives) (LD): Like others, I strongly endorse the Secretary of State's commitment to good governance and transparency. Can the Secretary of State reassure us that his Department will cease to double count debt cancellation as aid expenditure?

Hilary Benn: With respect, we do not double count debt cancellation as aid expenditure. The Development Assistance Committee of the Organisation for Economic Co-operation and Development does the counting. It produces the overall figures and identifies aid and debt cancellation separately.

I resolutely reject the argument that debt cancellation does not help. Why will Nigeria be able to send another 3.5 million children to school? Because it has benefited from the biggest single debt deal in African history. Why has Zambia been able to introduce free primary health care in rural areas? It is because of aid and debt cancellation.

I do not accept the hon. Gentleman's argument at all. We will continue to give help through both aid and debt cancellation.

Carter Review

1.23 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Vera Baird): With permission, I wish to make a statement about the publication of Lord Carter of Coles's Review of Legal Aid Procurement, following a statement by my noble Friend the Lord Chancellor and Secretary of State for Constitutional Affairs in the other place earlier today. Copies of Lord Carter's review have been placed in the Printed Paper Office, the Vote Office and the Libraries of both Houses. A joint consultation paper on his proposals has been issued simultaneously by the Department for Constitutional Affairs and the Legal Services Commission, copies of which have also been placed in the Printed Paper Office, the Vote Office and the Libraries.

Lord Carter's report is the product of a year of engagement between a number of stakeholders. The Government, the Legal Services Commission, the Law Society, the Bar Council and the judiciary, individual practitioners and others all played a full part in the discussions that led to his recommendations.

In his report, Lord Carter identified the importance of publicly funded legal services to ensuring proper access to justice for those in need of advice and representation, and for those who are charged with criminal offences. He rightly refers to the high quality of our legal system.

At a time of finite public resources and ever-increasing pressure on the legal system, it is vital that we review our arrangements for the provision of legal aid. For some time, under successive Governments, they have not fully served either the public or the clients of the system. Changing the way in which we purchase legal advice services is a key element of our desire to reform the criminal justice system and provide better outcomes in civil and family justice. I know from experience the difficulty of balancing all the competing factors to ensure that legal aid is fair to the vulnerable, fair to taxpayers, fair to defendants and fair to practitioners.

Lord Carter concluded that there must be a fundamental change in the way in which legal aid services are procured, so that clients have access to good quality legal advice and representation, so that a good quality, efficient supplier base thrives and remains sustainable, so that the taxpayer and the Government receive value for money, and so that the justice system is more efficient, effective and simple. He recommends a new system for the provision of criminal legal aid in which the professions ensure proper quality control over their members and lawyers are as far as possible paid on the basis of completion of a case rather than according to the number of hours for which they have worked, and are encouraged to be as efficient as possible by being able to compete for work on the basis of price.

Lord Carter proposes that the criminal legal aid market should be restructured and suggests a timetable. April 2007 should see the introduction of a new fixed fee scheme in police stations. It should also see changes to standard fees for magistrates court cases, changes to the advocates' graduated fee scheme in the Crown court and an extension of the graduated-fee scheme to litigators in the Crown court. For very high-cost cases, the Legal Services Commission should introduce an enhanced quality threshold and use a higher level of in-house expertise and closer management to secure greater control over the individual case contracting regime. Lord Carter proposes that that be achieved by the end of the financial year 2007-08 through the LSC contracting solely with a panel of suppliers. Panel membership would be determined through demonstration of an appropriate enhanced level of quality, as well as through competition. Price competition should be introduced in 2009, with quality assured suppliers bidding for multiple units of cases in police stations which they would usually take to the magistrates courts and/or Crown courts.

The transition to a more market-based approach comes alongside changes to the regulation of legal services, as outlined in the draft Legal Services Bill. Taken together, those developments will mean change for the profession—a degree of restructuring for solicitors and barristers alike. The changes must be managed in a way that ensures continuing quality and choice for the public, while giving the professions time and, if necessary, support to adjust to the new model.

Lord Carter recognises the need to ensure that providers of legal services continue to serve black and minority ethnic communities and those in less densely populated and rural areas. He strongly acknowledges that one size does not fit all, and makes detailed proposals to ensure the continued improved provision of high quality legal services for all those communities. His report contains detailed recommendations that will help us to devise the criminal justice system that the public expect: one that is simple and speedy, and makes the best use of summary justice.

For civil and family legal aid, the report provides for a more efficient, client-focused service, concentrating on meeting different local needs. Lord Carter suggests that that will be achieved through the establishment of community legal advice centres and community legal advice networks, which is in line with the Legal Services Commission's strategy for community legal services. Best value tendering for the new centres and participation in the networks should begin in 2009.

New forms of contracting are expected to promote greater links between civil suppliers and, where possible, greater links with family law suppliers, so that clusters of problems can be dealt with earlier and more effectively to avoid the risk that they multiply and lead to people falling into the social exclusion trap.

The Legal Services Commission also proposes to move to fixed and graduated fees from April 2007 for a wide variety of civil and family work, and also for most immigration work. That will promote and reward the most effective working by suppliers. The consultation document published alongside Lord Carter's report contains full details.

Lord Carter estimates that if the reforms had been fully in place in 2005-06, criminal legal aid spending would have been £100 million lower, and that does not take account of the potential further savings from best value tendering. In addition, there would have been a greater proportion of legal aid spent on civil and family matters. By the end of the implementation period, because the reforms will also control unit costs far

better than many elements of the current scheme, spending will be lower than it would be without the changes proposed. I also welcome and accept Lord Carter's recommendation for better management and control of spending, including through greater transparency and shared problem-solving between the DCA, the LSC, other Departments and the professions.

In conclusion, the Government strongly welcome Lord Carter's findings and we have today issued a consultation paper to which I encourage everyone to respond. I look forward to the challenges that are ahead and working with all stakeholders and the Legal Services Commission, the dedication and commitment of whose commissioners and staff will be critical to success. I am immensely grateful to Lord Carter for the work that he has done.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I am grateful to the Under-Secretary for her courtesy in giving the Opposition early sight of her statement today, and I thank Lord Carter for his meeting with me. We welcome the publication of the report and will study the proposals in detail. We hope that it will spark a debate that can provide the basis for a consensus on reform of the legal aid system that is built to last.

Legal aid remains the cornerstone of our criminal justice system, providing access to justice for millions of people, but today it is in crisis. In 1997, the Government promised to reform legal aid in order to

"achieve value for money for the taxpayer and the consumer".

Instead, we have seen a 35 per cent rise in the overall legal aid budget, while at the same time spending on civil legal aid, excluding asylum, is down by a quarter. That in turn is damaging access to justice for many of the most vulnerable people in society. So we all agree that reform is necessary.

We endorse Lord Carter's emphasis on the need to tackle very high cost cases, which account for around half of current criminal legal aid budget. In that context will the Under-Secretary tell us what steps the Crown Prosecution Service, the Serious Fraud Office, Her Majesty's Revenue and Customs and the British Transport police intend to take in order to respond to the challenge of managing the prosecution of cases more efficiently and effectively? Does she agree that in addition to the measures proposed by Lord Carter, more effective case management by courts is essential if costs are to be kept down?

Much is made of the fees earned by barristers at the top end of the scale in very high cost cases, but the Under-Secretary will be aware of the concerns among barristers and solicitors about many more in the profession who rely on legal aid work, yet who barely earn enough to get by. Does she accept that that has already resulted in fewer lawyers choosing publicly funded legal aid work as a career, which in turn is placing huge strains on the civil legal aid system? The Under-Secretary will know that the Bar Council is concerned by the further delays before help is provided for those doing those shorter cases. The London Criminal Courts Solicitors' Association has said today that Lord Carter's proposals:

"will stop the recruitment of able and passionate solicitors to this area of legal practice".

How does the Under-Secretary respond to such concerns?

There are other parts of the statement, and Lord Carter's report, that give rise to concerns—in particular, the likely impact on the network of high street solicitors and law centres, such as the one that I visited in Tower Hamlets recently. In particular, will the Under-Secretary respond to the fears expressed by many that Lord Carter's proposals on procurement sound the death knell for small high street solicitors undertaking legal aid work? This morning, the vice-president of the London Criminal Courts Solicitors' Association said that the proposals were:

"an enormously bureaucratic and costly re-organisation of the supplier base which is the high street solicitor that will lead, perhaps, to many of them closing".

What steps do the Government intend to take to deal with those concerns and to allay fears that advice deserts will emerge?

Page 52 of Lord Carter's report refers to the needs of vulnerable black and ethnic minority clients. She will be aware that many small high street solicitors tailor their services to the needs of black and ethnic minority clients. However, under Lord Carter's plans, those are precisely the types of firm that risk being squeezed out of the system and, in the process, significant role models of success in the legal world for minorities will be lost. Does she agree with the Criminal Law Solicitors' Association, which has said that such firms will be "disproportionately disadvantaged" by Lord Carter's plans?

Finally, the Minister referred to the publication of a consultation paper on Lord Carter's report. Will the Under-Secretary confirm, therefore, that valuable as his report is, it does not represent the final word, that there is some scope to refine his plans and that the Government will address the genuine concerns of many in the legal profession who want a system that combines both value for money and proper access to justice?

Vera Baird: I thank the hon. Gentleman for his welcome for the report and his hope, which I share, that it will spark a debate on those important issues. I agree wholly that we need to build a system that will last. The increase in legal aid expenditure since 1997, to which he alluded, is not an isolated example. This morning, I looked at the tables in the fundamental legal aid review document, which show that spending also went up exponentially between 1991 and 1996, so it is clear that successive Governments have not managed to control that elusive budget.

The hon. Gentleman raises the issue of very high cost cases, and I urge him to read with care—I accept entirely that he has not had the slightest opportunity to do so—what Lord Carter proposes for closer management of such cases, with a higher level of expertise in the LSC to ensure that they are controlled as well as they can be. I accept entirely the hon. Gentleman's point that all that cannot be done through legal aid alone: there is a serious need for the CPS and the other public agencies he mentioned to consider case management. The Carter review contains a quotation from Sir Igor Judge, which gives the judicial attitude to the urgent need for powerful case management. The judiciary are anxious that judges should be free to do

[Vera Baird]

that, and of course we entirely encourage it. We are seeking, with the consultation document that will build on Lord Carter's report, to use the new fixed fee regime that he proposes to try to enhance the ability of the judiciary to manage cases properly.

The hon. Gentleman also referred to the frequently expressed criticism of fat cat barristers who earn enormous amounts of money. I have never been fat myself—*[Interruption.]* Neither metaphorically, nor physically, but I am not sure that the House is interested in that. There is some interesting information about lower level members of the Bar in Lord Carter's review. He found that 5 per cent. of those with between one and five years' experience at the Bar were earning £90,000 a year. That seems to be a fine starting salary, although many others do not earn that much. However, that is an issue for those who structure the Bar, and not one that legal aid can tackle directly.

I accept that the Bar Council would prefer not to delay the catch-up that it thinks should follow from the fact that graduated fee schemes for one to 10-day cases were fixed in 1997. However, a letter from the council this morning states that, as a result of its negotiations with Lord Carter, it acknowledges that process should occur from 2007.

I do not agree with the hon. Member for North-East Hertfordshire (Mr. Heald) that the London Criminal Court Solicitors' Association is right to suggest that the proposals will end recruitment to the public sector. Not a bit of it: he was present at the recent Legal Aid Practitioners Group awards for legal aid lawyer of the year and, like me, can only have been impressed by the calibre of the many excellent young practitioners there. They are fighters, every one of them—much of the time they are fighting us!—and they are coming into the public sector, so I do not think that what the hon. Gentleman said is right.

I do not agree either that we are about to hear the death knell of high street solicitors. Much concern was aroused by the interim report, which did us all a huge favour by making us refine our thinking. The process of implementation will need a great deal of consultation and care. It is proposed that I should spend a sizeable part of my summer going around providing exactly that, although of course people will also be able to correspond about other matters.

I heard Greg Powell say on the radio this morning that he thought that the proposals would involve a huge amount of bureaucracy, but the LSC is looking to make savings in that regard worth tens of millions of pounds. It is anxious to have a lighter touch, and of course practitioners want to escape from bureaucracy. The whole point of having fixed fees at the front end of cases across the board is so that there will be no thorny questions about whether a particular mention, application in court or piece of travel and waiting was justified. It seems to me that the fixed fee will mean less bureaucracy.

The hon. Gentleman talked about black and minority ethnic practitioners and communities. The LSC can and must use its procurement power to ensure that those communities continue to be served fully and properly by appropriate practitioners. I do not accept that practitioners from the black and ethnic minorities will be squeezed out. Lord Carter received legal advice suggesting that no inappropriately heavy burden would fall on them, but I know that serious concerns have been expressed about that.

I had the pleasure of speaking to the annual conference of the Black Solicitors Network, and I took the opportunity to talk to a number of its members. The network represents a very important and dynamic sector of young black entrepreneurs, and we must take good care of them. I assure the House that we are very much apprised of the need to ensure that they have appropriate career opportunities.

I can confirm that the report is not the last word on the matter. Lord Carter undertook a very good consultation process that involved all the relevant stakeholders. I know that he spoke to the hon. Member for North-East Hertfordshire, and I believe that he spoke to the Liberal Democrats as well. The confidence that the process has given us means that we are able to take on Lord Carter's direction of travel, as it were, but with a clear awareness that there is still a good deal of scope for policy development during the consultation that is to follow.

Fiona Mactaggart (Slough) (Lab): I thank my hon. and learned Friend for her statement and welcome her to her post. I am concerned about accountability in how neighbourhoods provide advice and representation, on legal matters and on issues that at least at first may not involve the law. In my constituency, partly as a result of the behaviour of the local authority, there is a real shortage of competent advice on debt, immigration and other matters. I have not read the report, but will she clarify what accountability mechanism will be put in place to make sure that advice is provided in a neighbourhood? Does it all come down to the LSC, or is there some way for us to ensure that the local authority or some other body can take responsibility for providing advice in a particular community?

Vera Baird: I thank my hon. Friend for that question. Neighbourhood accountability may go beyond Lord Carter's remit, but she is right to say that there is a need for an audit process to establish what advice is available for people. I attend the Cabinet Office Committee on social exclusion established by my right hon. Friend the Minister for Social Exclusion. My input is based on the belief that there is a need for advice to be included in the social exclusion agenda. That goes beyond legal advice, but the LSC is in a good position to ascertain what advice is available and to co-ordinate it more efficiently than has been the case in the past.

Therefore, I can assure my hon. Friend that the matters that she raises are very much in my mind. They are being considered by the Committee to which I referred, and by the LSC.

Mr. David Heath (Somerton and Frome) (LD): I thank the hon. and learned Lady for her statement and Lord Carter for his work on the review. I also commend the process so far, which has involved an extremely good level of consultation. I am heartened by the Minister's earlier confirmation that the further consultation process will be genuine, and that comments will be welcomed and taken on board.

The importance of legal aid is worth underlining yet again. It is a key part of the welfare state, although we probably talk about it less than any other. The squeeze on legal aid budgets over recent years is not the result of inefficiencies in the system—it is largely due to the increase in business caused by the wide panoply of new offences and the increased number of prosecutions taking place. That is what is driving the increase in criminal aid, which in turn has squeezed the availability for legal aid in the civil and family courts.

The squeeze on legal aid is causing great concern, as access to legal aid is an essential part of a fair and free society. I hope that all hon. Members will agree with that, and that the report's proposals will increase access to legal aid.

The Minister said that she felt there would be no deterioration in the position of high street practitioners. I hope that she is right, but legal aid in the more rural areas—and in some cities too—is in a parlous state, with those practitioners who offer criminal legal aid, for instance, being very few and far between. For instance, it is common for there to be only one criminal solicitor available to deal with a particular magistrates court. We therefore have to do something to encourage more practices to release practitioners to do criminal legal aid and to undertake work in the family courts.

I have a few quick questions for the Minister. First, she was right to emphasise the need for better organisation in our courts, and one factor in that is the court's proximity to the people attending it. Travel to court is a key part of the costs incurred by practitioners, defendants, witnesses and victims. Centralising court facilities leads to an apparent cost saving, but there is a real cost to the people seeking justice. The two need to be in balance, as justice is being taken away from people in many rural communities because courts are being closed down.

Will the Minister ensure that the financial incentives to finish cases quickly do not prejudice the standard of justice in courts? That is an obvious point but it is terribly important, so it is necessary to make it.

Will the Government guarantee that defendants can be represented by the same good local lawyer from the beginning to the end of proceedings? That may or may not be implicit in the arrangements as they develop.

Can we make sure that lawyers undertaking publicly funded work have sufficient recompense to attract them to such posts rather than going into private practice? The hon. and learned Lady may have partly answered that question already.

Lastly, to pick up the point made by the hon. Member for Slough (Fiona Mactaggart), a process of audit of advice and legal services is needed and Members of Parliament have a critical part to play in it. Often, advice deserts are not in the most deprived communities. The worst thing of all is to be a poor person in a rich community, who does not have access to transport and to high-cost support and will be very much excluded if we are not careful. The hon. and learned Lady's Department needs to work closely with the Minister for Social Exclusion to ensure that a proper audit system is in place. MPs could play a useful part in that process, so will she consider that?

Vera Baird: I thank the hon. Gentleman for his welcome and for his praise of the process that has led us to where we are today. I agree that it has been a good process, and I assure him that it will continue to be genuinely consultative.

The hon. Gentleman said that the increase in criminal legal aid derived from an increase in business. I assume that he meant that more cases are going to court; nor can I exclude the fact that there has been more legislation, so there are more offences and increased complexity. He is right up to a point, but notwithstanding all that, and quite separately from it, the amount of money being paid out to lawyers has increased. I am sure that he is aware of the Cape and Moorhead research, which considered the inevitable impact of more legislation on legal aid, but concludes that there is more to be said on the subject. Everybody wants more business in the criminal courts in the sense that more people should be brought to justice.

Mr. Heath: It would be better if fewer people needed to be brought to justice.

Vera Baird: Indeed.

A point was put to me about the demise of high street solicitors. I cannot say that they will be unaffected by the review, but Lord Carter's proposals do not mean a big is beautiful situation; they are about tuning the new system to ensure that efficient suppliers of a variety of sizes and structures who have been satisfactorily peer-reviewed—I cannot emphasise enough the point that quality is up-front in Lord Carter's proposals—ought to be able to succeed under the best tendering model. So, as I said, high street solicitors will not be unaffected but there is no reason to forecast their demise.

The hon. Gentleman referred to local courts and accepted the need for a balance. Of course, local justice can be good justice, but appropriate facilities are needed, too. Some local court buildings are very old indeed and cannot accommodate modern needs; not only for disabled access, but also for defence witnesses to be kept away from prosecution witnesses and so on. Various moves are afoot. Last Friday, I had the pleasure of visiting the Liverpool community justice project, in which justice simply could not be more local. The project is having a superb impact because it is so well knitted into the surrounding community. Such initiatives are to be praised and encouraged. As ever, we are trying to do everything at once.

The hon. Gentleman asked that financial incentives should not compromise cases and that the need to fix fees would not undermine a decent pay rate for lawyers. I think that was implicit in what I said. There is no intention to do that; it is everyone's intention that good quality lawyers should continue to be recruited to the public sector. Our courts simply cannot work without them—the hon. Gentleman can rely on that.

The hon. Gentleman asked whether a defendant could be represented throughout the proceedings by a good local lawyer. Solicitors will bid for a quantity of police station cases, and the usual model would be that they would take the case through from the police station to the magistrates court and to the Crown Court, if appropriate. There is provision in Lord

[Vera Baird]

Carter's recommendations, which I applaud, for consultation on own-client work; that is, somebody who comes under the duty rota scheme by virtue of being locked up at a particular police station but who has another solicitor elsewhere with whom he has some faith. If he were able to rely on that person it could assist the system. There is scope for consideration of such ideas, but the broad intention is that the person who picks up the case at the police station should take it all the way through. High cost cases are the exception. It is proposed that a panel of experts be set up and when it is clear at the police station that the case is a specialist one, it would go directly—as an escape route—to the panel.

I agree entirely that although it is bad to be poor in a poor area, it is just as bad to be poor in a rich area. The hon. Gentleman will have appreciated from my previous answers that I am very engaged in how advice can assist in dealing with social exclusion. As he understands, a major thrust of the legal aid review is the intention to move money, where and when possible, over to civil sectors so that people can be prevented from going into social exclusion by timely advice about their problems in the first place.

Mr. Michael Wills (North Swindon) (Lab): I add my welcome to the statement and to the delivery of this much needed review.

The whole House will recognise the difficulties of reconciling the different imperatives that bear on the issues, but I should be grateful if my hon. and learned Friend will confirm that when she looks further at how to implement the recommendations of the review she will bear in mind that moving to a more market-based approach could result in bottlenecks. She may be aware that I have written on several occasions to her Department about the problems with immigration advice in Swindon. Will she keep a careful eye on making sure that appropriate services are available throughout the process? She will be aware that bottlenecks in immigration advice can have considerable consequences down the line, and clog up the system.

Secondly, I noted the comments of my hon. Friend the Member for Slough (Fiona Mactaggart) and the hon. Member for Somerton and Frome (Mr. Heath) about the importance of advice. One way of bearing down on the costs of legal aid is to give proper advice to those who need it, especially the most needful members of our society, before they get into the legal process. However, is my hon. and learned Friend aware that the LSC has withdrawn its support for a potentially valuable project in Swindon—an advice centre co-ordinating all the advice bodies in the borough in one building? I understand that the LSC feels that the project is no longer part of its purview, but as a result of its withdrawal, Swindon borough council has been left on its own to deal with it. I should be grateful if my hon. and learned Friend will confirm that as part of the review she will look at ways in which her Department can support the council in developing that valuable project.

Vera Baird: I thank my hon. Friend for that contribution. I am aware of his correspondence about bottlenecks and I accept entirely that they can cause considerable knock-on problems. I am apprised of that problem—as he requested me to be.

I cannot comment at all on what has occurred with the LSC and the Swindon advice centre. None the less, I undertake to look into the situation and speak to him about it.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Minister agree that small market town solicitors are often the lifeblood of local communities and that many small towns could not survive without them? Today's announcement is not good news for many of those small solicitors, particularly paragraph 7, which points out that they will be paid on completion of their case rather than the number of hours they have worked. That will affect incomes. Obviously, large commercial firms will not suffer, nor will many of the larger regional partnerships, but what discussions is the hon. and learned Lady planning with the Law Society about the impact of the proposals on smaller solicitors?

Vera Baird: I do not accept that there will be a dreadful scenario for small town solicitors. I am impressed by the hon. Gentleman's conviction that they are the most important thing in many such towns, although I agree that they are an important part of their fabric.

The Law Society has of course been very heavily involved with Lord Carter's proposals. It has issued a press release this morning, indicating that it takes the view that

"Lord Carter's proposals, if properly implemented"

can produce

"a system that is financially sustainable in the long term,"

and the society proposes to work constructively with the Government to try to translate those proposals into a system that will succeed on the ground. Of course neither the system nor the consultation will be confined to urban areas, so I think at least over the summer the hon. Gentleman can rest assured that we shall look very closely at the problems that he has raised.

Dr. Alan Whitehead (Southampton, Test) (Lab): I, too, thank my hon. and learned Friend for her statement. What impact does she consider that Lord Carter's proposals will have on the development and regulation of the no win, no fee system? Is it her intention, during the consultation period she has mentioned, to consider those impacts and the regulation of the system outside the legal aid process?

Vera Baird: There are references to the no win, no fee system and a number of other non-legal-aid means of financing cases within Lord Carter's review. When I go out round the country, those who respond—including practitioners and notforprofit organisations, I imagine—will address their comments to the contents of Lord Carter's report. Although I am not aware of any immediate proposal to revise the current system, any submissions will be taken very seriously.

Ms Keeble: Northampton is one of the legal aid deserts that have been discussed, to such an extent that I have to send constituents to Birmingham or Oxford to get legal help with certain types of case, despite the best efforts of the community legal service. On the development of the network of community legal advice centres, will the CLS or whoever is overseeing it ensure that legal aid deserts are targeted? I make a plea that we should have such a centre in Northampton, so that my constituents can get proper access to justice to help them with their serious cases.

Vera Baird: Clearly, part of the thrust of Lord Carter's report and of the Government's position is that one reason for making the criminal system more efficient is to ensure that more money can be moved over into exactly the kind of work that my hon. Friend is talking about. So I think that I can assure her that that is very much in mind and that her constituency is very much in mind too.

Ms Diana R. Johnson (Kingston upon Hull, North) (Lab): Humberside law centre closed in 2005, which has meant that many of my constituents have been unable to access representation in social welfare law. I wonder whether my hon. and learned Friend will tell me how the Carter review will address our representation problems in Hull.

Vera Baird: I am aware of the position in Humberside, largely because my hon. Friend initiated a debate in Westminster Hall about the demise of that law centre. I have also had discussions, although only briefly, with the Law Centres Federation leadership about the position in Humberside. I believe that I am meeting my hon. Friend to discuss it further in due course. I understand from the Law Centres Federation—I hope I have got this correctly—that most of the contracts with the Humberside law centre have been placed elsewhere, so that there is not a huge loss of representation, but clearly there must be some because my hon. Friend has repeatedly said that something should be done. I look forward to meeting her and hearing more about that.

Ian Lucas (Wrexham) (Lab): Will my hon. and learned Friend take forward the idea of an audit of advice within particular geographical areas? When I was first elected I was very struck by the multiplicity of agencies and of funding sources that exist in areas, and I am convinced that there is a level of over-provision and overlapping in those sources of advice. Real economies could be made if the local authorities and the Legal Services Commission worked together much more closely.

Vera Baird: I sympathise with my hon. Friend's comments. There was of course auditing of advice by the community legal service partnerships when they were set up, but I think that he is right; not only is there a multiplicity of agencies but there is also a large number of core lines of one sort or other that give advice on debt, housing or consumer affairs. They are lodged in various Departments of Government—the Department of Trade and Industry, the Department for Work and Pensions, the Department for Education and Skills and our own Department. Clearly, the expertise for coordinating the availability of such advice probably lies with the Legal Services Commission, and yes, it is imperative that they are consolidated so that they work in a coherent way, without duplication, and provide an adequate service.

Orders of the Day

NHS Redress Bill [*Lords*]

As amended in the Standing Committee, considered.

[Relevant documents: Third Report from the Constitutional Affairs Committee, Session 2005-06, HC 754, on Compensation Culture; Fifth Report from the Committee, Session 2005-06, HC 1009, on Compensation Culture: NHS Redress Bill; and the Government's responses thereto, Cm 6784.]

New Clause 1

GENERAL DUTY TO PROMOTE RESOLUTION UNDER SCHEME

'A scheme must include provision requiring the scheme authority and the members of the scheme, in carrying out their functions under the scheme, to have regard in particular to the desirability of redress being provided without recourse to civil proceedings.'—*[Mr. Simon.]*

Brought up, and read the First time.

2.5 pm

Mr. Siôn Simon (Birmingham, Erdington) (Lab): I beg to move, That the clause be read a Second time.

I am delighted to move the motion, and I declare an interest as a trustee of AvMA—action against medical accidents—the leading patient safety charity in this country. I speak to the new clause as a Member of Parliament and not on behalf of that organisation, with which I cannot and do not formally speak. However, I know that, like me, AvMA is grateful to the Minister for having listened to our concerns and those of patients across the country, and many other patient and consumer organisations and other stakeholders, about the original provisions of the Bill and for acting on them, as evidenced by not just my new clause but the Government's amendments, both those that they have tabled today and those that were tabled and made in another place. We are also grateful for the Government's attitude in Committee, which I think Members will agree was, broadly speaking, most of the time a very constructive and cooperative place.

I mentioned the other Government amendments because my new clause makes sense, and has the force that I believe it can have, only if it is viewed in the context of the other amendments tabled, here and in the other place, by the Secretary of State. Collectively, I hope that they represent a tangible and real response to the three big calls that have been made: first, for measures of independence to be brought to bear where necessary to resolve disputed cases within the NHS redress scheme; secondly, for specialist legal advice or representation to be available, where appropriate, to empower patients—I use the word "empower" rather than "entitle", which I know, in the context of this NHS scheme, the Minister does not like—within this NHS process; and thirdly, for measures to ensure that patient safety lessons are learned and implemented and seen to be learned and implemented.

By placing a general duty to promote resolution under the scheme, my new clause seeks to ensure that all the provisions already made possible by the other amendments will have to be considered before proceedings can be finalised. The new clause appears to be quite general, but I think it can be very powerful, because it is an enabling measure that gives force to all the other amendments that have been made, here and in another place. Crucially, it would mean that where the NHS scheme member's initial conclusion is not to offer redress but the patient feels, having received independent, specialist legal advice to that effect, that they should be eligible, consideration would have to be given to the use of joint instruction of medical experts as a means of seeking resolution, because—the Minister looks at me quizzically, but I know that he will agree with my "because"—all possible instruments within the scheme would have to be examined and eliminated before having recourse to civil proceedings. In some disputed cases, that might well result in bringing independence to bear on the assessment of eligibility for redress, rather than just establishing the facts of what happened, as others, not least on the Opposition Benches, have sought.

In some such disputed cases, it would mean that the patient was empowered through specialist legal advice and representation jointly commissioned from independent sources, but within the scheme. If an independent medical expert assessed that there was negligence and causation, the expectation would be bound to be that there would be an offer of redress.

The new clause and the amendments—largely the Government amendments—made here and in another place would help to ensure that patient safety lessons were learned and implemented if the independent medical expert identified in the report the salient risk management issues. In other words, the positive experience from the resolve pilot in England and the speedy resolution pilot in Wales would be put to good use, just as I argued—with some sympathy across the House—on Second Reading and throughout the Committee stage.

The crucial point is that the original ethos of the scheme—putting the emphasis on the NHS itself and recognising where it has been negligent, and the NHS proactively putting things right and offering redress within its own owned NHS scheme—would be safeguarded, empowered and furthered by the new clause. The process that I have described of joint instruction would be necessary only if and when the NHS's assessment did not tally with that of the patient and the legal adviser. That is my interpretation of the overall effect of this enabling new clause and of the combined effect of my new clause with the various Government amendments that it seeks to enable. I would be grateful for a few words from the Minister—I have no doubt that they will be forthcoming—about how that tallies with his interpretation. Kindly, he has already written to me about that so I have an idea of what he might say. Given the effect of the new clause and the amendments that it seeks to enable, I believe that we have the framework of a scheme that could enjoy public confidence and deliver real benefits to patients and the NHS.

Mr. John Baron (Billericay) (Con): We have made it clear that we support the sentiment behind the Bill and therefore we have no problem in supporting the sentiment behind the new clause. In many ways, it is inherently obvious and what it says goes without

saying. It could be argued that that raises the question of why it has to be included in the Bill. The Minister will be fully aware that we welcome and support the good intentions underlying the redress scheme. Our problem is that we have difficulties with some of the detail and content of the operation of the Government's proposed scheme.

It is ironic that the new clause refers to

"the desirability of redress being provided without recourse to civil proceedings."

In many respects, and with due respect, those words could be construed as misleading. If the Government have their way, the redress scheme will replicate the difficulties of the civil litigation scheme instead of representing a genuine alternative to litigation. That is anything but desirable. The Government are proposing that the role of lawyers be extended to any stage prior to the offer, including the joint instruction of medical experts. However, the redress scheme is not conceived as a judicial process, so the question of legal representation should not arise. Legal rights are not being asserted or defended. Thus there will be lawyers involved in a process that is non-determinative and non-binding. The scheme will not ensure the closure, certainty or finality of a court process. It will attract the problems of civil legal proceedings, such as expensive lawyers, protracted cases and complexity, without the good aspects of the judicial process, such as finality and independence. It is, in many respects, a lose-lose situation.

2.15 pm

I suggest to the hon. Member for Birmingham, Erdington (Mr. Simon)—I think that he almost conceded this point in his remarks—that the new clause is legally meaningless. As a matter of statutory construction, it merely provides for an expression of good intent. It does not bestow any legal rights. It neither confers a power nor prescribes a duty. Instead, it expresses a requirement that there must be regard to

"the desirability of redress being provided without recourse to civil proceedings."

In legal terms, it is meaningless. It is not enforceable and would not appear to give rise to legal remedies, whether in public law or private law. In many respects, his new clause is empty. It does not bring anything new to the Bill or to the present situation as it stands. The NHS Litigation Authority, for example, has always had the power to settle cases. The health service has always had the power to resolve claims without recourse to civil proceedings. In short, because the provision will have little basis in reality if the Government have their way, we suggest that the new clause is unnecessary. It is a bit of waste and so we will not waste the House's time in forcing a vote on it.

The Minister of State, Department of Health (Andy Burnham): I thank my hon. Friend the Member for Birmingham, Erdington (Mr. Simon) for the constructive way in which has engaged with me and the Department on the Bill. I thank him for facilitating the meeting that we held with AvMA between the conclusion of the Committee and today's proceedings. To complete the tribute to him, I should compliment him on his parliamentary drafting skills, which are clearly excellent.

As I understand it, the new clause imposes a general duty to promote resolution under the scheme. Under the new clause, a duty will be imposed on scheme members and the scheme authority to have regard, when carrying out their functions under the scheme, to the desirability of settling the case. Scheme members and the scheme authority should have particular regard to the desirability of settling under the scheme, rather than leaving cases to be pursued through the courts.

I welcome the new clause and the approach that my hon. Friend seeks to achieve through it. He is right to say that it should be seen in the context of the Government amendments. I should say to hon. Members, including the hon. Member for Romsey (Sandra Gidley), that we have listened between the Committee stage and the Report stage. We have taken on board comments made by hon. Members on both sides of the House and we believe that the Bill will be strengthened through making those amendments. In my view, the new clause reinforces the positive front-foot spirit that we want the Bill to encourage.

The Bill and the redress scheme to be established under the powers in the Bill aim to open up access to justice for the less articulate, the less wealthy and those who traditionally would have been fed up and abandoned the legal process before a case was completed. Under the new clause, if providers of NHS services believe that there might be a case of negligence, they would be expected to take cases forward. An active approach to redress will be required under the scheme. To be effective, it is important that the NHS is not defensive. The NHS must do all that it can to identify and, where appropriate, resolve cases falling under the scheme.

My hon. Friend the Member for Birmingham, Erdington was absolutely right to say that the spirit of the Bill is about empowering patients, providing information to them and ensuring that we address their needs when harm has been done. I urge him to see the Bill in the context of other reforms that the Government are making in the national health service to ensure that it is a service that focuses on the individual patient and that patient's experience of the health service, and on ensuring that, when things go wrong, redress to the patient is the thing that matters. I am confident that the NHS redress scheme has the potential over time to effect culture change in the NHS, although I readily acknowledge that that is never an easy thing to achieve. There will be scheme members who are already taking an active approach to complaints and to clinical negligence cases. Some organisations will be prepared to be open and honest, and will embrace the principles of the redress scheme, but there will be others who may continue to be defensive, drag their heels and have a less than positive approach to these matters. We need to do all that we can to ensure that that does not happen.

Mr. Simon: Does my hon. Friend agree that although the new clause is subtle, and its scope and extent may not therefore be immediately apparent to everybody, it is a powerful and significant addition to the Bill because it fundamentally changes the obligations on scheme members? It is not at all empty or meaningless, as the hon. Member for Billericay (Mr. Baron) claimed. It is subtle, for sure, but it is powerful and complex, and

[Mr. Simon]

it fundamentally alters the presumptions that will now legally have to inform the actions and attitudes of scheme members.

Andy Burnham: My hon. Friend sums up the new clause extremely well. It is not at all empty or superfluous, as the hon. Member for Billericay (Mr. Baron) sought to claim. It does indeed involve a wide, general duty, but it sets the whole tone for how scheme members should carry out their duties and use the measures and avenues that the scheme puts at their disposal. In making decisions, they are at all times legally required to consider the desirability of concluding matters under the scheme. I emphasise to the hon. Gentleman the word "concluding", because there is a need for finality, and for giving patients an early apology and explanation of the steps being taken to prevent incidents from happening again. All that is enshrined in the new clause.

I am anxious to avoid cases being brought under the scheme, only for some of the old thinking to prevail so that at the point at which they may be settled they are pushed into the legal process. That would lead to duplication of expense and resource, which would not be in the interests of the taxpayer. I believe that we will avoid that by having a clause that promotes the desirability of settling. I am sure that hon. Members in all parts of the House can think of cases, not only in the NHS but in other parts of the public sector, in which individuals have been stonewalled and pushed into pursuing a legal action against a public body, possibly in the hope that they will get fed up and give up, having been ground down by the seemingly interminable process in which they find themselves. That process, which comes about because individuals in organisations will not accept that they have made mistakes and apologise for them, can be extremely wasteful of public resources. It can also ruin people's lives because they become consumed by a case that ultimately has to be pursued through the courts. As I understand my hon. Friend's new clause, it is precisely that situation that it seeks to avoid.

The new clause signals that the redress scheme is not simply a process parallel to that in the courts but is intended to be the primary means by which disputes arising out of NHS hospital services are, where reasonably practicable, to be resolved, rather than leaving cases to be pursued through the courts. It is drafted in general terms, imposing a general duty to promote resolution. My expectation is that at each stage of the proceedings, the scheme member and/or the scheme authority, if they are considering giving up on the scheme for a specific case, must have regard to the desirability of settling under the scheme. At that point they should consider the means that they have at their disposal, such as the joint instruction of medical experts, and positively consider whether it would be right to take that course of action given the desirability of settling and the awareness that the case may continue by the legal route.

The new clause is entirely in keeping with the spirit of the Bill that we have put before the House. It is consistent with the open learning culture that we want to see in the NHS, in which mistakes are identified and acted on at an early stage and in which redress is offered as early as possible. In reinforcing that duty, the new clause adds significantly to the Bill, and I am pleased to signal to my hon. Friend that the Government are prepared to accept it.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

Clause 3

REDRESS UNDER SCHEME

Andy Burnham: I beg to move amendment No. 8, page 3, line 7, leave out 'and'.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following: Government amendments Nos. 9 and 10.

Amendment No. 4, in clause 6, page 4, line 23, at end insert—

'(g) about the publication of a report of the independent investigation in accordance with paragraph (a)'.

Government amendments Nos. 11 and 16 to 18.

Andy Burnham: In Committee, the point was well made, particularly by the hon. Member for Romsey (Sandra Gidley) and my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), that patients harmed during their NHS care often say that they do not want it to happen to anyone else. I have never been at odds with that statement. Those are normally the first words out of the mouths of people presenting at our constituency surgeries when they seek to pursue a case and confront the NHS with the harm that they have suffered through its failings. For many individuals, redress and closure—to use that terrible word—may often mean being clear in the knowledge that measures have been or will be taken to ensure the mistake does not happen again.

I was asked by the hon. Lady and others to consider an amendment to the Bill to provide for a report on action to be taken to prevent similar cases arising in the future, and for that report to be made available where appropriate. I am pleased to say that, having considered this matter carefully, I have tabled such an amendment. The amendment, to clause 3(2), provides that redress will now ordinarily include the giving of a report on the action that has been or will be taken at local level to prevent similar cases arising.

As was accepted in Committee, there will be occasions where mistakes can simply be ascribed to genuine human error—mistakes where no procedural changes need to be made and where a report of this type will not be appropriate. As I said in Committee, we must be careful about placing extra administrative burdens on the NHS. I believe that the hon. Lady accepts that caveat. In these specific types of circumstance, the scheme may provide that a report will not be necessary, although ordinarily such a report will now be provided. Therefore, not only will scheme members publish an annual report about lessons to be learned from cases under the scheme, under clause 10, but the redress offered to individuals under the scheme will now ordinarily include a report on the specific

action to be taken to prevent a similar mistake happening again in that patient's individual case. I think that that was what the hon. Lady was urging me to do, and she was right to do so.

2.30 pm

On amendments Nos. 4, 10 and 11, I listened carefully to what was said in Committee, particularly by my hon. Friend the Member for Birmingham, Erdington (Mr. Simon), about the reasons why investigation reports should be provided to individuals if requested. He focused on the importance of providing the full facts, not only to those to whom offers are made under the scheme, but to those to whom an offer is not made and whose case is terminated. He spoke about the sense of grievance that people may experience if they are not eligible for redress and he explained why they should, if they so wished, be provided with the facts and the outcome of the investigation, so that they could understand why they were not entitled to the redress that they sought.

Amendments Nos. 10 and 11 require the scheme to provide for the findings of an investigation to be recorded in a report, and for the report to be made available to the individual seeking redress on request. As I stressed in Committee, clause 3(2) already ensures that an explanation will ordinarily be provided under the redress scheme. It will be a full explanation, and we envisage that in a number of cases—particularly the more straightforward—the patient will be satisfied with that explanation. We want to reduce unnecessary bureaucracy for scheme members, and we do not wish to impose on them the extra burden of providing the investigation report in every case. In some—perhaps many—cases, an explanation may be adequate, but our amendments ensure that, if it is requested, the investigation report will ordinarily be provided.

The amendments enable the scheme to provide that the report need not be made available before an offer is made, or before proceedings are terminated. That, too, is intended to reduce the administrative burden on scheme members. Providing investigation reports at an earlier stage may result in increased correspondence and delay. It is envisaged that when the offer of redress is made, a copy of the investigation report will be sent to the individual, if they request it. That will give the individual a complete set of documentation that they can consider with their legal adviser when the offer under the scheme is assessed.

The amendments enable the scheme to specify other circumstances in which reports need not be provided. That covers rare cases, such as those in which the person seeking redress is not the patient, so it is considered appropriate to withhold certain confidential health information. Including in the Bill an explicit requirement that investigation reports generally be provided to individuals is in the spirit of openness that the scheme seeks to engender. That will reinforce our messages about more open apologies and explanations.

In Committee, the Bill was criticised because it was said that the investigative process could not be transparent if its findings were not open. I hope that the amendments satisfy hon. Members that we fully intend the investigative process to be transparent. There is no question but that investigation reports will generally be available, if requested. That will be in addition to the explanation provided to the individual complainant. I would like to make it clear that the investigation report will not be kept back on the ground that it is privileged, nor will it be claimed that investigation reports are "without prejudice" and inadmissible in any subsequent legal action. That matter was raised in Committee by the hon. Members for Billericay (Mr. Baron) and for Eddisbury (Mr. O'Brien), and I am happy to give an assurance on that point.

The power in proposed new subsection (2B) is an enabling power. Under the scheme, no report need be provided until an offer is made, or until proceedings under the scheme are terminated. As I have said, the intention is to reduce the administrative burden on scheme members, but in clause 15 we have a specific power to make different provision for different cases, and to exercise powers "subject to exceptions" or

"in relation to any particular case or class of case."

The power to restrict the provision of investigation reports may therefore be exercised only in relation to particular cases or a class of cases. Our intention is that the power will not be exercised in cases in which it is appropriate for a joint medical expert to be instructed. However, it does not prevent investigation reports from being provided until the final stage. My hon. Friend the Member for Birmingham, Erdington was concerned about that problem, but I can assure him that the Government amendments do not require reports to be provided at the end of the process in all cases. There is flexibility in the Bill so that investigation reports can be provided to individuals at an earlier stage if that is deemed necessary. He was right to press me on the issue, because if people are to make an informed judgment on the instruction of a joint medical expert they need to see the contents of the investigation.

The Government amendment further weakens the need for independent investigations—a subject that we will debate in the next group of amendments. However, there is no question but that investigations will be open. The actions of scheme members in conducting the investigation, the scope of the investigation and the processes followed will be open and subject to scrutiny. We have introduced a general duty to promote resolution by accepting new clause 1, which deals with the desirability of settling, and the amendment clarifies the need for openness and transparency. Taken together, the provisions strengthen further the NHS redress scheme.

Turning now to Opposition amendment No. 4, hon. Members will realise from my earlier comments that I agree that investigation reports should generally be made available to individuals. I am afraid to tell the hon. Member for Billericay that I reject his proposal for a number of reasons, although I accept that it attempts to achieve a similar goal to our provisions. First, Government amendments Nos. 10 and 11 go further than his amendment, which enables the scheme to provide for reports to be made available but does not require it to do so. If the power is not exercised, the scheme could not make provision for the publication of investigation reports. The Government amendments require the scheme to provide for reports generally to be made available when requested.

Secondly, the amendment refers to

"the publication of a report",

but I do not believe that publication is appropriate. Investigation reports deal with an individual's health care and contain personal, often confidential, information. It is right that they should be made available to the individual whose health care has resulted in harm, but it is not right that they should be more widely available. Even if anonymised, some scheme members will have so few redress cases, or so few cases of the kind described, that the individual patient could be identified in a published report.

Steve Webb (Northavon) (LD): We obviously accept that the publication of a report on an specific case could reveal an individual's details, but if the NHS scheme repeatedly finds categories of problems—clearly, we hope that the national patient safety agency or another body would identify such categories anyway—is there a mechanism for systematic learning from groups of cases when confidentiality is not an issue?

Andy Burnham: The hon. Gentleman is right to raise that point. I can reassure him that there is provision under the Bill for such a report to be compiled on an annual basis by scheme members. Under clause 10, duties are imposed on members of the NHS redress scheme. Subsection (2)(j) contains a requirement to produce an annual report and the lessons to be learned from it. We are making a further amendment on that point.

There is an expectation that scheme members will look in the round at cases that they have dealt with in the past year under the NHS redress scheme and, as the hon. Gentleman says, draw general conclusions and lessons from such cases and put that information into the public domain for local people to consider. However, in response to the amendment tabled by the hon. Member for Billericay, we argue that it would be wholly inappropriate for the report on an individual's health care to be placed in the public domain by an NHS trust. An individual may choose to do that following the receipt of such a report, but that could not be mandated under the Bill. The general point made by the hon. Member for Northavon (Steve Webb) is picked up by the Bill further on.

The third problem with amendment No. 4 is the reference to "independent investigation". I consider this inappropriate because we do not intend that there should be an independent investigation. We will discuss the issues around independence in due course, but for the three reasons that I have outlined, I reject the amendment.

Amendments Nos. 16 to 18 show the Government's intention to require a member of the redress scheme to prepare and publish an annual report about cases falling under the scheme and the lessons to be learned from them—the report that I described a moment ago to the hon. Member for Northavon. I gave assurances about that in Committee.

However, clause 10(2)(j) states that a scheme may

"require a member of the scheme to prepare and publish an annual report about such cases and the lessons to be learnt from them."

I was asked in Committee by the hon. Members for Beverley and Holderness (Mr. Stuart) and for Ruislip-Northwood (Mr. Hurd) to accept that there should be a guarantee written into the Bill that annual reports will be provided. Being a partisan soul and one who, in very rare circumstances, considers himself likely to accept Conservative amendments to any Government legislation, I find myself in an extraordinary position. The hon. Gentlemen made a reasonable suggestion, and the amendments that we have tabled are a response to their sensible argument and the constructive discussions that we had.

Indeed, it is desirable that such a report should be a requirement under the Bill, as suggested by the hon. Member for Northavon and the two Conservative Members. We are happy to amend the Bill to make that a requirement of membership of the NHS redress scheme. The word "may" has been replaced with "must" and the scheme must now require scheme members to publish annual reports on cases dealt with under the scheme and lessons to be learned from them.

I have covered all the Government amendments. We will resist amendment No. 4.

Mr. Baron: As we know, the amendments deal with the publication of reports and the limitation on their disclosure. We have no problem with Government amendment No. 9. It is important that lessons are learned, so a report to that effect should be produced and encouraged. Our concern is with Government amendment No. 11.

Our approach to the preparation of reports and their disclosure is relatively simple. We propose that the investigation should be limited to a fact-finding exercise. That is a discussion that we will come to later on a different group of amendments. We propose that in every case a report should be made of such an investigation and made available to the person concerned in any event, whether or not compensation is sought and whether or not an offer is accepted. If we believe that the culture of the NHS needs to change and that we need a more open, transparent and robust investigation of the facts, it is logical to expect that reports in all cases should be made available to the patients. That is what our amendment No. 4 aims to achieve.

When the stage is reached at which any offer is made, then in any reports concerned with assessment of liability the usual professional practice in respect of privilege would apply. In other words, the practice where a client and a lawyer consider the client's legal liabilities remains confidential to the client and the lawyer. This solution is a logical consequence of separating fact finding from fault finding.

The Government's solution to that is partly set out in amendment No. 11. It refers to an investigation report, but it is not clear whether that report is fact finding, fault finding or both. I ask the Minister to reflect on that as it creates a functional incoherence that was described in another place as a dog's breakfast.

2.45 pm

Andy Burnham: It is important to be clear on that point. My understanding is that the investigation report is the document that would be prepared by the

scheme member for the NHS Litigation Authority to use when considering the conduct of the investigation and the issues arising as regards quantum and liability. That document should ordinarily be provided to the individual seeking redress.

Mr. Baron: I thank the Minister for that clarification, which prompts a further question. The Minister says that the report would be produced in any case because it would be the report on which the NHSLA would base its assessment, as opposed to its determination, of liability. Under amendment No. 11, the report need not be shown before an assessment is made, where proceedings are terminated, or in other as yet unspecified circumstances. If the report is going to be produced anyway, why should not it be made available to the patient, given that we are trying to encourage a culture of openness within the NHS and that no added bureaucracy or cost would be involved? The Government's proposal does not guarantee the disclosure of the report in every case. It is the opposite of the openness and transparency that we propose, which is needed if we are to transform the culture of the NHS. What does the Minister have to fear from patients receiving a report at the end of the fact-finding stage regardless of whether an offer is subsequently made?

Andy Burnham: I think that I have made this clear, but I am happy to do so again. In providing an offer of redress, at the end of the process the scheme would seek, if appropriate, to give the individual an apology, an explanation, a statement or a report of what action will be taken to prevent similar adverse incidents happening again, as well as a copy of the investigation report. That is ordinarily what would happen. Were a financial offer to be appropriate, that would be included too. That would be the package of redress.

My hon. Friend the Member for Birmingham, Erdington (Mr. Simon) has raised certain points privately and in Committee. He asked whether in the more complex cases, particularly where the instruction of a joint medical expert might arise, the patient would need to see the investigation report at that point. I take his point. However, in order to minimise bureaucracy and correspondence, the general intention is that all that information will be disclosed and provided to the individual at the end of the process. We believe that that is ordinarily the right way to conclude matters.

Mr. Baron: I thank the Minister for that, but ask him to re-examine Government amendment No. 11(2B), which says:

> "A scheme may provide that no copy of an investigation report need be provided...before an offer is made...in such circumstances as may be specified".

That needs clarification. I think that the Minister is saying that the investigation report produced at the end of the fact-finding stage would be made available to patients if they so requested. If that is not the correct position, he has an opportunity to put it right and to clarify what amendment No. 11(2B) means.

Andy Burnham: It is helpful to clarify those points. I said that (2B) would be necessary to cover rare cases, for example, when the person who seeks redress is not the patient and it is considered appropriate to withhold some confidential health information. I want to emphasise that the scheme is flexible. There is provision for investigation reports to be released earlier in the process to individuals when the merits of the case require it. However, they would generally be provided at the end. There is, therefore, flexibility, but the Bill sets out what will happen in the normal course of events.

Mr. Baron: Doubtless we will revert to the matter later. There is no point in questioning the Minister further. He has attempted to clarify the position, but a few questions remain about when and under what circumstances a report would be withheld from the patient.

It goes without saying that we support the proposal to prepare and disclose the report, but we oppose any unspecified and undefined overriding discretion to refuse to disclose such a report. That would not reflect patient priorities or help to change the culture of the NHS to make it a more open and transparent investigation. It would not help patients in their search for not only an explanation and an apology, but a simple and honest investigation of the facts. I am sure that we will revert to the point later.

Sandra Gidley (Romsey) (LD): I welcome especially amendments Nos. 8, 9 and 10 and other consequential amendments. As the Minister said, we discussed the subject at some length in Committee. He seemed genuinely engaged and said that he would reconsider the matter. I therefore thank him for doing that because it is the first time that that has happened to me in my six years in this place.

I am delighted that the Bill includes a clear statement that a report should be produced on action to prevent a recurrence of similar cases. As the Minister says, people mainly want to know that the likelihood of what happened to them recurring will be reduced. Many people's prime motivation is not money. We need to be clear about that in our discussions today.

I, too, am concerned about Government amendment No. 11, especially proposed new subsection (2B) to clause 6. The Minister claims that there is some flexibility and that the general aim is to provide a report, but it is still not crystal clear in what circumstances the report will be provided when the scheme is about to be terminated or an offer has been made. Some guarantees about that would be welcome because, although I do not doubt the Minister's good intentions, the Bill now includes a clause that will enable future legislators and Governments to take a step back from what the Minister appears to claim. That is worrying.

I, too, regard it as fundamental that a copy of the investigation report is available to all parties, bringing together the facts of the case as soon as possible so that everybody can reach a clear decision about what has gone wrong and the action that needs to be taken. The facts need to be on the table before we move to the next stage. Liberal Democrat Members disagree with the Government because we believe that an independent, separate stage is vital to the long-term success and

[Sandra Gidley]

acceptability of the scheme. Sadly, there will probably be further disagreement about that, but I shall not repeat the arguments at this stage.

I am worried that the report is available only on request. Although the ability to ask for a report is a step forward, I believe that the emphasis is slightly wrong. As has been said, it is not clear what extra bureaucratic burden making available a report, which has already been prepared, puts on the NHS. What reassurances will there be that patients under the scheme will even know that they have a right to ask for the report. Will that be part of the explanation process? How will they become aware of that? There is a host of legislation, but there is also a great deal of ignorance among the public about what is and what is not available. At the very least, there needs to be a clear procedure for informing a patient about any report. Perhaps there should be an opt-out rather than an opt-in, because I fully accept that there might be a small number of cases where patients, for a variety of possible reasons—they might have had a mental health problem associated with the report, or they might not want to be reminded of things—are not interested and do not want to see it. However, everybody should know that such a measure is available and be able to access it.

Amendment No. 4 has cross-party and independent support. It makes it clear that there needs to be an independent investigation and that a report of any such investigation needs to be published. It also makes it clear that that needs to be an integral part of the process, rather than merely of the end of the proceedings. The Minister has clarified that point.

Although I welcome the Government amendments, there are still a few small areas where refinements could be made to make the final version of the Bill clearer.

Dr. Richard Taylor (Wyre Forest) (Ind): I, too, welcome the Minister's comments on openness, which is essential. I welcome the fact that the report will be available, if requested, and I echo the comments of the hon. Member for Romsey (Sandra Gidley) that the right to get that must be widely publicised and known. The need for a report of the fact-finding investigation has been emphasised to me several times recently. Healthcare Commission reports have been seen by the claimant and have been very definitely disagreed with for gaps and errors, and that has led to discussion, so it is crucial that this report is available.

I am also unhappy about proposed new subsection (2B) in amendment No. 11, because I am not sure whether the Minister has sufficiently reassured me yet. Are there still exceptions at the point between the investigation and the offer? If the complainant requests the report at that time, does he still have the right to have it before the offer is made, or are there circumstances in which the report would be withheld from the complainant at that time?

Mr. Nick Hurd (Ruislip-Northwood) (Con): I rise to support amendment No. 18 and to place on the record my gratitude to the Minister for having had, like the hon. Member for Romsey (Sandra Gidley), my first experience of a Government Minister actually listening to me—unlike at the current moment. The amendment might change only one small word—"may" becomes "must"—but that is the right thing to do, because it sends a stronger signal about the Government's intentions and, as the Minister probably recognises, the central challenge here is how to generate trust in the Government's proposals. Central to that is the perception of transparency and the sending of a signal that the Government understand what motivates people in this context. The Minister and other Committee members were very clear that a large part of people's motivation is to try to make sure that what they suffered is less likely to happen to other people. An annual report will play a part in that process. I also congratulate the Minister on listening to the arguments made in Committee—principally by the hon. Member for Romsey—in favour of stiffening the requirements of explanations to include reports on further actions taken, where appropriate.

May I press the Minister on one point? In Committee, he was concerned about the administrative burden that this might involve the system in. Is he any clearer on the figures—he did not have them to hand in Committee—as to what proportion of cases, on a current run rate of about 5,000 cases a year, are down to human error or basic actions that would not require a report of the kind under discussion?

3 pm

Andy Burnham: I am pleased to have provided the hon. Member for Romsey (Sandra Gidley) with a "first". I find it hard to believe that that was the first occasion when such an offer was made to her, but never mind—I am happy to do the honours.

I want to respond positively to the points that have been made. As the Bill makes clear, a scheme must provide for investigation reports to be available on request, as the hon. Member for Wyre Forest (Dr. Taylor) acknowledged, but we recognise that that might not be appropriate in some cases, particularly those in which patient confidentiality or data protection issues are involved. In our view, to adopt a rigid approach in primary legislation would be a mistake, but as I said in response to the hon. Member for Billericay (Mr. Baron), the intention is that the report that the scheme member makes available to the NHS Litigation Authority would ordinarily be the self-same report provided to the individual patient, on request, at the end of the process.

On the points raised by the hon. Member for Ruislip-Northwood (Mr. Hurd), we clearly must have regard to the administrative burden that primary legislation will place on scheme members. It would be a mistake to make the Bill so rigid as to increase the potential burden on individual scheme members, which is why we have sought to retain some flexibility. Some of these matters will indeed be dealt with through the regulation-making process, but I can assure the hon. Gentleman that there will be further consultation with Members and within the NHS to get the balance right. The balance that we seek is openness and transparency for the patient and the right to see the details of their case as provided to the NHS Litigation Authority, while at the same time not creating a scheme that is so rigid that it churns round paperwork and is unnecessarily bureaucratic.

Mr. Baron: Can we be absolutely clear about this point? I and other Members have tried to question the Minister on it and we are having a little trouble pinning him down. We all agree that an investigation report will be produced at the end of the fact-finding stage. Can he confirm that it will be made available just to those patients who request it, and that there will be no exceptions to that rule? If that is so, what is the function of proposed new subsection (2B) in amendment No. 11?

Andy Burnham: Of course, the report is not independent, as the hon. Gentleman just claimed, but the report of the scheme member to the NHS Litigation Authority. The purpose of proposed new subsection (2B) is to address the point that I made a moment ago. Ordinarily, most cases will not deserve a flurry of paperwork as the investigation goes on; many will be relatively straightforward. At the point at which redress is offered, the package that the individual receives will include: an explanation; if necessary, an apology; as other amendments that we have tabled make clear, an explanation of how lessons will be learned and action taken to prevent similar events from happening again; an offer of financial compensation; and, on request, a copy of the investigation report.

A scheme member cannot opt out of that package, because the Bill places such a requirement on them. However, paragraph (b) of proposed new subsection (2B) allows for other circumstances, and in doing so deals with the issues raised by the hon. Member for Wyre Forest and the question of confidentiality. My guess is that the number of such cases would be small, but there may be occasions when it would not be appropriate for investigation reports ordinarily to be provided. It is right to seek in primary legislation to create the flexibility to allow for such circumstances.

Mr. Graham Stuart (Beverley and Holderness) (Con): I am grateful to the Minister for listening to the representations made in Committee about the production of an annual report. However, if the report of a particular case is made available to a member of the public—we are all in favour of transparency and openness here—has he considered whether any clinicians named in the report might become more defensive and seek legal or other representation before they participated in what is supposed to be a relatively low-key, speedy and internal investigation? In those circumstances, is there not a danger of undermining the Government's approach to independent fact finding?

Andy Burnham: Possibly, but that is why I would tell the hon. Gentleman that the Conservative amendment should be fiercely resisted. To publish such a report and put it into the public domain would be extremely detrimental and could damage the whole process that we are trying to construct. I believe that I made the point in Committee that there is an important balance to be struck between the wish to be open and transparent and the desire for candour and frankness in the reports. We would not want punches to be pulled in the construction and writing of these reports and we would like things explained as openly as possible, so there is a balance to be struck.

Having reflected on the debate in Committee, I decided that we should come down in favour of openness and transparency. Indeed, that is the spirit of the scheme and it explains why we tabled the Government amendments to make it clear that the report should ordinarily be provided to the individual. The hon. Gentleman raises a valid point in that the report may contain sensitive information, but I strongly urge him to realise that amendment No. 4 would create a different scheme altogether.

Mr. Baron: Words such as "ordinarily" need clarifying, particularly with respect to the Government amendment. May I ask the Minister a simple question, to which I would appreciate a simple answer? If patients want to see the investigation report—he has admitted that it is going to be produced, so we are not talking about added bureaucracy—will they be able to see it under all circumstances? I am talking about the patient seeing the report.

Andy Burnham: Obviously, there is no "ordinarily". The proposed subsection (2A) makes it clear that on request a report should be provided to the individual seeking redress. Then, we have proposed subsection (2B) because, as I have already explained, it would be inappropriate in some cases to provide the report on request. The individual seeking redress may not be the person to whom the health care was delivered and, in rare cases, patient confidentiality may be breached or it may be inappropriate to release sensitive information.

What I am saying, as clearly as I can, is that we responded to legitimate points and built into the Bill the clear expectation that reports will be provided on request to the patient. If the hon. Gentleman is asking me whether it is a guarantee that applies to 100 per cent. of cases, I have to draw his attention to paragraph (b). He is right to challenge, but he should not interpret the provisions with such suspicion.

I hope that it will become custom and practice under the NHS redress scheme always to provide the report. Indeed, I hope that, rather than on request, the report will always be provided to the patient because, as I have said all along, that will facilitate the process of finality and closure. That will be a good thing in my view. In no way are we taking away with one hand what we appear to have given to the hon. Members for Billericay and for Romsey. I hope that he will understand that it is appropriate to include flexibility in the Bill, given that, as was just mentioned by the hon. Member for Beverley and Holderness (Mr. Stuart), such reports could contain highly sensitive information that it would be inappropriate to disclose in every case.

Mr. Baron: I thank the Minister for his clarification. I think that he said at the Dispatch Box that, in all cases where the patient wishes to see the investigation report, the patient will be given that report—unless I am wrong, in which case he may wish to correct that.

Andy Burnham: There will be consultation on paragraph (b), so the regulations that will flow from the clause will precisely tackle some of the other circumstances where it might not be appropriate to provide the report. It is right that there should be wide

[Andy Burnham]

consultation on that point, so that we can be precisely clear about where providing the report would not be appropriate. It is impossible to give a 100 per cent. guarantee that that will happen in every case, because that is not how the Bill is drafted. Proposed subsection (2B) has been drafted using the word "may". It states that a "scheme may provide" to delay the provision of a report or to provide that a report need not be provided in rare cases. It simply gives flexibility.

Mr. Charles Walker (Broxbourne) (Con): If the report is not provided to a patient, where would that leave the patient? What form of redress would the patient have in those cases? How could the patient ascertain where the failings occurred in his or her the treatment if he or she does not have a copy of the report?

Andy Burnham: We were asked to go further in Committee. We have in the Bill a requirement to provide an explanation and an apology if one is deemed appropriate. I argued in Committee that that would ordinarily meet the concerns expressed by the hon. Member for Romsey, because people would receive an explanation that, for all intents and purposes, would comprise the same information as the report. She pressed me to go further. She said that a report will be compiled, so it is right that the patient should have access to that report. If it is accepted that a case should proceed under the NHS redress scheme, those provisions are laid down in the Bill, so the patient is left in a strong position, and the patient will be in an even stronger position as a result of the amendments.

Mr. Graham Stuart: The core criticism of the Bill is that the NHS will be judge, jury and defendant if negligence occurs. The Minister is now telling us that, in addition to being judge, jury and defendant, the NHS can withhold the report on the investigation of the facts in some cases from the person who has been wronged. How can that be right? How will that be heard outside the House?

Andy Burnham: Opposition Members have chucked around the phrase "judge and jury" in considering the Bill, but the hon. Gentleman is clearly wrong, because a judge decides whether or not an individual's rights are invoked, leaving the individual with an adjudication. The scheme does not do that; it is out of the legal process. It does not dispense with people's legal rights to pursue their cases through the courts; it does not do that at all.

If there is a case under the scheme and redress is offered, it provides for all the things that I have said are in the Bill. I do not believe that I could be clearer in my remarks. Indeed, the Bill makes it absolutely plain that the expectation is that, on request, people will be given their investigation reports. I believe that I have answered in full the points that have been put to me. I believe that we should try to draw these remarks to a close.

3.15 pm

Mrs. Iris Robinson (Strangford) (DUP): Will the Minister clarify what would happen in a case in which the files were lost and the coroner's report was also missing? That happened in a case in Northern Ireland, in which a family has been trying for 30 years to get answers about the death of a young child who had been in hospital following a heart attack. He was given fluids when he was not supposed to be given any foods. Where should people go for redress in such cases?

Andy Burnham: The hon. Lady has described an extremely unfortunate case. However, that would be an unlikely scenario in today's NHS, given that much of the documentation is now computerised. I do not want to open up a debate on NHS information technology, but much of the information would be held on an IT record today, and there would not be the same risk of data relevant to a case going missing. Even if some paperwork were lost, it could probably be replicated from the source material. However, the hon. Lady has made a reasonable point, and obviously we would not want to see such things happen.

I have dealt with the points raised by Opposition Members. They seem to want to snatch defeat from the jaws of victory, but I urge them not to do so. Indeed, they should be pleased with the concessions that we have made. Earl Howe pressed us to go further and to provide a report giving an explanation of how similar circumstances would not arise again, and I believe that the amendments have responded to concerns that were expressed in another place. There was consensus on all sides on these issues, and I believe that there still is. However, if Opposition Members want to pursue the issue of consultation, I recommend that they do so. I commend the amendment to the House.

Amendment agreed to.

Amendment made: No. 9, in page 3, line 8, at end insert

'and

(d) the giving of a report on the action which has been, or will be, taken to prevent similar cases arising,'.—*[Andy Burnham.]*

Clause 6

SUSPENSION OF LIMITATION PERIOD

Amendment made: No. 10, in page 4, line 13, leave out '(3) and' and insert '(2A) to'.—*[Andy Burnham.]*

Mr. Baron: I beg to move amendment No. 1, in page 4, line 16, after first 'the', insert 'independent'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments: No. 2, in page 4, line 16, at end insert

'in accordance with the rules of natural justice such that the person overseeing the investigation is independent of the trust under investigation (such investigation to be confined to the facts of cases and not to consider issues of liability in law, whether civil or criminal).'.

No. 3, in page 4, line 19, at end insert—

'( ) about the assessment of liability in tort under the scheme.'.

No. 6, in clause 11, page 6, line 28, at end insert

'save for the investigation of the facts of cases in accordance with subsection 6(2)(a)'.

Mr. Baron: This group of cross-party amendments reflects our concern that the NHS redress scheme, as envisaged in the Bill, lacks independence. This represents a missed opportunity to create a mechanism that will have the full confidence of patients and therefore provide a meaningful alternative to going to court. This is the key dividing line between the Government and the Opposition. I speak also for the Liberal Democrats and for the hon. Member for Wyre Forest (Dr. Taylor) when I say that we believe that the fact-finding stage of the investigation must be independent. The Government do not agree. The Minister explicitly conceded that in stark terms in Committee, when he said that the scheme "is not independent". In other words, the investigation will be conducted internally by the NHS. The very trust being investigated will be investigating itself.

We believe that to be fundamentally wrong for a number of reasons. The first relates to the principle of natural justice. The NHS should not be its own judge and jury, as that represents a clear conflict of interest. Independence is a basic principle of natural justice enshrined in the rule against bias that no man or woman should be a judge in his or her own cause. We have consulted widely on this issue, and there is widespread concern outside this place about the lack of independence in the Bill.

There is also an issue of credibility. Independence is a pragmatic necessity, in the sense that an investigation without the badge of independence would lack credibility and fail to inspire the confidence of patients. That point was acknowledged by the Constitutional Affairs Committee in its report "Compensation Culture: NHS Redress Bill", published on 1 March 2006.

Andy Burnham: Will the hon. Gentleman clarify a point for me? In his amendment No. 2, he proposes that the person overseeing the investigation should be

"independent of the trust under investigation".

He also referred to the NHS investigating itself. Does he envisage that person being an NHS employee, or does he envisage that person being employed outside the NHS? If the former, how does he square that with his opposition to the NHS investigating itself?

Mr. Baron: The Minister makes a reasonable point. We believe that it is absolutely wrong that the trust being investigated should conduct that investigation. As is normal practice in coroners' courts and the like, we suggest that the person who would oversee that investigation, who would be totally independent of the trust, could sign a disclosure of conflict of interest to ensure that there was no connection with the trust in question. Let us be clear: this is enabling legislation. We are trying to establish the principle of independence, which the Government will not even acknowledge. In our view, the best way of establishing that independence is to ensure that the person overseeing the investigation by the trust is independent of that trust.

Andy Burnham: The hon. Gentleman has therefore confirmed that the NHS would be investigating itself, as the person would be an employee of the NHS—*[Interruption]* The hon. Gentleman says from a sedentary position, not necessarily. Let me ask him again: is that person an employee of the NHS, or is the person employed outside the NHS? Would each NHS trust have an independent investigator? An elaborate scheme was put forward in Committee for patient redress investigators, and this proposal appears to be different. For the sake of a good debate, he needs to clarify this point.

Mr. Baron: It is very straightforward, and I am sorry that the Minister is having trouble with it. We are suggesting that whoever oversees the investigation should be independent of the trust in question. I hope that that is a simple concept to understand. That is the best way of importing independence into the scheme. We are trying to avoid the situation where the trust being investigated conducts the investigation itself. As this is enabling legislation, we are trying to import into the Bill the concept and principle of independence, something to which I think that the Minister—certainly, he suggested this in Committee—is totally opposed.

I return to the point acknowledged by the Constitutional Affairs Committee in its report, "Compensation Culture: NHS Redress Bill", published on 1 March 2006. It stated:

> "We are concerned that if the organisation which is responsible for defending trusts and hospitals is also charged with running the scheme, there may be a perception (whatever the reality) of a conflict of interest."

That is terribly important. A change of culture within the NHS is desperately needed. At the moment, too many patients are frustrated by their inability to get to the truth, because they see themselves as fighting a bureaucracy that is not willing to co-operate. However, one cannot change the culture of a massive organisation such as the NHS by flicking a switch in Whitehall or through exhortation, as long as the trusts and individuals involved have an organisational and professional interest in the case—a conflict of interest. Patients want an independent fact-finding investigation, in which they have faith because of its independence. There can be no substitute for that. In patients' eyes, independence will guarantee an honest assessment of the facts.

To illustrate the point, I briefly beg the House's indulgence—I am sure that all Members will have examples of constituents who have struggled—to recount a very sad case from my constituency. A daughter of the family in question suffered brain damage as an infant but survived into young adulthood. Sadly, she died unexpectedly, shortly after abdominal surgery. Even to a layman—it is a matter of common sense—there was a striking temporal relation between the occurrence of the operation and the occurrence of her death. It required some explanation. However, the cause of death certificate made no mention of the recent surgery. There has been a post-mortem examination, but the pathologist made no mention of the recent surgery in determining the cause of death. The death had apparently not even been reported to the coroner immediately following its occurrence.

[Mr. Baron]

Months later, the death was reported to the coroner, who declined to hold an inquest. Eventually, two years after the death and following much campaigning by the family—and several letters of robust representation from me—the coroner was persuaded that the death was a matter into which she ought properly to inquire.

I do not know and cannot comment on why the cause of death certificate and the pathologist's determination of cause of death did not refer to the recent operation. I can say, however, that the doctors who dealt with those matters were connected with the hospital where the events took place.

The family—Mr. and Mrs. Sharp, who have obviously given me permission to raise the case here—want a factual explanation. That is all that they have ever wanted. Only then can they decide whether further action is required. They want an honest investigation of the facts, and have made it clear to me that that can only be brought about, in their minds, if the investigation is independent. Unfortunately, however, that request and many like it are being ignored by the Government.

The Government have made clear, especially in Committee, that what is more important to them is for the NHS to take ownership of the scheme. That was reinforced by the Minister in Committee. The Government want the redress scheme to be an internal system that the NHS will feel that it owns and controls. But that is precisely why people might not have confidence in the system. They have already been battling with an internal system for years, and they are very frustrated by it. They want change, and they want independence. Without independence, any redress scheme risks lacking credibility.

The amendments are also about separating fact finding and fault finding for the purpose of the scheme. We have specified that independence must relate to the fact finding stage of the scheme, because establishing the facts must precede any assessment of liability. Both the Minister and the Secretary of State have conceded that there is a practical and logical distinction between fact finding and fault finding for the purposes of the scheme, and have also conceded that the Government's proposed scheme is itself a two-stage process.

On Second Reading, the Secretary of State said

> "The trust would investigate and ascertain the facts and, with the patient's consent, would refer the case to the scheme authority, the NHS Litigation Authority, to establish liability and an appropriate level of compensation."—[*Official Report*, 6 June 2006; Vol. 447, c. 30.]

The Minister explicitly confirmed that in Committee, and that is exactly what we envisage. The principle underlying the distinction is set out in the Inquiries Act 2005 in relation to the coroner's inquest, and its logic is readily acknowledged in our courts.

If an additional endorsement of that logic were required, we would need look no further than the Inquiries Act itself. The Act provides that an inquiry has no power to determine a person's civil or criminal liability. The explanatory notes state

> "There is often a strong feeling...that an inquiry should determine who is to blame for what has occurred. However, inquiries are not courts and their findings cannot and do not have legal effect. The aim of inquiries is to help to restore public confidence in systems or services by investigating the facts and making recommendations to prevent recurrence, not to establish liability or to punish anyone."

The Inquiries Act provides that an inquiry is not to be inhibited in the discharge of its functions by any likelihood of liability being inferred from findings of fact or recommendations that it makes. The explanatory notes state that

> "it is not intended that the inquiry should be hampered in its investigations by a fear that responsibility may be inferred from a determination of a fact."

It is important for the investigation of facts not to be contaminated by considerations of fault, either by the NHS Litigation Authority with a mind to defend the NHS or by lawyers asserting rights on behalf of the patient.

Given that we and the Government agree that a two-stage process exists, the only issue is whether the investigation of the facts ought to be independent. We propose that the person who oversees the investigation of the facts must be independent of the trust concerned, as we have discussed. We believe that there is no other way of ensuring real independence. Rather than referring to independent fact finding, however, the Minister has referred to various mechanisms to safeguard patients' interests.

We suggest that those are leaky buckets that do not hold water. The Secretary of State, on Second Reading, and the Minister, in Committee, referred to a variety of those. In our view, they cannot offer the reassurance to patients that genuine independence would provide. For example, the Minister suggested that free, independent legal advice on an offer or settlement would import elements of independence and safeguard patients' interests. But that is not the same thing as an independent scheme. Participation by independent lawyers in a process does not transform a non-independent process into an independent one. Moreover, lawyers are not independent, but have to act on someone's instructions.

3.30 pm

The Minister has also made great play of free, independent medical expert advice. I suggest that that is an empty assurance, because expert advice should be independent anyway, or it is not worth the paper it is written on. If it is not independent, it is not expert opinion at all, but advocacy. The person overseeing the in[illegible]tion at the trust level would have the right to obtain independent medical expert advice in order to help to ascertain the facts, so the Government's assurance that free, independent medical expert advice would help does not add anything.

Mr. Simon: What is the Conservatives' view on the joint instruction of medical experts, which many patient safety organisations and I think is very important? If it were integrated into the scheme, it would be a valuable way to improve it. However, the Tory party seems determined to oppose that, for reasons that I genuinely do not understand.

Mr. Baron: I thank the hon. Gentleman for giving me the opportunity to raise that point in the House. To be kind to him, I suggest that his recommendation is only a half-measure, because the independent person

who oversees the investigation of the facts would have the right to call forward expert medical opinion. The suggestion of joint instruction would add nothing that would not be available to the independent person overseeing the investigation. If the hon. Gentleman is serious about independence, he should back the concept of ensuring that whoever oversees the investigation is independent of the trust that is being investigated. Like a coroner, that person would have the right to call forward expert medical advice that was truly independent for the benefit of the patient in question. The only way to guarantee independence is by having somebody independent oversee the investigation.

The Minister talked about access to court action. The Government claim that a safeguard is that the patient can reject the scheme and have access to the courts, but that is nonsense. The Government are defining the merit of redress scheme by the occasion of its failure—when people resort to court action even though the scheme is supposed to provide a genuine alternative to litigation. The Secretary of State and the Minister have made great play of the fact that the patient can always complain to the health service ombudsman and ask for a review to be undertaken by the Healthcare Commission. However, the availability of such remedies relates to maladministration and procedural matters, not substantive issues.

Overall, the leaky buckets do not change the fact that the trust under investigation would be investigating itself—a clear conflict of interests that acts against patients' best interests. Nor would the independence that we envisage be more expensive. The Minister has made great play of that point.

Andy Burnham: The hon. Gentleman really must tell us who would employ the individuals mentioned in the amendment. Would they be employed by another scheme member or outside the national health service—

Mr. Graham Stuart: You are the Government.

Andy Burnham: But it is an Opposition amendment. If those individuals were to be employed outside the NHS, by whom would they be employed and how many would there be?

Mr. Baron: The Minister persists with that question because he is trying to mask the fact that the Government do not accept that the scheme should be independent. We are trying to import into the Bill the concept and principle of independence, and the best way to do that is to ensure that whoever oversees the investigation of a trust is independent of that trust. It is as simple as that.

Mr. Stuart: The Minister seems to have forgotten that this is enabling legislation. The thousands of civil servants behind the Government should mean that it is possible to decide, after an appropriate time, precisely who should control investigations. Does my hon. Friend agree that what is important now is to determine that that person should be independent, and that the Minister is simply trying to pick our proposal apart?

Mr. Baron: I totally agree. We are trying to introduce the principle and concept of independence, but the Minister has made it clear that he does not believe that the scheme should be independent.

Dr. Richard Taylor: May I make a suggestion that may go at least half way towards answering the Minister? In "Making Amends", it was proposed that the NHS redress scheme should be aligned closely with the new NHS complaints procedure. If that were to happen, the Healthcare Commission would be involved, and that would mean that people would automatically be available to oversee the process independently.

Mr. Baron: I do not disagree, but we need to make it clear that we are trying to introduce into the Bill the principle and concept of independence. I am willing to give way to the Minister again if he wishes to clarify his position on the matter. However, in response to an intervention by me in Committee, he made it abundantly clear that he did not believe that the scheme should be independent, and that ownership was more important.

Andy Burnham: I am happy to intervene again. At the start of his contribution, the hon. Gentleman made it clear that he does not believe that the NHS should investigate itself. In Committee, his proposal was for independent and suitably qualified patient redress investigators, but now he is proposing something different. He needs to give the House an explanation of that, and not evade the question that I am about to ask. Will the people holding those posts be employed by neighbouring trusts, or by PCTs, or by a body such as the Healthcare Commission? If I am to answer him, he needs to be specific. It is not good enough for him to say that the Opposition do not have armies of civil servants: he is asking us to change our legislative proposals, so we need to know what he intends.

Mr. Baron: The Minister referred to amendments that were proposed in Committee, but I suggest that he confine himself to those tabled for today's Report stage in the House. He seems unable to accept that we are trying to push for the principle and concept of independence. He has not refuted my earlier suggestion that he does not believe that the redress scheme should be independent, so there can be no merit in going into detail about how we would secure that independence. We are using the amendments to introduce the principle and concept of independence into the Bill.

The Minister has tried to attack our proposal that the redress process should be independent by suggesting that it would be more expensive. The Government have conceded, however, that in both their and our proposals there is a two-stage process; the fact-finding cost is, therefore, fixed, inevitable and unavoidable whoever oversees the investigation. There is no question of duplicating bureaucracies and so no question of additional cost. Indeed, our proposals

[Mr. Baron]

could actually save money as they would inspire greater confidence in the scheme and thus better avoid costly litigation.

In addition, the Minister has contrived the idea that an independent fact finding process would be adversarial, accusatory or finger pointing, but that makes no sense at all. There is a basic legal distinction between an adversarial process and an inquisitorial one. An inquisitorial process is concerned with fact finding, not fault finding; there is no sense in which such an investigation would reinforce a blame culture in the NHS. Indeed, our proposal for an independent fact finding process would ensure that the proceedings were not adversarial, as no lawyers would be present and no legal rights would be asserted or defended.

The Minister talked about promoting a culture of openness and honesty, in which the NHS takes responsibility for its own mistakes. He implied time and time again that because our proposal would require an independent outsider to go in and consider what went wrong—he referred to that point again earlier today—it argued against a culture of openness in the NHS and would encourage NHS staff to close ranks and clam up. But that is absurd. If the openness the Minister is talking about is all in-house and not exposed to outside scrutiny, it is not openness at all. There is a fundamental contradiction between the Government's desire to promote openness and the Minister's reluctance to allow an independent person to oversee the investigation of the facts.

In Committee, the Minister tried to ridicule our suggestion for an independent fact-finding process by talking about people "snooping" on trusts. He criticised the Opposition for not trusting NHS professionals to carry out an investigation into their own case, but that is a matter neither of snooping nor of trust. What exactly does the Minister believe that the NHS has to fear if his intention is to promote openness and honesty?

I fear that the Minister has taken the problem at the heart of medical error—the blame culture and the reluctance to admit mistakes—and institutionalised it. Instead of challenging and confronting the problem, he has built his system around it. His non-independent scheme seeks to insulate the NHS from outside investigation even when such investigation is of a fact-finding rather than a fault-finding nature. He has set his heart on a non-independent scheme and will dredge up as many bad arguments as he can to support it. Saying that lessons should be learned, but only if they are the lessons the trust wants to learn, is not a genuine commitment to learning lessons or to changing the culture of the NHS.

In conclusion, I return to my theme: independence is right both in practice and in principle. It complements the culture of openness the Minister is trying to promote. It would not be accusatory because we would separate fact-finding from fault-finding; we would keep the lawyers and the finger pointing out. It would allow lessons to be learned and would reassure the patient. That is the most important point, because without independence, the investigation of facts, which will eventually give rise to an assessment—not a determination—of liability and a possible offer of compensation, will not have the confidence of patients. In the worst case scenario the redress scheme would not be a meaningful alternative to going to court, and because of the importance of the issue I intend to test the opinion of the House on the amendment.

Sandra Gidley: We have just heard a long and detailed explanation—despite what the Minister thinks—so I shall not rehearse many of the arguments.

The amendments are an attempt to improve the scheme by introducing the concept of independence. There is broad consensus that we want a spirit of openness and honesty in the NHS; it needs to be part of the NHS culture. I know that attempts are being made to engender and promote that, with the emphasis on the reporting of incidents, which has quite a depressing effect because we then read reports that there are a million adverse incidents in the NHS in a year. Actually, it is good that any near miss—any slight problem—is reported, because we learn from those mistakes. We are moving towards a culture of openness and honesty, because people realise that in many instances there is no blame attached.

Disagreement has arisen, however, because the Government seem to be wedded to the idea that in-house investigation will promote further openness and honesty. Indeed, Members such as the hon. Member for Crawley (Laura Moffatt), who have considerable experience of the NHS, argue that point very powerfully.

I undertook my own very unscientific straw poll.

Mr. Simon Burns (West Chelmsford) (Con): Like all Lib Dem polls.

Sandra Gidley: I am on the hon. Gentleman's side here—remember?

I conducted that poll to get a feeling for the attitude of various grass-roots employees of the NHS. I asked for their thoughts in a very neutral way, without prompting. There seemed to be a considerable consensus that a completely in-house investigation causes problems, not necessarily because of a lack of desire for openness, but because often internal tensions and loyalties come into play and are played on in a way that can be unacceptable. For that reason, there seem to be a number of people who strongly support the concept of independence.

3.45 pm

I was accused of being unscientific, but, as the hon. Member for Billericay (Mr. Baron) said earlier, a number of bodies support this concept. I think we have to approach it from a patient perspective, because unfortunately patients can sometimes have a deep mistrust of the NHS. When things are going well, people have nothing but praise, but when things go wrong, time and again there is the accusation that "they all cover up for each other". That perception must be challenged, and that is why the Bill as it stands is so dangerous. I am far from convinced that "they all cover up for each other", but it does happen from time to time.

For those reasons, there is a huge advantage in introducing someone from outside the organisation:

people can talk more frankly, as long as the outside person has some powers to access the information that is required to complete the investigation. If that person is independent, the process will have much greater buyin from the public and, I suspect, much greater cooperation from staff who are involved, directly or indirectly.

The outside person clearly needs to be independent. The Minister questioned us at some length to try to get details of who would employ the person and whether they would be truly independent of the NHS. I confess that I felt that the Minister was taking the view that we, as Opposition Members, often take in Standing Committees, because we are often faced with something fairly broadbrush from the Government and are asked to take a lot of things on trust. *[Interruption.]* The Minister says that he explains, and I concede that he has tried very hard to explain, but I can think of numerous Standing Committees in which I have served where the detail of proposals was extremely hazy—so the Minister is not exactly unique in this.

Steve Webb: Does my hon. Friend agree that if the Government accept the spirit of the amendments and the principle of independence, no Opposition Member would, I suppose, force through the specific wording, provided we received an assurance that amendments on independence would be introduced in another place?

Sandra Gidley: That would be welcome, but, judging from the experience during other stages of the Bill, I cannot see the Government conceding on this matter.

There must be wider consultation on the precise nature of the independence so that we know exactly what is acceptable to patients and those within the NHS. Taking the Government approach of the enabling principle, I would contend that there is everything to be gained from accepting the principle of what we are talking about and consulting more widely on the detail. I urge the Minister to consider the amendments, which have widespread support, carefully, and perhaps live a little dangerously.

Mike Penning (Hemel Hempstead) (Con): I will speak for only a short time—I am sure that the Minister will be pleased to hear that. I want to talk about natural justice, about which we seldom hear from the Government these days. If patients or their loved ones feel that they have suffered at the hands of the NHS, they have already been substantially hurt and often feel enormously let down. If they are told, "Well, it can't be an independent inquiry. The trust will do the inquiry themselves" they will not understand where the natural justice is in the Bill. I am disappointed by what I have heard. I was not on the Committee, but I am on the Health Committee and we have looked at the matter independently—not in a report, but in relation to the information that has come through. I honestly thought that the Government were going to open things up and allow natural justice in the NHS.

As a new MP, all too often I have constituents who come to me and say, "Would you take my case to the ombudsman?" Naturally we have to go through the bureaucratic process of going to the trust and making a formal complaint. My constituents say, "Why? It's the trust that's let us down. It's the trust that made the mistakes." How on earth are we going to have confidence in the NHS if we tell them, "Don't worry. We've got a brand new Bill. Everything is going to be fine. And, by the way, the trust is going to make the inquiry into your complaint." That is not going to work.

The Minister should think about this matter carefully. If it were his children or family and he had cause to seek redress, would he be happy to go to the same management and the same people who had been treating his loved ones and perhaps made mistakes? That is where the danger in not accepting the provisions lies. We need confidence in the NHS. The NHS is going through a difficult time.

Mr. Simon: I understand what the hon. Gentleman is saying and I appreciate the sincerity of his intent, but, in common with hon. Members across the Opposition Benches, he is missing the fundamental point that the Bill is about the process during which the NHS investigates itself. It is not about these other things. In his example, the alternative is for every case to go straight to the ombudsman. That should not happen, because the NHS is bound to investigate itself and the Bill is about how it does that.

Mike Penning: In all sincerity, I understand where the hon. Gentleman is coming from. However, the object of any such Bill is the trust of the public—our constituents—who are using the service. I was not saying, in any shape or form, that we should go from the patient having problems and needing redress straight to the ombudsman. However, as the Bill stands, we still have the trust investigating itself. We have moved away from that in other areas of government. The police used to investigate themselves. They do not do that any more because the public did not trust the methodology. We have moved away from that. I am not saying we should move straight to the ombudsman; I am saying that trust and natural justice should be addressed, which I am sure was the intention of the Bill at the start. That is not going to happen unless there is independence.

Dr. William McCrea (South Antrim) (DUP): Does the hon. Gentleman agree that openness and independence are essential to gain confidence in the community and to provide a major protection for the excellent members of the NHS?

Mike Penning: I could not agree more. The hon. Gentleman is spot on.

If we had independence it would very much help the professionals who do such a fantastic job in the NHS—those in the management structure and the doctors and nurses who are so worried. The natural assumption is that when another complaint comes in, the walls will go up. Whether or not that is true, it is the perception in the NHS and among patients. I cannot stress how strongly I feel about this matter. We have started to see openness in the NHS: patients can see their records now, which they never used to be able to do. I am sure that the Minister acts in good faith, but I

[Mike Penning]

say to him that this part of the Bill is fundamentally wrong. It should be about natural justice, and we will not gain that if the measure lacks independence.

Mr. Graham Stuart: We have heard a very powerful speech that goes to the heart of the issue, which is the patient experience. It is not possible for the House to focus too much on the position of someone who has been wronged by the system and has a great sense of grievance. In the system today, as the Government have described, such people all too often feel that their complaint is not taken seriously, they feel that an explanation has not been provided and they do not receive an apology.

Like my hon. Friend the Member for Hemel Hempstead (Mike Penning), I recognise that the Government and the Minister are sincere in their desire to create a decent redress scheme. Unfortunately, the more I have seen of the Bill and its proceedings, the clearer it has become that it is fundamentally flawed. Fault and fact finding will not be separated. The hon. Member for Birmingham, Erdington (Mr. Simon) is right to challenge the notion that the NHS investigates itself. It has been used by Opposition Members to sum up the issue, and it is technically correct. I put it to the hon. Gentleman—I know that he takes a great interest in this matter and is sincere in his views—that the problem is not that the NHS investigates itself but that the trust that is responsible for letting down the individual patient ends up investigating the case.

There are trusts that are poorly run—fortunately not many—trusts in which mistakes happen and trusts that have a culture that is less than adequate. Where the local community feels that that is the case, where individuals have been negligently treated by the trust, the justice that they will receive under the Government's golden new system is that that trust will investigate itself. That is at the core of our objections to the Bill.

Mr. Richard Benyon (Newbury) (Con): My hon. Friend is making an important point. Is it not important that we look at this matter through the eyes of families of constituents such as mine, who are trying to find any way they can to avoid having to go to court and employ expensive lawyers? They support the principles behind the Bill, but what they really want is a patients' champion, or a families' champion, separate from the trust. That is the key point.

Mr. Stuart: My hon. Friend is absolutely right. I ask the Minister not to nit-pick at the concept of independence. It is not a failure on the part of the Opposition to fail to specify precisely which authority will oversee this. Doubtless there are various organisations that could do so, and a contribution from the Government to the discussion on how that could better be done would be useful. Rather than challenging the Conservatives to tell them how to run the Government, as this Government, in an intellectually bankrupt way, too often do, the Minister should tell us why he feels that no such body exists or could be created.

Mr. Simon: Will the hon. Gentleman give way?

Mr. Stuart: I will make a little more progress.

I would rather hear from the Minister why it is impossible to imagine setting up a body to oversee these matters and ensure that there is independence. We are in an invidious position: the Government, who started out with the best intentions, are suggesting that the trust should be the investigator, the defendant and, to an extent, the jury.

4 pm

The Minister made it clear that there is a truly alarming additional element. Although he says—and I welcome it—that in nearly all cases the report into an incident will be made available to the patient concerned, unfortunately there are no guarantees on how often that would happen. The trust at fault could investigate itself, then refuse to present the report to the patient who has been wronged. When the Minister goes to sleep tonight, he must accept, in all good conscience, that he is a long way from the position that he wanted to secure when he first sought to provide a fairer system of justice for patients who have been wronged.

Mike Penning: Can my hon. Friend think of any reason why the Minister is not willing to include in the Bill a provision stating that the reports should be available to the patients concerned?

Mr. Stuart: I cannot think of any reason. The Minister implied that he would like patients always to be provided with a copy of the report. He suggested that when it was not the patient but someone else who asked for the report, it should not necessarily be provided, but such a provision could be included in the Bill. I think that hon. Members in both Opposition parties would urge the Minister to make that change, even at this late stage.

I am rightly being urged to keep my speech short, but, before I conclude, I ask the Minister to think about the clinicians' point of view. Imagine that, in a trust such as the one that I have described, there was a clinician who was not too popular with the trust's management, and a complaint was received. Who investigates it? Does an independent fact finder who is experienced in such investigations, and to whom we can look for an objective assessment of the facts, come in from outside? No, the trust's management, with whom the clinician may have a fractious relationship, decides on the facts of the case, writes up the report and may conceivably release it to the patient. Quite possibly, that patient's first act will be to stop at the local newspaper office on his way to the lawyers.

Andy Burnham *rose—*

Mr. Stuart: I will give way to the Minister in a moment.

The clinician may find himself in that position. The Minister's suggestion—this is the point to which I would like him to respond—that the clinician will be happy with that, and that it will lead to openness, is absurd.

Andy Burnham: I will not respond to that, but I want to ask the hon. Gentleman a question. Does he accept that it is standard practice, not just in the public sector but in the private sector, that when a complaint is brought against an organisation, the first stage should be an investigation carried out by the organisation itself? Is the hon. Gentleman suggesting that that does not happen in the private sector? If someone sought to escalate a case before such an investigation had happened, they would normally be told to take the matter back to the organisation for investigation and response.

Mr. Stuart: The Minister makes a point with some power to it, but the Government introduced the Bill precisely because the NHS is not investigating itself in that way. It is because the matter is critical, not only to the patient but to the country as a whole, that independence is needed. The police have similar status, and it is similarly important that they should conduct themselves fairly, but it has been decided that they should not investigate themselves.

The Minister said at the beginning of his contribution that there will not be an independent investigation. That is the message that the Government are sending out. The Minister is telling patients who have been wronged by trusts across the country that there will be no independent investigation. The Government will realise, months or years from now, that it is a mistake to send out that signal and to destroy the good intentions that they had when they set out on this path.

Mr. Walker: Thank you, Mr. Deputy Speaker, for calling me to speak in this important debate. In Committee I thought that, by and large, this was a good Bill. There were some flaws in it, but on the whole it was facing in the right direction. However, I am becoming concerned.

The Bill raises the question of who is in charge of a hospital trust when a mistake is made. The answer, of course, is the chief executive. The buck stops with him. If a pattern of mistakes emerges, there is a danger that vested interests will begin to take hold. Would a chief executive therefore begin to take a much closer interest in the investigation process, perhaps to make sure that the full implications of the mistakes made do not see the light of day, or that if they do, they are kept well away from his office?

There is a need for trust and transparency in the system. The public sector—the NHS and the police, as my hon. Friend the Member for Hemel Hempstead (Mike Penning) said—is at the best of times viewed with a degree of cynicism by the public. There is a concern among many of my constituents, and no doubt among the public in general, that if faced with an investigation that could be embarrassing, the NHS will close ranks around the senior management team and perhaps the clinicians concerned.

The danger arises if a pattern starts to emerge. We discussed reports being made public or not. Surely if a pattern is emerging, reports may be withheld because they will prove that failures in the system have not been addressed—that something that was identified a year ago has happened time and again. For the sake of my constituents and others, a degree of independence would be wholly justified. Perhaps a complaint against a trust should be investigated by another trust. We see that happening in the police, where one force may investigate a complaint against another.

I know that the Minister is a hugely decent and honourable gentleman and I would not wish to waste his time by making puerile suggestions. I join my hon. Friends in urging him to find some way of injecting an element of independence into the investigation procedure, perhaps by allowing a trust other than the one being investigated to look into the complaint or the case being presented.

Mr. Hurd: I shall add one brief point. The Minister and the Government are deluding themselves in their claim that the Bill will transform the culture of the NHS. I say that for two reasons. First, we on the Conservative Benches are learning a little about culture change, and we know that it requires strong management and strong signals of change. The more I look at the Bill, the more it strikes me that it does little more than formalise what already happens. I cannot see that that is a strong signal of change to the NHS.

Secondly, because necessarily at no point in the process is the legal threat removed—it remains as a sword potentially hanging over the situation at all times—I cannot see how that will make the NHS any more welcoming of a breathing space to face up to its failings or become more active in identifying problems. That is a delusion— it would be much better to focus, as we do, on how the patients will respond to the opportunity. They will have two questions— first, who will find out the facts? The Government say that will be done by the very trust that made the mistake. Secondly, who will define liability? The answer is the very agency whose priority is to defend the NHS. It is very difficult to see how patients will have any more confidence in the new system. It would be far better to focus on a guarantee of independence, as we propose, to find the facts.

Dr. Richard Taylor: I am passionately on the side of those who want complete independence in the process. The Government have a short memory. The old NHS complaints procedure was not independent, in that the complaints convenor was time and again an employee of the trust or very often a non-executive director of the trust. That happened in my area. Only a minuscule number of complaints got through that trust employee. The Government then changed the NHS complaints procedure. Certainly, the first stage is the internal investigation, but then it moves on to the wider, completely independent part supervised by the Healthcare Commission.

I will give an example from personal memory. Rather a long time ago, I was a doctor doing my national service in the RAF. I had just got married. Within weeks of that, I was posted unaccompanied to Christmas Island. My commanding officer, who was the same sort of lovely, helpful, avuncular figure as Mr. Speaker himself, told me that an officer had the right to appeal to the Secretary of State for Air. So I came up to London in my best uniform to appeal to him, but who did I see? It was merely the lowly squadron leader who had given me the posting.

Mr. Walker: I hate to pick at open wounds, but it is a little like the Prime Minister saying, "Yes, I recognise there is a problem with cash for peerages and the Labour party is going to investigate it." What confidence would the public have in that sort of statement?

Dr. Taylor: I will not comment on that point.

The Minister has said that the redress scheme will be owned by the NHS. I entirely agree that the investigation has to be carried out, but there must be independent oversight for it to gain any confidence among the ordinary people. I understand that he said in Committee that he favoured a scheme that encouraged the NHS to own up to mistakes. I agree, but was not he being a little naive? Surely, there has to be independent outside oversight to ensure that an investigation is full and open and allows no cover-up.

Andy Burnham: We have had a long discussion on this group of amendments, during which the Opposition's confusion has been laid completely bare.

Amendments Nos. 1, 2, 3 and 6 seek completely to separate fact-finding investigations under the redress scheme from fault finding. The scheme authority would have no role in the investigation and would be unable to provide guidance or advice to scheme members about investigations. The opportunity for a unified and complete scheme for redress would be lost. I reject the amendments and encourage my hon. Friends to do likewise.

The amendments focus on a major area of disagreement—namely, independent investigation. In another place, the Opposition gave us the model of

"suitably qualified patient redress investigators"

who were to conduct the fact-finding investigation in each case and to be overseen by the Healthcare Commission, which was also to be responsible for maintaining and publishing a list of the investigators. On Second Reading, the hon. Member for South Cambridgeshire (Mr. Lansley) defended that proposal. In Committee, we saw it slowly unravel as the hon. Member for Billericay (Mr. Baron) sought to explain it to us. When we asked him to describe exactly how it would work and, importantly, how much it would cost, he said:

"at the top we have one person, an NHS redress investigator, who is truly independent and oversees the fact-finding stage."—[*Official Report, Standing Committee B*, 13 June 2006; c. 43.]

That is not what the amendment in the other place provided for. It clearly stated that the patient redress investigators were to conduct the investigation of the facts of a case and produce a report on the principal findings.

In Committee, the redress investigator was no longer to conduct the case but to play an oversight role. The proposal somehow changed between Second Reading and Committee. We now have a new proposal whereby an individual would be independent of the trust. However, the hon. Member for Billericay has provided no clarity about who would employ that individual—another NHS trust, the Healthcare Commission or a different organisation. We have no idea of the proposed number of independent investigators, yet we are asked to accept an amendment that includes no detail, with complete policy confusion behind it.

4.15 pm

The hon. Gentleman challenged me on several occasions by saying that I was opposed to independence and had a fundamental objection to it. I hope that I partly convinced him that the Bill and the amendments that we have tabled today will mean more openness and transparency. There is independence in the scheme in that we can use independent medical experts. Independent legal advice will also be provided to individuals at the end of the scheme.

However, if the hon. Gentleman is asking me to explain again the purpose of the scheme, I stress that we are considering the national health service doing better what it should do ordinarily—investigate complaints brought by patients and not cause huge delay and frustration when patients try to have a complaint investigated. We are considering the NHS conducting the first stage of complaints better.

My hon. Friend the Member for Birmingham, Erdington (Mr. Simon) was right to say that the Opposition have consistently misunderstood the point. Why would we replicate the legal process in the scheme? It is an out-of-court settlement scheme. Why on earth would we build into it all the expense of the independent legal process?

Steve Webb: When the police investigate themselves, people are not happy and the Government have therefore created an Independent Police Complaints Commission. Why is that okay for the police but not the NHS?

Andy Burnham: Again, Opposition Members are confused. There is a second stage complaints process in the NHS. The Healthcare Commission deals with that. However, if the hon. Gentleman wrote to the commission today with a complaint from a constituent, I am confident that it would write back and ask him whether he had first complained to the relevant trust and what its explanation was. If he took a complaint about a police force to the Independent Police Complaints Commission, its response would be the same. It would not deal with an initial complaint by an individual constituent.

Mr. Simon: Does my hon. Friend agree that Opposition Members again fundamentally misunderstand our constituents' position? It is not the case that they do not want to complain to the relevant trust, that they do not want the trust to investigate itself or that they want immediate redress through an independent arbiter. My constituents want to complain to the trust that has done what they perceive to be wrong. They want the people responsible to take them seriously, consider the complaint in depth, find the solutions and provide some answers. The Bill simply creates a process and provides a huge array of tools to enable trusts to do that. That is the purpose of the measure, which Opposition Members have fundamentally failed to understand throughout our proceedings.

Andy Burnham: My hon. Friend is right and there is probably no point in my saying more, but I shall say a little. He has expressed exactly what our constituents want when they come to our advice surgeries. They want their local trusts to see for themselves the mistake that has been made, acknowledge it, apologise, explain and take steps that will stop that happening to other local people—their neighbours who live in the same community. That is what they want.

When I was sitting through some of the tripe that we heard from Opposition Members, I got the impression that they have a distinct distrust of the national health service's ability to carry out fair investigations into complaints brought to it. *[Interruption.]* It is nothing to do with the Government; these are complaints that are brought to NHS trusts. The hon. Member for Hemel Hempstead (Mike Penning) said that he could not take those complaints to trusts because they would not have the trust of the public; he used words exactly to that effect.

Mike Penning: Will the Minister give way?

Andy Burnham: No, I will not, because I listened to the hon. Gentleman at length. *[Interruption.]* Well, that was the distinct impression that I got when listening to the points that he made.

Mr. Baron: Let us be absolutely clear. There is already an independent structure for the making of complaints; what we are talking about here is qualifying liabilities in tort. The Minister risks confusing the two, so let us restrict our comments to qualifying liabilities in tort. He suggested that independence can be imported in some way. He has clearly stated that he believes that the scheme is not independent and he suggests that importing lawyers—so to speak—will somehow make the scheme independent. The trouble is that lawyers do not turn a non-independent scheme into an independent one, because they assert or defend legal rights. I ask the Minister to address that point. In addition, expert medical advice would be available to patients anyway, and that right would be ensured—guaranteed—under our system by the independent person overseeing the investigation. So again, this scheme does not add value.

Andy Burnham: The hon. Gentleman is entitled to draw his own conclusions from my explanations. Let me say again clearly that he is right in that, for a case to qualify under the scheme, there has to be a recognition of a liability in tort, and that it then follows that there is a likelihood that compensation or other recompense might be due under the scheme. That is the qualifying gateway for cases dealt with under the scheme. However, we are proposing the breathing space of an out-of-court settlement scheme, so that it is not necessary to go through an expensive and polarised legal process in which people dig in for a long and complicated battle, often to the great frustration of individual patients who are kept waiting for a long time. In many instances, those cases are abandoned or do not come to court.

The Bill proposes an out-of-court settlement scheme at the outset, so that redress can be provided much more quickly to individual patients. The national health service will thereby be encouraged to take a positive approach to identifying mistakes and accepting and acknowledging problems by offering an apology and an explanation to such individuals, and by making financial recompense where necessary.

There is no doubt in my mind about the scheme. I resist amendment No. 1 because it would import the independent legal process into the scheme and turn it into something different by replicating the rights that the patient gets under the second stage legal scheme. If this scheme fails and cannot satisfactorily give redress to the individual concerned, they will still have the right to take forward an independent legal action outside the scheme; they sign nothing away by allowing their case to be proceeded with under the scheme. The scheme does something different.

I understand why the hon. Member for Billericay presses me on the question of independence, on which we have had a useful debate.

Mr. Baron: Will the Minister give way?

Andy Burnham: I give way again.

Mr. Baron: I appreciate the Minister's generosity in taking interventions and I thank him for that. He and we agree that this scheme should be an alternative to going to court; that is the Government's and the Opposition's stated aim. However, does the Minister accept that the scheme's credibility therefore becomes very important? There is more likelihood of patients not going to court if they have faith in the scheme being presented to them. The best way of having faith in the scheme is ensuring that it has credibility, and the best way of ensuring that is to ensure that it is truly independent. Otherwise, many patients will come to the conclusion that it is not independent and that there is no change from the present situation. They have had the internal system many times before and now they want something different. The difference that they want is independence.

Andy Burnham: There is a built-in incentive for trusts to settle under the scheme because if they fail to do so, they face the prospect of duplicating effort and going through a further legal battle. The fact that the scheme contains a built-in incentive for trusts to settle will help to build faith in it. That is precisely why my hon. Friend the Member for Birmingham, Erdington tabled his new clause, putting a positive duty on seeking resolution, thereby avoiding the need to go to the courts. He was absolutely right about that, but we have provided for independent oversight of the scheme through the ability of individuals to take their case to the parliamentary ombudsman. People can ask the ombudsman to ascertain whether or not a case was adequately investigated and the process handled properly—a responsibility that the ombudsman has welcomed.

In dealing with issues raised by the hon. Member for Wyre Forest (Dr. Taylor), I would argue strongly that the success of the scheme will be judged by the reduction in the number of cases that go up to the second level. I would like to see a substantial reduction

[Andy Burnham]

of cases going up to the Healthcare Commission level or on to the courts. It is precisely because the first stage of the investigation is inadequate that people feel that they have to go up to the higher level and it has to be right to encourage the NHS to do a better job at that first stage. We will thus avoid the need for cases to be passed up to the Healthcare Commission or the courts.

We have had a long debate about the scheme that we propose and the costly, bureaucratic, complicated scheme that the Opposition are seeking to impose on us. They are asking us to accept a bunch of amendments that, quite frankly, have not been thought through and are completely chaotic. I will not go there, so I ask my hon. Friends not to accept such a proposition and to resist the amendments.

Mr. Baron: It will not surprise you, Mr. Deputy Speaker, to learn that I am somewhat disappointed by the Minister's response. I do not deny his good intentions in wanting to create an alternative to going to the courts. The problem is that the scheme in the Bill does not reflect patient priorities. What patients want more than anything else is an explanation, an apology if due, and an honest assessment of the facts. Very often, compensation is a secondary consideration, but the Minister's proposals risk putting compensation in front of explanation when it comes to the operation of the scheme.

Patients want to ensure that the lessons have been learned for the benefit of others. I am sure that the Minister would not disagree with that, but if we are to achieve it, we need an open and honest examination of the facts. There can be nothing more open and honest than having an independent person from outside the trust coming in to oversee the investigation of the trust itself. I do not understand why the Government are so worried about someone coming in from outside to investigate the facts. If we are serious about changing the culture within the NHS, ensuring that it learns from its mistakes and that investigations are open and transparent, there is no better way than ensuring that the person overseeing the investigation is independent. Otherwise, what does the NHS have to hide?

Again, with regard to the Minister's comments about bureaucracy—it was a throwaway line, but he referred to it again—he was very wide of the mark. We are not proposing to create a bureaucracy. The Government have admitted that they are suggesting a two-stage process, and we accept that it is a two-stage process: the examination of the facts and then an assessment of the liability by the NHSLA. The infrastructure for the first, fact-finding stage is already in place.

All we are suggesting is that the person who oversees the investigation must be independent of the trust. We are not suggesting the creation of a massive bureaucracy, and I suggest that the Minister does not understand that fact and that it is a question of who oversees the investigation itself. For those reasons, I am afraid that I have not been persuaded by the Minister's arguments and I will press the amendment to a Division, to test the opinion of the House.

Question put, That the amendment be made:—

The House divided: Ayes 170, Noes 265.

Division No. 285] **[4.30 pm**

AYES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howarth, David
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Shapps, Grant
Smith, Sir Robert
Soames, Mr. Nicholas

Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Winterton, Sir Nicholas
Yeo, Mr. Tim

Tellers for the Ayes:
Andrew Selous and Mr. Tobias Ellwood

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Bayley, Hugh
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Kidney, Mr. David
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Todd, Mr. Mark
Touhig, Mr. Don

Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and
Jonathan Shaw

Question accordingly negatived.

Amendment made: No. 11, page 4, line 23, at end insert—

'(2A) A scheme must—

(a) make provision for the findings of an investigation of a case under the scheme to be recorded in a report, and

(b) subject to subsection (2B), make provision for a copy of the report to be provided on request to the individual seeking redress.

(2B) A scheme may provide that no copy of an investigation report need be provided—

(a) before an offer is made under the scheme or proceedings under the scheme are terminated, or

(b) in such other circumstances as may be specified.'.—

[Andy Burnham.]

Clause 8

LEGAL ADVICE ETC.

4.45 pm

Andy Burnham: I beg to move amendment No. 12, in page 4, line 41, leave out 'subsection (2)' and insert 'subsections (2) and (4)'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment No. 5, in page 5, line 1, leave out paragraph (a).

Government amendments Nos. 13 and 14.

Amendment No. 7, in page 5, line 10, leave out subsection (3).

Government amendment No. 15.

Andy Burnham: Clause 8(1)(b) enables the redress scheme to provide, in connection with proceedings under the scheme, for services other than legal advice. *[Interruption.]*

Mr. Deputy Speaker: Order. I am sorry to interrupt the Minister, but will hon. Members who are not staying for the debate either remain silent or leave?

Andy Burnham: In the statement of policy published in November 2005, we made it clear that, when evidence from an independent medical expert is necessary, it is intended that the scheme authority will seek to ascertain the wishes of the patient to reach agreement on an acceptable person. If patients are to have faith in the system, it is important for them to have confidence in that medical expert and in the expert's independence.

Amendments Nos. 12 and 15 make it clear that, if the scheme provides for the services of medical experts in certain circumstances, and if an individual case falls within those circumstances, the medical expert will be jointly instructed by the scheme authority and the individual seeking redress. Therefore, when the services of medical experts are provided for under the scheme, the medical expert will be an agreed independent expert and the services of that expert will be provided without charge to the individual. For the avoidance of doubt, I repeat that the expert will be independent.

As the hon. Member for Southport (Dr. Pugh), who has now joined us, said in Committee, it would not be reasonable to expect a lay person to instruct a medical expert on a complex issue. That is a fair point. I can reassure the hon. Gentleman that we have the existing power in clause 8(1)(a) to enable legal advice to be made available to individuals when it is needed at an earlier stage under the scheme. Legal advice is not restricted to the stage at which an offer is made. We specifically have in mind that legal advice may be appropriate to enable an individual to be fully informed and involved in the joint instruction of an expert.

Although amendment No. 15 makes specific reference to medical experts

"instructed jointly by the scheme authority and the individual seeking redress under the scheme",

I can reassure Members that it is our firm intention that the individual seeking redress will have access to appropriate legal advice without charge. However, amendment No. 5 would remove the flexibility to provide free legal advice earlier. We want that flexibility: by rigidly excluding free legal advice, the scheme will not assist patients.

The argument for removing clause 8(1)(a) produced in Committee was that legal advice was not necessary during the fact-finding process. Investigation ascertains what happened, and for that no legal advice is necessary. I have to say that I do not agree with that assessment. For example, there will be circumstances in which it will be appropriate for there to be instruction of medical experts to help ascertain the facts of a particular case. Government amendments Nos. 12 and 15 clarify that, where provision is made for the services of medical experts, the medical experts are to be jointly instructed by the scheme authority and the individual seeking redress. I consider it entirely reasonable, where the patient wishes it, for legal advice without charge to be made available in those circumstances. Many patients will be unaware of the issues involved in jointly instructing a medical expert and it would be unreasonable to expect a lay person to do so without advice. If the redress scheme is to be effective and to gain the confidence of patients, there needs to be appropriate support throughout the process. The aim behind the legal advice is to assist individuals seeking redress. I therefore reject amendment No. 5.

In Committee, the hon. Member for Eddisbury (Mr. O'Brien) asked for clarification of clause 8(1)(a). He said, rightly, that it is vital for a legal adviser to know who their client is: they must know to whom they

are providing advice. It was suggested that clarification was required to make it clear whether the legal advice that may be provided under this clause was to be provided to the person seeking redress or to the scheme.

The amendments make it clear that, in relation to clause 8(1)(a), the client is to be the individual seeking redress, rather than, say, the redress scheme. Legal advice may therefore, without doubt, be provided to individuals seeking redress under the scheme. However, I think that it is important to make clear the intention behind clause 8(1)(a). We want to ensure that patients going through the redress scheme can make a genuine, informed choice when presented with options. Clause 8(1)(a) will enable legal advice to be provided to patients, where appropriate, during the scheme—for example, to assist with the joint instruction of medical experts. However, I confirm that the intentions behind this clause are to facilitate fact finding and resolution and, equally importantly, to ensure fairness within the system by better enabling patients to make an informed choice. Clause 8(1) provides the flexibility for the provision of services that may help to reach an agreement to settle. The advice provided to the individual remains the property of the individual and would not be disclosed to the scheme authority.

Amendment No. 7 would remove the explicit power in clause 8(3) enabling the scheme to provide that free legal advice has to be supplied by a provider included in a list held by a specified person or body. As drafted, clause 8(3) enables the scheme to provide that free legal advice, whether provided when an offer is made or at an earlier stage, has to be supplied by a provider included in such a list. It is envisaged that the scheme may provide that the list of solicitors firms that will provide legal advice under the NHS redress scheme will be those firms that are authorised by the Legal Services Commission to undertake publicly funded work, and that have agreed to provide advice under the scheme.

Any organisation undertaking clinical negligence work under an LSC contract must hold a specialist quality mark in clinical negligence. The LSC awards the quality mark to individual offices. To gain the mark, the firm or office must have a solicitor who is on either the Law Society or the Action against Medical Accidents panel to ensure the work undertaken will be under the supervision of an experienced individual solicitor. We intend that approved providers of legal advice under the redress scheme will be restricted to firms that have achieved the quality mark status in clinical negligence. Clause 8(3) seeks to guarantee that the legal advice offered under the scheme is of a suitable and high standard, and I therefore oppose the amendment.

In a publicly funded scheme, it is appropriate that solicitors funded to provide services to patients meet a guaranteed, appropriate standard. It is also appropriate that the advice is provided by a solicitor's office with the appropriate level of specialist training. I therefore reject amendment No. 7.

The Government amendments provide some clarification of issues raised in Committee, especially on the joint appointment of medical experts and the status of legal advice provided to individuals. The amendments strengthen the Bill further and I urge hon. Members to accept them.

Mr. Baron: The purpose of our amendments is to restrict the role of lawyers, except where legal rights are affected—that is, at the offer stage. The Minister has accepted that the policy underlying the Bill is to provide a genuine alternative to litigation. Under the redress scheme, offers may be made on the basis of the NHSLA's internal assessment—not its determination—of liability.

Legal rights are not determined but remain intact, as the person concerned can resort to litigation at any time. Accordingly, it is difficult to see why lawyers need to be involved before an offer is made or a settlement is considered, when legal rights may be waived as part of a compromise agreement.

The Secretary of State agreed with that sentiment on Second Reading. She said:

> "I am quite certain that lawyers will argue...that much more legal advice should be made available all the way through the process. If we do that, however, we might as well stick with the existing situation in which people seek legal advice and go to court."—[*Official Report*, 5 June 2006; Vol. 447, c. 33.]

However, the Government amendments show that the Government have changed their position. They now want to involve lawyers, in a misguided attempt to enhance the scheme's credibility. I believe that that will make the process more adversarial. Involving lawyers risks causing whoever is involved in the fact-finding investigation to clam up. We do not want lawyers asserting or defending legal rights, as that will import into the process considerations of fault and defensiveness, whereas we believe that the investigation needs to be open and transparent. The Government proposals are the worst of all worlds, and will add to precisely that blame culture that the Minister says that he wants to avoid.

In addition, there is the question of cost. The more lawyers involved in the investigation, the greater will be the cost—to the scheme and to the NHS and at the expense of patient care. In other words, if more money is soaked up in lawyers' fees, less will be available for patient care.

The NHSLA annual report for 2006 came out a couple of days ago and made reference to the problem. The Government may think that only the Opposition are concerned that ever higher costs will divert resources away from patient care, but the report states:

> "The Authority remains concerned about the relatively high legal costs which are often incurred in clinical negligence claims, and which do not benefit either injured patients or the NHS."

Yet the Government want to involve more lawyers earlier in the process.

The added costs might be worth while if it could be shown clearly that they added value, but the evidence suggests that they would not. The objective measure of the performance of so-called specialist lawyers is worth considering. In a letter to a member of the public dated 7 November 2002, the Legal Services Commission stated that, since August 1999, only specialist lawyers had been able to start new cases on legal aid. In 2000-01, the overall success rate in clinical negligence cases was 23 per cent. for specialist lawyers, and 24 per cent. for non-specialist lawyers.

According to a written answer to me on 17 January 2006, in the last year for which figures were available, the overall success rate for legally aided clinical

[Mr. Baron]

negligence cases had remained at 23 per cent. The figures are revealing. First, they show that about five or six years ago, when ongoing legally aided clinical negligence cases had specialist and non-specialist lawyers, the performance of both categories of lawyers was roughly comparable. Secondly, even though legal aid was made available only to specialist lawyers in 1999, the figures show that there has been no improvement since then in excluding opportunistic and unsustainable claims.

5 pm

We feel that lawyers should be restricted to the offer stage. Involving lawyers would replicate the problems of the adversarial litigation system. It would add to the cost of the redress process and subvert its functions, with the focus on compensation rather than on explanation. In many cases, involving lawyers would be the worst of all worlds; it would import the bad aspects of the judicial process—expensive lawyers, protracted cases and complexity—without the benefits of finality and independence. It would certainly add considerably to the cost of the scheme—money that would be better spent on patient care—

It being Five o'clock, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [5 June].*

Amendment agreed to.

MR. DEPUTY SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

Amendment proposed: No. 5, in page 5, line 1, leave out paragraph (a).—*[Mr. Baron.]*

The House divided: Ayes 173, Noes 254.

Division No. 286] **[5.1 pm**

AYES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gidley, Sandra
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howarth, David
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Shapps, Grant
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Winterton, Sir Nicholas
Yeo, Mr. Tim
Younger-Ross, Richard

Tellers for the Ayes:
Andrew Selous and Mr. David Evennett

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger

Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Kidney, Mr. David
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Osborne, Sandra
Owen, Albert
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. John Heppell and Huw Irranca-Davies

Question accordingly negatived.

Amendments made: No. 13, in page 5, line 1, leave out 'in connection with proceedings under the scheme'.

No. 14, in page 5, line 2, at end insert

'to individuals seeking redress under the scheme'.

No. 15, in page 5, line 12, at end insert—

'(4) A scheme that makes provision for the provision of the services of medical experts must provide for such experts to be instructed jointly by the scheme authority and the individual seeking redress under the scheme.'.—*[Andy Burnham.]*

Clause 10

SCHEME MEMBERS

Amendments made: No. 16, in page 5, line 29, at beginning insert 'Subject to subsection (2A),'.

No. 17, in page 6, line 16, leave out paragraph (j).

No. 18, in page 6, line 17, at end insert—

'(2A) A scheme must require a member of the scheme to prepare and publish an annual report about cases involving the member that are dealt with under the scheme and the lessons to be learnt from them.'.—*[Andy Burnham.]*

Order for Third Reading read.

5.14 pm

Andy Burnham: I beg to move, That the Bill be now read the Third time.

I am pleased to be able to send the Bill back to another place, and I hope that their lordships will give it their blessing. Although there remain some differences between ourselves and Opposition Members that we have discussed today, there is a good measure of consensus on the Bill. There is a belief that this is a good Bill that will change for the better the lives of patients who have been harmed during the course of their NHS health care. I am pleased with the Bill and firmly believe that it has benefited from the scrutiny that it has received. During its passage through this House, we have given it a thorough examination. The Government have listened and responded to points raised in debate, and we have amended the Bill accordingly.

Importantly, following debate in another place, the Bill was amended to enable the scope of the redress scheme to be enlarged. The scheme may now extend to services over and above hospital services. That addressed concerns that the scheme would be incapable of adapting to the increasing diversity of NHS health care provision, as the NHS moves towards the greater provision of what have traditionally been secondary care services in primary care environments.

Following debate in Committee, we accepted that redress will now ordinarily include not only an offer of compensation, an explanation and an apology, but the giving of a report on the action that has been or will be taken to prevent similar cases from arising. I say again that that is what our constituents overwhelmingly want when they come to us with complaints about their NHS treatment. They want to ensure that people in their locality do not go through a similar experience; they want things to change for the better. We have taken on board the fact that patients often want to know what measures have been or will be taken to ensure that the mistake does not happen again.

We have also accepted that the scheme must now provide for an investigation report to be prepared and given to an individual on request. That was in response to the persuasive arguments that providing patients with investigation reports will better ensure an open and credible investigation. We believe that that will provide additional reassurance to individuals that their cases will be properly investigated, but of course if an individual believes that the investigation by the scheme member falls below the acceptable standard, the ombudsman may ultimately provide an independent review of any complaint.

Furthermore, the scheme must now require members to publish an annual report about cases dealt with under the scheme and lessons to be learned. We have taken it on board that there should be a guarantee that annual reports on lessons to be learned will be prepared and published.

Additionally, we have accepted the point, made eloquently today by my hon. Friend the Member for Birmingham, Erdington (Mr. Simon), that there should be enshrined in the Bill the principle of the desirability of resolution under the scheme. That is something to which members of the scheme must have regard in carrying out their duties under it. I am sure that the Simon amendment will have a positive effect in creating the open learning culture in our NHS that I believe Members in all parts of the House would like to see the Bill encourage. I am grateful to him for tabling it.

We have clarified that the free legal advice that may be provided under the scheme will be provided to the individual seeking redress, and we have inserted a new provision to make it clear, that if the scheme provides for the services of medical experts, those experts will be jointly instructed by the scheme authority and the individual seeking redress.

I firmly believe that these changes significantly improve the Bill and provide greater reassurance that the scheme established under the powers in the Bill will provide what patients want. As I have said, it is those people who are less articulate and less able to see a case through to the bitter end who may benefit the most from the scheme. In cases where harm has occurred, the NHS will take up the case, investigate it and offer an apology, an explanation and, if necessary, redress. That is clearly in the interests of patients and entirely consistent with the further reforms that the Government are introducing to create an NHS centred around the needs of the individual patient. The Bill will further strengthen the NHS in that regard.

I thank hon. Members for their contributions today and in Committee. I was pleased to give the hon. Member for Romsey (Sandra Gidley) her first success in Parliament. It was a good Committee and, despite differences on the issue of independent investigation, all Members contributed positively and the Bill is better as a result. I particularly thank my hon. Friend the Member for Birmingham, Erdington, who contributed constructively throughout the proceedings, and who has improved the Bill. I thank my predecessor, my right hon. Friend the Member for Liverpool, Wavertree (Jane Kennedy), who did so much work to prepare and introduce a Bill that is excellent in every respect.

I thank you, Mr. Deputy Speaker, as well as our Chairmen in Committee and the excellent team of officials in the Department of Health who provided support throughout the Bill's passage. The scheme is excellent, and it will improve the national health service, so I commend it to the House.

5.20 pm

Mr. Baron: It is with mixed feelings that I rise to speak on Third Reading. We had hoped to support the Bill, which has the worthy aim of providing an alternative to going to court for NHS patients seeking redress, but despite some lively and learned debates, both on the Floor of the House and in Committee, it is significantly weaker than the measure that was brought to the House from another place.

We thank you for supervising our debates and for your customary patience and guidance, Mr. Deputy Speaker. The principles underlying the Bill were at least

tested and clarified during its passage through the Commons; I accept what the Minister said on that point, to a certain extent. I thank the Clerks for their advice on amendments and procedure, which was extremely helpful. I pay tribute to my hon. Friend the Member for Eddisbury (Mr. O'Brien), who served as Conservative Whip in Committee. He gave us the benefit of his legal training on a number of points, and I am grateful to him.

The hon. Members for Romsey (Sandra Gidley) and for Wyre Forest (Dr. Taylor), helped to ensure that our attempts to improve the Bill were pursued on cross-party lines. I am grateful for their support, which built on the amicable partnership established by noble Friends in another place. I, too, thank all Members for their contributions, both in the House and in Committee. I commend the Minister on guiding his first health Bill through the House, although trying to pin him down on some of the issues has been a game of cat and mouse. However, we can save that subject for another day.

The overall objective of the Bill—to provide an alternative to going to court by creating a redress scheme—has been widely welcomed. As we know, clinical negligence litigation is complex, costly and basically unfair. Most people do not qualify for legal aid, yet most cases are legal aid-funded. Most clinical negligence cases fail because legal aid is the fuel for unmeritorious claims. A scheme established under clause 1 could widen access to redress and offer patients what they say they want most: a proper and honest investigation into what went wrong, an explanation and, when appropriate, an apology—there is no difference between us on that. Under clause 3, an offer of compensation might be appropriate, but financial redress usually comes far down the list of patient priorities, as a number of Members have said.

The Minister will know of my great disappointment with the Bill in its current form. I do not believe that the fact-finding stage of the investigation will inspire confidence in patients, because the investigation will not be independent. What is more, the objectivity of the fact-finding investigation is likely to be subverted by the involvement of lawyers under clause 8. Many features of the current disastrous system for dealing with clinical negligence have been imported into the redress scheme, and overall the Bill will not succeed in shifting the culture of the NHS towards one of greater openness and transparency that we all want.

Clause 6 is the offending article, because it would allow the NHS to act as both judge and jury in investigations by the trusts. We have consistently argued that someone independent of the trust should conduct the investigation. Patients go to court because they want compensation and an independent investigation into what went wrong during their treatment. In seeking to provide an alternative to litigation, we should have regard to that basic need.

Clause 6 is flawed because it does not address such a need. Instead, it allows for the investigation to be carried out by the trust under investigation. That will not inspire confidence in patients and without that confidence, the Bill is likely to fail. The Minister is aware of this complaint, which has been raised by many hon. Members and by many patient groups. However, he seems to be more concerned with reassuring NHS staff than he is with reassuring NHS patients. He has insisted that under the scheme an investigation of facts should not be independent of the trust. He has argued that trusts should have ownership of the process in order to bring about a cultural shift towards greater openness and transparency, but to most people that is entirely contradictory.

After all, what could be more open and transparent than inviting an outsider—somebody independent—in to consider all the facts? As we have heard, it is a basic principle of natural justice that no man or woman should be a judge in their own case. The same goes for investigation of cases of possible clinical negligence. Because patients understand this principle, our pragmatic complaint against the Bill is that clause 6 will not satisfy those seeking redress. It will not provide an independent exposition of the facts.

The Opposition have similar reservations about clause 8 which, as amended, will import into the scheme the very feature of litigation that has fostered a culture of finger-pointing and blame—that is, lawyers seeking to assert or defend rights. Lawyers are costly but add limited value to a fact-finding investigation. They have no place in the scheme because individual rights are not being contested. Liability is assessed, rather than determined. They are likely to soak up resources originally intended for patient care, with every incentive to push claims beyond their merits.

Lawyers need to be involved only where legal rights are being determined—that is, in relation to an offer of settlement. Specialist legal representation under clause 8 will not guarantee the independence of the investigation. It will merely encourage confusion between fact-finding and fault-finding within the scheme. Accusations of blame will contaminate the objective consideration of facts. That will lead to a more closed and defensive culture among NHS staff. Important lessons will not be learned.

Again, the Bill works against the stated aims of the Government. It contradicts the opinion expressed by the Secretary of State on Second Reading that lawyers should be kept out of the early stages of the investigation. It also flies in the face of the recommendation of Sir Liam Donaldson, who argued for a move away from the adversarial culture associated with tort.

My deepest frustration with the Bill is that it adds almost nothing to what can be done already. It is unnecessary, in many respects. NHS trusts already have the power to investigate themselves where cases of possible clinical negligence are identified. The Litigation Authority already has the power to make an assessment of NHS liability and offer compensation accordingly. The Bill simply formalises these existing powers. One of the few new things that it provides is free legal advice. That sounds good, but it could be a costly mistake, as experience of legally aided clinical negligence litigation suggests.

As amended, the Bill provides for a report on the investigation to be made available to patients, but it then goes on to establish reasons why the report can be withheld in some cases, although I appreciate the Minister's attempt at clarification on the matter. That was revealing, for it shows how the Government's

[Mr. Baron]

priorities are focused on the interests of the NHS Litigation Authority, rather than on the needs of patients, in some respects.

In conclusion, we were happy to vote for the Bill on Second Reading, but since then we believe the Government have greatly undermined its potential. The whole direction of travel has been towards a scheme which leaves the trust acting as judge and jury in its own case while simultaneously importing the bad features of clinical negligence litigation. Having damaged the Bill, the Government do not deserve our support. For this reason and with great disappointment, I shall ask my Conservative colleagues to vote against Third Reading.

5.29 pm

Sandra Gidley: I rise to speak on Third Reading with mixed feelings, because I felt at many stages during the Bill's progress that there was a lot of genuine consensus based on honesty and openness, on trying to ensure that patients could have a means of redress, and on facilitating that in as many ways as possible. Unfortunately, we have reached a point where there is a fundamental difference between Members on either side of the House on how we achieve those ends.

The Committee stage of the Bill was unusually short, which was a first for me. I thank the hon. Member for Billericay (Mr. Baron) for his co-operation, the Committee Clerk for his forbearance, and the Chairs. I thank my hon. Friend the Member for Southport (Dr. Pugh), who supported me in Committee. I also thank the Minister. It is somewhat unusual to put forward arguments and find them genuinely listened to and accepted. I pay great tribute to him for that.

Steve Webb: Steady on.

Sandra Gidley: Well, I think that we are sometimes too quick to criticise and not to give credit where it is due. I am hoping to start a new trend, although I do not think that I will succeed. The amendments that the Minister accepted were welcome because they have strengthened what the patient can expect under the Bill.

The Bill was better when it came from the other place, which is why we were happy to support it on Second Reading. Sadly, the principles of independent investigation have in effect been removed. It is a struggle to balance the importance of that against the importance of all the good things in the Bill. A big part of me does not want to vote against the Bill, because it is a step forward, but losing the fundamental principle of an independent investigation will lead patients to not have the faith in the Bill that they otherwise could and should. It is with some regret, but to underline the importance of the strength of feeling on the matter of independence, that Liberal Democrats will vote alongside the Conservatives.

5.32 pm

Mr. Simon: I am conscious that the Whips want to get home for their tea, so I will resist the temptation to dwell on what Opposition Members have said about legal advice, save to say that the whole tone of their remarks was so ill-judged as to be irresponsible and dangerous, and stems from a fundamental lack of understanding of what the Bill is about and a failure to understand the subtleties and complexities of clinical negligence and surrounding issues.

Mr. Baron: Will the hon. Gentleman give way?

Mr. Simon: No. Hardly anybody gave way to me in Committee or this afternoon, so I will just make my brief remarks and sit down.

I spoke more than once on Second Reading and in Committee about different ways in which the Bill could have been dealt with from the beginning and different ways in which it could have been improved throughout. Most fundamentally, if I had designed the Bill, I would not have based it on the rather limiting test of liability in tort, but tried to develop a more modern, flexible and patient-centred avoidability test. For me, that is the key remaining weakness, although there is no reason why such issues should not be considered in future. My hon. Friend the Minister said that the operation of the Bill and the scheme will be reviewed. I urge him to examine those matters in the future.

On the whole, the scheme and the Bill are good. It could make a genuine difference to people's lives at times of sickness, and to their relations with the NHS when it lets them down and they try to deal with that. I am pleased with and proud of the way in which the Bill has developed and changed. I sincerely recommend it to patients and patient consumer organisations.

My hon. Friend the Minister has provided a masterclass in listening government. He has trodden carefully and chosen wisely. He has done that with tolerance and good humour and won grudging plaudits from some Opposition Members. He has my wholehearted admiration and thanks. Until today, albeit on occasions, most Opposition Members had made a good fist of it, and my thanks and congratulations go to them.

The Bill was basically good all along. It is now immeasurably better for having been through Parliament. One cannot say either of those things about many measures. Having been involved with a Bill that satisfies both criteria, we should count ourselves lucky and commend it to our constituents and concerned organisations.

5.36 pm

Dr. Richard Taylor: I shall not keep the Whips from their tea for more than a few moments, but I cannot resist telling the Minister that he is in danger of making me change one of my after-dinner speeches. My limited experience of Standing Committees has been uniformly depressing and frustrating. When I served on a Committee a long time ago, a senior Member whispered in my ear that he had tabled 600 amendments and not one was accepted. Yet an amendment to the Bill has been accepted. That is absolutely brilliant and I commend the Minister for that. He will be known as a listening Minister, and I

hope that that will not be perceived as a sign of weakness and that he will continue to listen and take points.

Having said that, I still have two genuine worries. Sadly, I do not believe that we conveyed clearly what we meant by independence. I hope that the involvement of legal representation in the fact-finding part of the investigation will not increase the complexity of the process, make it adversarial or increase the stress levels for patients, relatives and staff. The medical profession abominate the involvement of the legal profession, as I am sure hon. Members realise.

I hope that, in time, advantages will be perceived in aligning the redress scheme more closely with the NHS complaints procedure, as "Making Amends" suggested.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 253, Noes 160.

Division No. 287] **[5.38 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Kidney, Mr. David
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moie, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil

Ussher, Kitty
Vaz, Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Jonathan Shaw and
Huw Irranca-Davies

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gidley, Sandra
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howarth, David
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Pelling, Mr. Andrew
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Shapps, Grant
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Dr. Richard
Teather, Sarah
Tredinnick, David
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walter, Mr. Robert
Waterson, Mr. Nigel
Webb, Steve
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Sir Nicholas
Younger-Ross, Richard

Tellers for the Noes:
Angela Watkinson and
Andrew Selous

Question accordingly agreed to.

Bill read the Third time, and passed, with amendments.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119 (9) (European Standing Committees),

Preliminary Draft Budget

That this House takes note of the unnumbered Explanatory Memorandum from HM Treasury dated 23rd May 2006 relating to the Preliminary Draft Budget of the European Communities for the financial year 2007; and supports the Government's efforts to maintain budget discipline in the Community.—*[Jonathan Shaw.]*

The House divided: Ayes 249, Noes 147.

Division No. 288] **[5.52 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barron, rh Mr. Kevin
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Charles
Coffey, Ann
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Creagh, Mary

Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khabra, Mr. Piara S.
Kidney, Mr. David
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Todd, Mr. Mark
Touhig, Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Jonathan Shaw and Huw Irranca-Davies

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gidley, Sandra
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John

Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Pelling, Mr. Andrew
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Shapps, Grant
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tredinnick, David
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Wiggin, Bill
Williams, Mark
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Sir Nicholas
Younger-Ross, Richard

Tellers for the Noes:
Mr. Tobias Ellwood and Andrew Selous

Question accordingly agreed to.

HUMAN TISSUE

Ordered,

That the Human Tissue Act 2004 (Ethical Approval, Exceptions from Licensing and Supply of Information about Transplants) Regulations 2006 (S.I., 2006, No. 1260) and the Code of Practice on Consent (Code 1) be referred to a Standing Committee on Delegated Legislation.— *[Mr. Michael Foster.]*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Tuesday 18th July, the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Mr Edward Leigh relating to Public Accounts not later than Ten o'clock or three hours after their commencement, whichever is the later; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.— *[Mr. Michael Foster.]*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 20th July, proceedings on the Motion for the adjournment of the House in the name of the Prime Minister relating to International Development may continue, though opposed, for three hours or until six o'clock, whichever is the later; and shall then lapse if not previously disposed of.— *[Mr. Michael Foster.]*

PETITIONS

Three-tier Education System

6.2 pm

Andrew Selous (South-West Bedfordshire) (Con): I rise to present a petition signed by some 4,000 of my constituents, of whom roughly 1,000 are schoolchildren, to request the Government to ask Bedfordshire to keep the three-tier system of education, comprising lower, middle and upper schools.

The petition states:

To the House of Commons.

The Petition of residents of South Bedfordshire.

Declares that the overwhelming majority of local residents wish to preserve the three-tier system of lower, middle and upper schools in Bedfordshire.

The petitioners therefore request that the House of Commons urge the Secretary of State for Education and Skills to keep the three-tier school system in Bedfordshire.

And the Petitioners remain, etc.

To lie upon the Table.

Respect for Animals

6.3 pm

Judy Mallaber (Amber Valley) (Lab): I rise to present the petition of Respect for Animals, a seal protection organisation, and UK citizens opposed to the brutal slaughter of seal pups by Canada. The petition is signed by J. MacManus and more than 31,000 other citizens, and will be followed by further petitions. It is dedicated today to Tony Banks, whose memorial has just taken place in the Robing Room.

The petition declares:

That the slaughter of nearly 1 million seals, almost all under three months of age, over the last three years by Canada is a cruel outrage. The Petitioners further declare that they are appalled by the cruelty of the hunt. They note that a team of independent veterinarians who observed the Canadian seal hunt in 2001 found that 42 per cent. of the seals examined were likely conscious when skinned; are concerned that the current level of killing is unsustainable for the harp seal population; and that trade data shows that thousands of seal skins were imported into the UK between 1995 and 2003. The Petitioners further declare that the US banned imports of all seal products in 1972 and that Belgium, the Netherlands and Italy currently have initiatives to ban such trade.

The Petitioners therefore request that as a matter of urgency the House of Commons pass legislation to prohibit the import of all seal products into the UK.

And the Petitioners remain, etc.

To lie upon the Table.

Runaway Children

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Michael Foster.]*

6.5 pm

Helen Southworth (Warrington, South) (Lab): I am grateful for the opportunity to raise the issue of protection for children who run away or go missing from home or care, especially as I have a ten-minute Bill, supported by many Members, which has not yet secured time for a Second Reading.

The Children's Society, the National Missing Persons Helpline, the National Society for the Prevention of Cruelty to Children, ChildLine, Parents And Children Together, Railway Children, local charities such as Talk Don't Walk in my constituency, the children's lead of the Association of Directors of Social Services and the missing persons lead of the Association of Chief Police Officers, the Metropolitan police and the Police National Missing Persons Bureau have all contributed to the Bill's preparation. The Bill's main purpose is to establish a simple co-ordinating mechanism to identify and implement best practice, monitor what is happening and make sure that it works. In particular, the Bill would place a duty on the Secretary of State to promote the establishment of a national strategy, safeguard runaway and missing children and provide for the collection and reporting of information about runaway and missing children. It is not about creating a bureaucracy; it is about putting someone in charge and making someone responsible.

What is the current position? Research by the Children's Society indicates that an estimated 77,000 children and young people under the age of 16 run away for the first time every year. It also states that there are around 129,000 incidents of children running away overnight every year.

Who are the children who run away? Anecdotal evidence suggests a range of circumstances in which children and young people choose to leave home or care. I have been given evidence about very vulnerable children out on their own with no one to help them. In the House, we do not know the nature of the problem or have the information. I asked how many children on the child protection register from each local authority area have been reported missing to the police, and received the reply that the information is not collected centrally. I asked how many children in local authority care were reported missing from care to the police in each local authority area, but the information is not collected centrally. I asked which local authority children's services have agreed joint protocols with their police authorities for the management of cases of children reported missing from home or care. Again, the information is not collected centrally.

The "Every Child Matters: Change for Children" programme, is making a huge impact on the well-being of children in local communities. We must have a mechanism, however, to ensure that children who run away or go missing, and who have nowhere safe to go, have help that meets their needs where they are. Protection and services for young runaways must become a priority. Those children can become invisible, and we must not let that happen.

The police have given me anonymous case histories, and I shall share just a few with the House to describe how hard life can be for some of our children. One is of a young boy living with his mother, stepfather and two older children. At home, his parents, who were heavy drinkers, neglected him, and his sisters bullied him. He was also the victim of bullying at school. He was frequently reported missing to the police, spending nights at the homes of his friends, riding buses or sleeping rough, often with other children who had run away. On two occasions, he presented himself to the local police station, saying that he did not want to go home. Eventually, he was placed in care in October 2003, when he was 13 years old. He has continued to go missing from his care placement, and 220 missing-person reports were recorded between October 2003 and June 2006. While missing, he has been a victim of crime on five separate occasions.

In 1996, aged six, a young girl first came to the notice of police when her teacher discovered that her mother had assaulted her. During 2002 and 2003, aged 12 and 13, she was reported missing on numerous occasions, and 20 separate incidents were reported on police intelligence records. While missing, she was having relationships with older men who were exploiting her. On one occasion she was interviewed by police, and stated that she was having unprotected sex with her boyfriend with the intention of becoming pregnant. He was 25. She also stated that her boyfriend encouraged her to have sex with other men, in return for which she received favours such as alcohol, cigarettes or money. She was 12 years old at the time.

The girl was placed in care, but continued to be reported missing on a regular basis. Her foster carer reported to police on one occasion that she was claiming to be carrying drugs from one place to another for dealers. On one occasion, she was found in the flat of a 45-year-old man to whom she was not related; also sleeping in the flat was a known prostitute. The girl was placed in a care home in another county, but has continued to be reported missing from there. Between August 2002 and September 2005, between the ages of 12 and 15, she made 12 allegations of serious crimes, including very serious crimes against the person.

Another child first ran away from home at the age of 13. She was missing for five days, and it transpired that she had spent most of that time sleeping rough, sometimes in telephone boxes. She disclosed to the police that the reason for her running away had been sexual abuse by her mother's partner. She was placed in a local care home by social services as a temporary measure while police dealt with the allegation. She provided credible evidence of continuing sexual abuse, which had begun when she was 11 years old. Because she was aware of the strength of her mother's feelings for her partner, she never told her mother. Her mother's partner denied the allegations, and her mother refused to accept her daughter's word or to support her. It was decided that she should be placed with a foster carer. Unfortunately, that was in another county. She next came to notice in October 2005, by which time she had been placed with a different foster carer in yet another county. She had run away from foster care, and was found in London. It transpired that she had been engaged in prostitution while she was missing.

[Helen Southworth]

Another child, 11 years old, is on the child protection register as a result of violence in the family home. His father is an alcoholic, and his mother has a drug problem. The parents are together intermittently, and the child has been caught in the middle of a volatile and violent situation for a number of years. He was placed in foster care. He is described as shy and introverted. He remained at school, but his foster carer lived outside the borough, so he had to make the long journey to school in a taxi every day. He is frightened of the dark.

The child ran away from foster care, taking all his belongings. He was found the next day back with his parents, but because of the situation to which he had returned, he was taken into police protection and was debriefed by the police. He explained that he was frightened all the time, especially when coming home from school, and that he had been bullied at the foster carer's house. Apparently two older teenage boys were also in care at the address. They had been bullying him. He had been locking himself in his room each night, and going to school in the morning without any human contact as such. He was taken by social services back to the foster carer's house, but he promptly ran away again within an hour. He was found very quickly wandering nearby, and has now been placed in alternative care.

Those are far from isolated cases. Although some young people find that running away can provide a relief from pressure, a large minority find themselves lonely, hungry and frightened. Children on the run are at high risk of abuse, and face both immediate and long-term dangers.

Across the country, I have encountered some exceptional individuals and statutory and voluntary organisations. They are working incredibly hard to put things right. An example is the "mountains into molehills" project organised by Lancashire constabulary, who work with all the other key local stakeholders to establish effective advanced problem-solving measures. It is a beacon of best practice. The computerised missing persons case management system allows analysis of missing persons data, which make it possible for problem solving to intervene at an early stage. Lancashire found that of 6,209 missing persons investigations undertaken annually, more than 4,800 involved children under 18. Lancashire tracked children who had been missing more than twice and found 300 children who accounted for almost 3,200 of the missing persons investigations. The majority of those cases involved children in care. One had been the subject of 78 missing persons investigations in a single year.

Following Lancashire's example, Leicester constabulary has recently carried out work with its key local partners, which revealed that of the 4,241 reports to the police of missing persons, 6 per cent. were reports about the same 10 young people. All were in local authority care, all were reported missing more than 10 times, and one individual had been reported missing more than 53 times during the year.

It is significant that in the Met police, Lancashire and Leicestershire, very senior police officers, and people at director level in other stakeholder organisations, are taking a lead role. Someone is taking responsibility at the top of the organisations to get action. A common thread identifies a particularly vulnerable group of "cross border" children with serious social, domestic and behavioural difficulties. They are placed by the local authorities responsible for their care into private care homes in different areas of the country. For a minority of children who need to be placed away from home to protect them from particular circumstances, such placements are appropriate. All too often, however, children are placed inappropriately, without sufficient support and without liaison with local services.

For children running away from local authority care, the current system is failing to meet their most basic needs—a safe place to stay and someone safe to talk to. Children's services, police, the voluntary sector and health services have vital roles to play in ensuring that runaways are known about, found and their problems appropriately addressed. Making sure that the agencies know how to work together effectively is a key dynamic of the "Every Child Matters: Change for Children" reforms. The need for co-ordinated action was also a central feature of the recommendations made by the social exclusion unit in 2002, and the accompanying guidance issued by the Department of Health. But the co-ordinated action, backed up by effective information collection and sharing, clear strategies and leadership, is not happening everywhere.

In October 2003, The Children's Society conducted a survey to see how local authorities were getting on with protocols and services for runaways. Some 91 of 150 local authorities replied, of which just under half had developed protocols for runaways. Only seven authorities could say that they had implemented all three of the recommendations. In 2005, a new survey showed that 89 local authorities have all recommendations in place, and a further 25 have committed to fulfilling the recommendations. That is too slow and piecemeal, and is letting vulnerable children down. Children are still running away from danger into danger, which is why we must have national leadership and national accountability to ensure that things happen.

National voluntary organisations such as The Children's Society, the National Missing Persons Helpline, the National Society for the Prevention of Cruelty to Children and Childline have been seeing the problems and taking action for years, providing places of refuge and someone to talk to. Local projects such as Talk Don't Walk in my constituency are having a real impact, but their funding is uncertain—even though for some children they are the only place the child trusts enough to turn to for help, like the 12-year-old boy who came to a refuge run by a charity, alleging physical abuse and that his dad locked him up at home. The refuge contacted children's services, who returned the boy home with social work support. A month later, he turned up barefooted at the refuge with a fractured arm, saying that his Dad had hit him, taken his shoes away and locked him up. He escaped and could only think of the refuge as a safe place to go. He has since been accommodated and remains accommodated.

The National Missing Persons Helpline set up a runaways helpline two years ago that took 57,000 calls last year—funded by the charity. It is an essential

service for children such as the 12-year-old who ran away from home after an argument with her mum's new boyfriend. She did not know where to turn. There were two younger children at home and the mum did not realise that her daughter was missing. The runaways helpline connected her to a duty social worker for the first time.

Dan Norris (Wansdyke) (Lab): Will my hon. Friend give way?

Helen Southworth: Yes.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. If the hon. Lady is giving way, she must sit down.

Dan Norris: I congratulate my hon. Friend on securing this debate. Will she say a little more about the resourcing of that helpline? It does a wonderful job, but it has to raise all the money it needs to provide the service. Does she also share my disappointment that despite the high-profile comments about young people by the Leader of the Opposition recently, not one single Conservative Member is present for the debate?

Mr. Deputy Speaker: Order. I remind the hon. Gentleman that Mr. Speaker has made it clear many times that an Adjournment debate is a private debate for the Member who secures it. It is not appropriate to make party political references to the absence, or otherwise, of other hon. Members.

Helen Southworth: My hon. Friend supports my Bill, and knows that one of the things that we are calling for is a 24-hour helpline. That is essential, as children on the street need someone to talk to, whenever they feel the need to talk.

For example, one 15-year-old girl ran away from a children's home. At 3 o'clock in the morning, she found herself with a group of older men, who threatened her. She was scared about repercussions and contacted the helpline. At her request, the helpline worker contacted the police, and talked to her until the police arrived at the telephone box to collect her.

For such children, the runaways helpline is a lifeline, and the voluntary organisation Refuge the only safe place to be. Non-statutory services are often the key to engaging young runaways, gaining their trust and helping them to resolve the difficulties that cause them to leave home or care in the first place. We have to make sure that such organisations are part of a national strategy and that they continue to provide their services. That is vital, because runaway children depend on those services absolutely.

There are children running away from the threat of physical and emotional danger who have nowhere to go and no one to talk to. Life can be unbearably hard for them, and that is not acceptable. They are our children, and we are letting them down, so we have to get our act together.

We must provide national leadership and direction, and make sure that all children, in every part of the country, have someone to turn to when they need help.

6.21 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I begin by congratulating the hon. Member for Warrington, South (Helen Southworth) on securing this debate. Straight away, I want to acknowledge her efforts and hard work on behalf of young runaways. She has worked with all the organisations that she mentioned, and I am delighted to be a co-sponsor of the Bill to which she referred.

We are talking not about bad children, but about children running away from bad situations. When they do that, they find themselves in even worse difficulties, in circumstances where they risk suffering harm, abuse or exploitation. The hon. Lady was right to say that we must get our act together at both local and national levels. I had the privilege recently of going to Chicago with The Children's Society, to look at how the US deals with the problem. It was a fascinating visit and we published a report, through the society, setting out some of lessons that we as a team learned.

I first became interested in this issue while sitting in a church pew listening to a sermon. I was approached by my constituent Janet Little, who works locally for The Children's Society. She raised her concerns with me, and that led me to ask questions of my local authority and to submit a number of parliamentary questions on the subject. I am pleased to say that more than 400 hon. Members of all parties have signed early-day motion 393 supporting The Children's Society campaign to secure safety for young runaways and to provide a national network of facilities for them.

When I was in Chicago, I was struck most by the fact that people there have been working on the problem for 30 or 40 years. Through federal funding, they have managed to establish a network of shelters that provide a basic minimum—a first safe harbour—for young people. Ultimately, those shelters create a pathway that will lead those young people back home. We need a similar national network in this country.

In Chicago, one shelter had more beds for young runaways than the total number of such beds currently available in this country. The scale of the problem here is different, but the need is still great. That is why I very much support what the hon. Lady has said today and I agree with the examples that she has given. I hope that the Minister will be able to respond positively to the debate and, if she has not already done so, I trust that she will look at the report published by The Children's Society about the trip to Chicago.

In conclusion, we need a clear legal framework with long-term political backing, as there is in the United States—which has stable and long-term core funding with a secure service infrastructure and a co-ordinated approach locally and nationally. That is what we need in the UK to create safe pathways home for those who run away.

6.25 pm

The Minister for Children and Families (Beverley Hughes): I, too, congratulate my hon. Friend the Member for Warrington, South (Helen Southworth) on securing the debate, and I thank other Members for their contributions. I am well aware of my hon. Friend's keen interest in the issue over a long period, especially from recent meetings that she has held with

[Beverley Hughes]

me and my ministerial colleagues and departmental officials. I know that Members on both sides of the House share our deep concern for the well-being of all young people at risk, including runaways. I also pay tribute to all the local and voluntary organisations who work with vulnerable children and to national bodies such as The Children's Society, whose vigorous campaigning helps to keep these important issues high on the public agenda.

In these debates, it is always frustrating to have only a relatively short time to do justice both to the issues that have been raised and the importance of the subject, but I shall do my best. First, I recognise that all vulnerable young people need specialist help when they need it—whether in respect of teenage pregnancy, drugs, alcohol, care or home life, or when they are running away or go missing.

Thankfully, running away from home is not an issue for most children; they are well looked after, grow up in decent homes and receive good care from their parents or carers, but for some children life reaches a crisis point. For a small but significant number, running away seems at the time to be the answer to their problems. They do not do so lightly; it is usually a last resort and it is a cry for help of some sort.

It is important to bear in mind that running away is not an end in itself; it is not a problem in its own right, but an indicator that other serious things are going wrong in the young person's life, as the cases described by my hon. Friend graphically illustrated. It is a symptom rather than a problem in its own right.

Our information about young people who run away comes mainly from a social exclusion unit report and The Children's Society research, which tells us much about who runs away, where they go and why. The Children's Society estimates that about 100,000 young people run away every year; the SEU estimate is a little less, but the issue is not about numbers. Some marked differences emerged between runaways from birth-parent families and step-families and between boys and girls.

My hon. Friend described some harrowing cases and a minority of runaways are certainly seriously at risk, but there are big differences between the young people who run away. The majority return overnight, 80 per cent. return with 48 hours and almost all return home within a week. Most of those who run away are not sleeping rough and without a place to go; the vast majority—about 86 per cent.—go to family or friends. That may not be an ideal solution, but at least they get on with their lives. However, as my hon. Friend illustrated, some do not and, what is worse, their problems may be magnified by other risks to their well-being: drugs, prostitution, exploitation of terrible kinds and, sometimes, life-threatening situations. Their main problem is not that they are running away; they are running away because they have other serious problems. I am determined that, in tackling those problems, we generate practical solutions for young people that address those multiple root causes.

Two fundamental questions arise from the reports that I mentioned: first, how do we best prevent young people from running away in the first place, and secondly, how can we best ensure their safety and safe return and address the underlying problems? It is true that runaway young people need someone to talk to and somewhere to go, but crucially they also need help with the underlying problems that cause them to run away in the first place.

My hon. Friend called for a national strategy, and I think that she meant a national strategy for runaways. In fact, I would say to her that we do have a national strategy—it is called "Every Child Matters". Since the social exclusion report, it is the "Every Child Matters" programme that is driving improvements, and the better and more comprehensive response from agencies for all young people, but particularly for those most vulnerable young people, including runaways. All the measures within that programme, including improved information sharing, a common assessment framework to assess young people's needs, and identifying a lead professional who can coordinate that support, are equally relevant to the needs—often multiple needs—of young people who run away, and together they provide the sort of help that young runaways need in meeting some of those problems. I firmly believe that it is through the universal strands of "Every Child Matters", not a separate strategy for runaways, that we shall best meet the needs of these young people.

Mr. Burstow: I entirely agree with the point about the universal strands being the best way to deliver these services. The key question is, how do we ensure that commissioners can look beyond their own boundaries to commission services for their residents who have run away and are miles away, in another part of the country?

Beverley Hughes: I agree that although "Every Child Matters" is the relevant framework, there is more to be done in ensuring that all local authorities and all local organisations, including those working in the voluntary sector, have the issue of runaway young people on their radar screens as an issue that must be addressed in the context of their wider "Every Child Matters" work. At a recent meeting with my hon. Friend the Member for Warrington, South, we discussed with her and with The Children's Society the possibilities for furthering the work that we have been doing by updating existing guidance about best practice for local authorities, and discussing how else we can help local authorities to articulate, understand and address the needs of runaways, to spread best practice, and to ensure that the elements in their existing architecture, such as the children and young persons plan, include measures that they need to take locally to address the needs of runaway young people, whether it is their own young people running away or young people who have run away into their area from elsewhere.

It is important before we finish to say something about lookedafter children. Many of the cases that my hon. Friend mentioned related to lookedafter children, the vast majority of whom—about 64 per cent.—go into care because of abuse or neglect at home. It is really important that they receive high quality services, are kept safe and helped to reach their potential. I know and accept that children who are looked after by the local authority cause considerable concern, not only because some go missing, but because across the board their general outcomes are falling behind those

of other children and young people. That is unacceptable. If children go into state care because their home care is inadequate, they should not emerge from that state care in a worse situation than they were in before. Their welibeing should have been improved.

For that reason the Government, across a number of Departments, are working very hard to identify the barriers to helping lookedafter children progress. We are working hard to ensure that young people who come into care, because of a multiplicity of really serious problems and often serious abuse and neglect, are actually helped, and not allowed to experience a lack of controlled care and a lack of careful dealing with their problems in the multiagency approach that we want.

The guidance relating to children missing from home and care already requires local authorities to have a number of measures in place, including drawing up protocols with the police and measures to monitor missing-from-care incidents. In fact, I think that compliance is rather greater than my hon. Friend was able to inform us. None the less, these measures are not enough. That is why we are publishing a Green Paper later this year, hopefully in September, in which we want to make sure that we can introduce measures with local authorities that really stop looked-after children from drifting. We want to make sure that the kind of cases that we heard about today do not happen. In the context of the national strategy of "Every Child Matters", it is, at the local level—

The motion having been made at five minutes past Six o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at twenty-five minutes to Seven o'clock.

House of Commons

Friday 14 July 2006

The House met at half-past Nine o'clock

PRAYERS

The Second Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

Mr. David Kidney (Stafford) (Lab): I beg to move, That the House do sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (Motion to sit in private):—

The House divided: Ayes 0, Noes 30.

Division No. 289] **[9.34 am**

AYES

Tellers for the Ayes:
Dr. Brian Iddon and
Helen Southworth

NOES

Bellingham, Mr. Henry
Brown, Lyn
Burnham, Andy
Burns, Mr. Simon
Carswell, Mr. Douglas
Challen, Colin
Clark, Greg
Duddridge, James
Fitzpatrick, Jim
Gapes, Mike
Gove, Michael
Griffiths, Nigel
Hendry, Charles
Hillier, Meg
Hollobone, Mr. Philip
Keeley, Barbara
McIsaac, Shona
McLoughlin, rh Mr. Patrick
McNulty, Mr. Tony
Norris, Dan
Penrose, John
Roy, Mr. Frank
Selous, Andrew
Skinner, Mr. Dennis
Soames, Mr. Nicholas
Stanley, rh Sir John
Waltho, Lynda
Williams, Mrs. Betty
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Andrew Pelling and
Anne Milton

It appearing on the report of the Division that fewer than 40 Members had taken part in the Division, MR. DEPUTY SPEAKER *declared that the Question was not decided.*

Orders of the Day

Emergency Workers (Obstruction) Bill

Order read for resuming adjourned debate on Question [12 May], That the Bill be now read the Third time.

Question again proposed.

9.50 am

Mr. Alan Williams (Swansea, West) (Lab): To state the obvious, I am delighted that the Bill has reached this stage, because if it completes Third Reading, it will have time to clear all its stages in the House of Lords and will, I hope, be enacted. The fact that it has reached Third Reading is due to support not only from its sponsors, but from hon. Members on both sides of the House. Indeed, the hon. Member for Teignbridge (Richard Younger-Ross) drew my attention to the Emergency Workers (Scotland) Act 2005, on which I based my original Bill. My Bill has all-party sponsors; moreover, at every stage we have had all-party support, including from Opposition spokesmen, and I am grateful for that.

I should like to cite two individuals in particular. I suffer from the great disadvantage in the House of Commons of not being a lawyer, so it was invaluable to receive the assistance of my hon. Friend the Member for Hendon (Mr. Dismore), who is not always associated with a benevolent approach towards private Members' Bills, and my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry), both of whom gave legal advice and support when I was in negotiations. As those who followed the progress of the Bill from the start will know, the provisions in the Scottish Bill were much wider, and there were negotiations with the Home Office and others to try to ensure that a similarly wide-ranging Bill was introduced in the House.

Mr. David Kidney (Stafford) (Lab): My right hon. Friend mentions our hon. Friend the Member for Hendon (Mr. Dismore); hon. Members might think it unusual that he is not in his place on a Friday, especially as he is a sponsor of the Bill, as my right hon. Friend says. I think that my hon. Friend would want it to be known that he is attending a funeral, which keeps him from his business in the House.

Mr. Williams: My hon. Friend the Member for Hendon explained that to me personally, too.

After negotiations with the Home Office, the Bill became not only shorter but clearer. My only regret, if I may make a personal comment, is that the great scourge of private Members' Bills, as I described him in Committee, Eric Forth, is not here today. I do not think that my Bill was a unique case, but Eric actually suggested that he supported its intentions. I pointed out to him in a slightly mischievous way that his only objection was exactly the one espoused by the Home Office. I felt that that combined opposition was too much for me to take on, and so we are considering a truncated Bill. The Bill has been welcomed by the emergency services. Strangely enough, it has been welcomed in Northern Ireland, too, which has asked for the Bill to apply there, because it has no such provisions on ambulance workers.

[Mr. Alan Williams]

The Bill addresses the offence of impeding emergency workers. It is based on two straightforward, simple principles. First, people who risk their lives to save others should not be obstructed, and should be free to undertake their rescue work without obstruction and attack by yobs and idiots. Secondly, people who need to be rescued in an emergency because they are in danger should not face additional danger because of the mindless activity of a minority of idiots. Rescue work is essentially a team operation, and it is important that the team operate together. If part of the team is dislocated, the team does not work as effectively, so victims could be at greater danger. Sadly, that has become more important now, because of the threat of terrorist attacks.

On Second Reading, I mentioned the unbelievable conduct of some people, and I will reiterate a few examples. Greater Manchester fire and rescue service helped to lead a campaign on the subject, with the prompting and help of the *Manchester Evening News*. The fire and rescue service reports as many as 200 incidents a year of impeding and assault. Barry Dixon, who gave me considerable briefings on the Bill, told me of incidents from across the country of pipes being cut to stop the water supply. That is the least of the imaginative devices that some thugs use. Stoning is not unknown, and scaffold poles have even been driven through the windscreens of fire tenders. Fires have been lit deliberately as an ambush to lure the fire services to places where the thugs are waiting for them. Once inside, firemen find such refined tactics as razorblades fixed underneath banisters, so that as they try to haul their equipment upstairs their hands are severely injured.

There was an instance of live electric wiring being fixed to the inside of a door, so that the firemen trying to reach the source of the fire were in danger of electrocution. In the most grotesque case, in a multi-floor building, a hole in the floor was covered with a mat, like a bear trap, so that firemen coming in were in danger of plummeting to the floor below. That is the sort of dangerous nonsense that our rescue services have to endure.

The Bill's provisions are wide-ranging. Clause 1 covers firefighters, rescue services, ambulance workers, including air ambulance workers, and voluntary organisations. I stress the latter, because some people were afraid that voluntary organisations were omitted. As Opposition Front Benchers proposed in Committee, clause 2 covers individuals who come to the help of the emergency services. The Bill covers the coastguard, lifeboat crews, and people transporting blood, organs and medical and rescue equipment to the site of an emergency. That is a list of provisions in the Bill, but the trouble with lists is that they are not always accurate and do not always fully reflect need. For that reason, we have built in a safeguard clause, which means that the list is not conclusive. That safeguard clause—clause 5—allows Ministers by order to add or remove categories of workers that they think need to be added. That builds in flexibility, so that we can act if the idiots find new targets.

Dan Norris (Wansdyke) (Lab): Can my right hon. Friend elaborate on other groups of workers who, although not usually considered emergency service providers, none the less fall into that category in some situations? Examples include approved social workers when they are sectioning people, and child protection officers when they have to remove children from danger. Can my right hon. Friend clarify the scope of the provision?

Mr. Williams: As I said, the Bill was truncated in negotiations. We have built in the option under the order-making powers so that any organisation or group of workers who feel they should be covered by the Bill may make representations to the Home Office, and it would be a relatively simple matter for the Home Office to add any group to the list. We have kept options open. I do not pretend that the list is comprehensive.

Mrs. Betty Williams (Conwy) (Lab): On similar lines, one important service that has not been covered, unless I have missed something, is the air rescue service, which is extremely important in Snowdonia, as my right hon. Friend knows, where climbers and others get lost on the mountains.

Mr. Williams: I should have thought that that service was covered, especially as it operates within the country, rather than at sea. Perhaps the Minister will clarify that with the help of his memory box, which Ministers have and the rest of us are denied.

Barbara Keeley (Worsley) (Lab): Most of us know that excellent services are provided by volunteers. Mountain rescue crews are often volunteers. I was recently at an open day event in my constituency where St. John Ambulance volunteers were in attendance. They often help at such events, as well as at football matches and on many other occasions. Will non-professionals carrying out such health-providing services be covered? We know that St. John Ambulance in particular provides a vast amount of those services.

Mr. Williams: At this stage, it is not possible to amend the Bill, but I am sure the Minister is listening to representations and would be glad to receive back-up representations from the organisations and groups involved.

The penalty was in dispute on Second Reading. In my original Bill, which was based on the Scottish Act, the maximum penalty was a fine of £5,000. At that stage the Home Office was minded to reduce that to £1,000, which I was not exactly happy about. Fortunately, as a result of discussions and negotiations within and outside Government, the £5,000 penalty has been restored, which was welcomed by the fire service.

The other aspect addressed in Committee was defences. The Scottish Act, on which I originally based my Bill, listed defences. It was pointed out, correctly, as I said in connection with my safeguard clause, that lists are not comprehensive. The Home Office offered the suggestion, which I accepted, that instead we should resort to the concept of reasonableness. That is a fairly standard process in law. A person would be guilty of impeding if he impeded without reasonable excuse. For example, a reasonable excuse would be that he did not realise that someone was an emergency worker. This change from the specific list to what I call the catch-all phrase was unanimously endorsed in Committee.

The Bill is relatively simple and straightforward. I hope there are now few areas where there is grave disagreement. The Bill that has evolved is better and clearer than the one that I originally proposed to the House, and I commend it to the House.

10.4 am

Richard Younger-Ross (Teignbridge) (LD): I congratulate the right hon. Member for Swansea, West (Mr. Williams) on the progress that he has made in steering his Bill to Third Reading. I agree with most of the sentiments that he expressed. The Bill will unquestionably make life easier and allow prosecutions for hindrance of services.

In reply to two of the points that were raised, the air ambulance service is specifically covered under the Bill where it is operating at the request of the national health service. Where it is not operating in such circumstances, the position is unclear. Perhaps the Minister needs to address that. According to my reading of the Bill, mountain rescue services are not mentioned and therefore would not be covered by the Bill. Again, that is an omission that the Minister may wish to reflect on, in view of the powers that he is granted.

In his usual self-effacing way, the right hon. Member for Swansea, West said the Bill is far better than it was when he started. In some ways, it is. All Bills improve through the Committee stage. Sadly, as we discussed in Committee, some important elements and opportunities have been missed by the Government and the Home Office, particularly the opportunity to put an assault on an emergency worker on the same level of seriousness as an assault on the police. That would have been in the original Bill and is in the legislation in Scotland. A Liberal Democrat amendment to the Scottish Bill which specifically included social workers engaged in child work or sectioning was accepted by the Labour party in Scotland. That was all removed from this Bill by the Government because they thought it was not compatible with English legislation. It was an argument that I understood but did not necessarily agree with.

We wish the Bill further progress and look forward to its being enacted and becoming law. I congratulate the right hon. Gentleman once again on pushing it forward.

10.7 am

Clive Efford (Eltham) (Lab): I add my congratulations to my right hon. Friend the Member for Swansea, West (Mr. Williams). He was kind enough to ask me to be a sponsor of the Bill, but with his experience of the procedures of the House, it was not the most onerous task to support his Bill as he is so capable of steering it through all its stages. It is no surprise that it has reached Third Reading this morning.

When my right hon. Friend moved Third Reading, he mentioned Eric Forth, my former constituency neighbour in Bromley, and the fact that he was fortunate enough to have Eric Forth's support for the intent of his Bill. I pay tribute to Eric Forth as a formidable opponent and a regular at our sittings on a Friday morning. My two Bills on environmental measures, which I fought for several years to get through the House, always fell on what became known as Eric Forth's killing fields for private Members' Bills. I had to sit silently as he eloquently talked them into oblivion. I am pleased to say that elements of one of my Bills have been resurrected in the legislation on home information packs, but sadly not with my name on them. None the less, Eric Forth was a formidable person who will be missed at our Friday morning debates.

It is surprising that we need to address the issue that is covered by the Bill. We have had emergency workers for many years and the problem is not new, but the Bill will be welcomed by those workers.

I understand that accident and emergency workers have been excluded from the Bill. It is arguable that in their daily work they frequently need immediately to respond to the needs of people who have been brought in for care and attention, and obstructing accident and emergency workers can have catastrophic consequences for people who need their attention. I accept that accident and emergency workers work in buildings and that they are often supported by security guards, but they face a great deal of aggression for no apparent reason. I have witnessed such behaviour when I have accompanied people to accident and emergency. The obstruction of such workers should be dealt with more severely, and the situation would be simplified if the Bill applied to them, too.

The Government's respect agenda, although not directly addressed by the Bill, is part of what the Bill seeks to achieve because it is better to prevent emergency workers from being obstructed or attacked while carrying out their duties in the first place. I commend the work of the Metropolitan police, the fire service and others to explain to young people the dangers posed by things that they do sometimes for a lark and the consequences for other people if they impede emergency workers. That approach includes explaining to young people the importance of the work done by emergency workers and the dangers to which emergency workers expose themselves in addition to the problem of their possibly being attacked. That helps young people to address antisocial behaviour in the wider community and gets them to understand the consequences of their actions for not only emergency workers, but people who need emergency services.

Dan Norris: Does my hon. Friend accept that although the Bill is welcome and positive in many respects, other aspects of Government legislation are making a huge difference to, for example, the number of assaults experienced by NHS staff? The number of assaults against nurses has drastically reduced in recent years because of other aspects of Government business.

Clive Efford: I am grateful for that intervention, but I will not pursue it, because I can see that Mr. Deputy Speaker thinks that that would stray too far from the Bill. Nevertheless, we need to address the antisocial behaviour that has made this Bill necessary. The Government are addressing that point through the respect agenda, which has my full support. I commend the work that has been done, but I believe that we need to invest more money to minimise the number of times that the Bill is used to protect emergency workers.

Mr. Kidney: I agree with my hon. Friend that education is important in preventing the obstruction of emergency workers. Does he agree that it is still important for Parliament to pass this law, which sends a message to young people that the matter is so serious that there is a specific offence of obstructing emergency workers?

Clive Efford: Yes; the Bill is necessary. As I have said, it is surprising that the gap in the law still exists and that we still need to simplify the law regarding firefighters. Although existing measures can be used against those who obstruct firefighters, the Bill simplifies the procedure and, as my right hon. Friend the Member for Swansea, West has said, covers other emergency workers, such as ambulance workers—I am surprised that they have not included before—and coastguards.

The Bill is necessary, and the emergency workers and public sector workers whom it covers will welcome it. As has been said in this House on numerous occasions, emergency workers risk their well-being when they attend emergencies and protect the public. They do an enormous amount of good work in our local communities, and they deserve the cover of the Bill if they are impeded in doing so. Once again, I congratulate my right hon. Friend the Member for Swansea, West on successfully piloting the Bill through the House.

10.16 pm

Barbara Keeley (Worsley) (Lab): I spoke in the debate in March, and I am delighted by the Bill's progress. I congratulate my right hon. Friend the Member for Swansea, West (Mr. Williams) on his work on this important Bill.

I support the Bill, because unfortunately Greater Manchester has one of the worst records for assaults and attacks on firefighters. My right hon. Friend the Member for Swansea, West has already referred to the fact that about 200 assaults a year are recorded on our fire services, which is a record that we want to lose. Although hon. Members would be concerned by an assault on any emergency worker, we know that the greatest number of assaults are directed at the police, firefighters and prison officers.

I want to praise the role played by the *Manchester Evening News* and its reporter, Neal Keeling, in highlighting the scale of the problem faced by firefighters in Greater Manchester. That newspaper has run an effective campaign to highlight the issue as the Bill has progressed through Parliament, although it is sad to say that there is still a need for such reporting in my area.

Today, we have had good news about the success of the recent knife amnesty run by the Home Office, because it is necessary in the fight against crime to reduce the number of knives on the streets. In a recent disturbing case, a teenager from my constituency was convicted of using a knife against a firefighter, who was trying to tackle a blaze, which shows the context in which our emergency workers are trying to do their jobs. The incident began with a scenario mentioned by my right hon. Friend the Member for Swansea, West, in which a group of youths were shouting abuse at a fire crew and taking items from the fire engine. As an officer went to help his colleagues deal with the yobs, he was confronted by a youth on a bike. The court was told that the youth said, "Shall I hold him down while you cut him up?" The youth then said to the firefighter, "You've got an axe, but I've got one of these", at which point he brandished a bladed weapon. We can all imagine how shocked the firefighter was to be confronted by a youth who was brandishing a bladed weapon. He told the police who assisted with the incident that he joined the service to protect the public, not to be threatened by them.

That incident occurred very recently and the prosecution was only a couple of weeks ago.

Dr. Brian Iddon (Bolton, South-East) (Lab): I wonder whether my hon. Friend is aware, as a parliamentary neighbour of mine, of the excellent work that the emergency services—all of them—undertake in Bolton through a programme called "Crucial Crew"? Emergency set-ups are staged in a large building. All the emergency services are in attendance. Primary school children go through each of the scenarios. The aim is to try to impress upon them how important it is to observe decency when emergency workers are attending various incidents. Perhaps in that way we can inhibit some young people from becoming hooligans in future and thereby cure the problem that the Bill is intended to target.

Barbara Keeley: I thank my hon. Friend for that intervention. I think that he is absolutely right. I was a councillor for a number of years and was aware of such initiatives, which do a great deal of good.

I am here to support the Bill because the incident to which I have referred was much more serious than verbally abusing fire crews or throwing things at them. I find it shameful that one of my constituents did what I have described to a firefighter. I feel badly about that for the fire crew. There is a case for saying that we must start with people when they are at a very young age. The young man I mentioned was convicted and, rightly, received a 12-month sentence for an appalling incident. He was 17 and a half years old. It is serious when someone gets to that age and, unbelievably, thinks that it is acceptable or a jape to brandish a weapon at a firefighter who was doing his job and trying to protect the local community.

The chief fire officer for Greater Manchester and Councillor Fred Walker, who is the chair of the Greater Manchester fire authority, are concerned. They have told me that they want Members to hear about the incident to which I have referred so that we can understand the threat that fire crews face daily. It must be shocking and difficult for someone to return to work the next day, or even the same week, when they have been the victim of such a severe incident. We need the Bill because of that threat.

Michael Gove (Surrey Heath) (Con): The hon. Lady rightly draws attention to a horrific incident. I have every sympathy with the firefighters in her constituency. She must be aware that the Government have deleted the specific provisions that the right hon. Member for Swansea, West (Mr. Williams) wants to cover assault and to ensure that it is an aggravated offence.

Barbara Keeley: Indeed. We are trying in this debate to highlight various issues. A plethora of things can be done and are being done to deal with these issues. As I said, the young person who committed the offence that I have described is already in prison. He received a sentence of 12 months, and rightly so.

Further to what my hon. Friend the Member for Bolton, South-East (Dr. Iddon) said, incidents can involve youths as young as eight or nine years of age. Perhaps that is where our attention should be focused. We must start to explain to young people the seriousness of the job that emergency workers undertake. We must get them to understand how vital that work is and that it should not be impeded in any way. Barry Dixon, the chief fire officer, feels that it is important that magistrates use the powers that they already have to deal with such wrongdoing so that young people do not carry on with abuse and assaults on fire crews.

As I said on Second Reading, community penalties might be appropriate for the incidents that we are discussing. My hon. Friend the Member for Eltham (Clive Efford) talked about the respect agenda and the great work that is being done by the police and fire officers to engage with young people. That is an important example of what can be done.

The Prince's Trust and the fire service run joint schemes in my area. The young firefighters scheme is probably similar to the "Crucial Crew" programme that my hon. Friend the Member for Bolton, South-East mentioned. I know that firefighters attend a great variety of community events to talk about fire hazards and to show off their equipment, which helps to develop relationships with young people in the community. More than anything, given all the work that my right hon. Friend the Member for Swansea, West has been doing, we need to have the Bill on the statute book so as to add to the respect agenda, the good community work that is being done and the penalties that are available. We need to keep on highlighting the message to magistrates that they should be as firm as they can be, and use all the powers at their disposal, to stop young people developing the tendency to abuse and then later, possibly, to assault firefighters.

The situation is still as serious as it ever was. The Bill is as necessary as it ever was. I further congratulate the people whom I have mentioned, who alongside my right hon. Friend have been highlighting the matters that we are discussing. I have already referred to the *Manchester Evening News* and the report by Neal Keeling. Barry Dixon has undertaken a great deal of work and should be commended for so doing, as has Councillor Fred Walker. I know that that team of people will be delighted to see the Bill enacted. Again, I congratulate my right hon. Friend the Member for Swansea, West on introducing it.

10.26 am

Lynda Waltho (Stourbridge) (Lab): I congratulate my right hon. Friend the Member for Swansea, West (Mr. Williams) on his Bill, which is both timely and much needed. Its purpose is to deal with a genuine and urgent problem.

During previous deliberations, we heard statistics relating to offences against emergency workers, including actual assaults. The situation is improving in some sectors, such as the NHS, since the introduction of programmes such as conflict resolution training and the determination of the NHS to protect its staff by prosecuting offenders. There were about 37,000 assaults in 2003 and the numbers went down to about 11,000 in 2004-05. Those figures relate to acute hospitals. New orders, such as acceptable behaviour orders, are assisting generally, but there is still a job to be done to prevent incidents. That is where the Bill will do its job. We must get in earlier, as it were. The news that the Government are supporting the new offence of obstructing an emergency worker in responding to an emergency will help to plug the gap and further diminish the number of incidents involving emergency workers. It will give them the same respect and protection in law as that which is accorded to our police force.

I was speaking to my local ambulance personnel recently. They were keen that I and my hon. Friends should support the Bill. That is why I am here instead of opening fêtes and fairs, the number of which seems to be growing exponentially in my constituency. It is important that I make sure that the Bill goes forward so as to assist ambulance personnel and others in their work. I am proud to be in the Chamber to support the Bill.

The obstruction of emergency workers responding to emergencies is a heinous crime that at best is irritating and troublesome and at worst potentially life threatening. The consequent danger and damage to the person awaiting emergency assistance can be devastating. I am pleased that the Bill defines emergency workers as firefighters and those transporting blood, organs and medical equipment, as well as coastguards and lifeboat crews. It is especially welcome that it covers all ambulance workers, including those working in air ambulances, volunteers and those working under contract to the health service.

I am especially concerned about the safety of those in our ambulance service and paramedics, whom I consider the unsung infantry of the NHS. I am therefore particularly pleased that the protection contained in the Bill is extended to them in clause 1(2)(c). They work in extremely stressful and sometimes dangerous circumstances. They are on the scene of an accident from the start and they use their skills to save lives. We should also have pride in them and they deserve not only our gratitude and respect, but our protection. They should be protected from harm and from obstruction in going about their duties, and they should have support in law.

Barbara Keeley: My hon. Friend is being characteristically modest in that she is not revealing what a number of us know: she has spent a great deal of time working with emergency crews out on their shifts. Having spent hours overnight with them in her own time at weekends and during summer breaks, she knows about these matters at first hand. I commend her for doing that, and I hope to take it up.

Lynda Waltho: I thank my hon. Friend for those comments. I had hoped to get on to that point, although I was not going to be quite as obvious. Part of what I intended to do as an MP was to get out and about, particularly with public service workers. I am a former teacher, but teaching was probably not as

[Lynda Waltho]

dangerous—at least it did not feel as dangerous—as some of the situations I have been in since I started going out on duty with police crews and the ambulance service. I believe that doing that should be part of my role as an MP.

I recently worked a night shift with an ambulance crew from Stourbridge station, which is an experience that I recommend to all parliamentary colleagues. Experiencing situations is very different from reading about them, or even from hearing first-hand stories. That experience has served to deepen my respect for the ambulance service and its personnel. I hope that it might also have deepened their respect for Members of Parliament, but we shall have to wait and see about that. *[Interruption.]* I hope that it might at least have deepened that crew's respect for their own MP.

That night shift began at 9 pm and finished at 6 am. I do not think that anybody expected me to work the whole shift, so I think I got brownie points for doing so. Apart from one rest break at about 3 am, the crew work solidly for the duration, going from call to call and either tending to patients on site or, in some cases, taking them to hospital. At all times during that shift, they were constantly on guard, constantly concentrating and working together with almost unseen communication between them. The whole process was very uplifting.

We attended a variety of cases, including a cut head at the local swimming baths, a road traffic accident, alcohol-related incidents, a suspected heart attack, a young woman with severe abdominal pains, a distressed and disturbed patient in need of assistance, and the rescue—I do call it a rescue—and treatment of two young men who were the victims of a group attack. That attack underlined to me how helpful a Bill such as this could be.

We were returning to hospital with a patient from one of the other incidents that I have mentioned, when the paramedic who was driving noticed a man by the roadside whom he believed to be receiving cardiopulmonary resuscitation—CPR. He called in the incident immediately, which is the right procedure, but he also took an immediate decision to divert our ambulance to it to assist. Upon parking it became clear that the incident was quite different from how it had first appeared. The young man on the floor was in fact being attacked, and his friend, whom my colleague—if I can use that description—from the crew had initially thought was giving CPR, was actually protecting him from further blows.

Both paramedics attempted to calm the situation and to assist both young men under attack. They managed to negotiate successfully, through a highly charged situation, and the young men were then attended to, and the badly injured patient on the floor was carried into the ambulance. However, while that was happening, two bystanders who had not previously been involved in the incident, attempted to prevent it by barring the way to the injured party and then hitting out at one of the paramedics as the injured man was lifted into the ambulance. Local police arrived within two minutes of the call to them having been made, and the situation calmed. But in those two minutes, when lives could have been lost and immediate assessments and quick judgment were needed, the professionalism and dedication of my two colleagues shone through. Of course, that was a one-off experience for me, but men and women such as my two Stourbridge paramedics face such situations day in, day out, night in, night out. That incident brought home to me that inadequate protection is sometimes afforded to such excellent professionals.

I also welcome the provision in clause 3 that allows a person to be convicted for impeding an emergency worker "by action directed" at a vehicle used by an emergency worker, because of another unfortunate aspect of the incident I have described, which occurred as we began to drive back to the hospital with our injured patient and prior to the police establishing order in the fracas. At one point, two young men mounted the steps at the side of the driver's door and attempted to prevent our ambulance from moving away. The situation was unbelievably tense, but once again the calm and professional manner of my colleagues, and the way in which they handled the situation, enabled all of us to leave safely and to get the patient to hospital quickly.

The enacting of this legislation will underline our great respect for services such as the ambulance service, and it will also send a message to those who have less respect for them than us and to those who would try to frustrate their staff in their work. The decision to support the increase in the penalty for such behaviour to up to £5,000 will also serve to indicate to the wider public how seriously we regard such offences.

Members have mentioned other methods of getting this message out. I wish briefly to mention the work of the west midlands ambulance service, which runs an education programme throughout the midlands. It goes into schools and community groups to raise awareness of its work and to help to draw young people in particular closer to the service to encourage respect for its workers and appreciation of the role they play. When he speaks, will the Minister underline possible future plans to publicise and widen that educational role, which is very important?

Finally, I congratulate again my right hon. Friend the Member for Swansea, West on his success so far with this Bill, and I hope that colleagues from all parties will continue to support it in its latter stages.

10.38 am

Lyn Brown (West Ham) (Lab): I join my hon. Friends in congratulating the Father of the House on this Bill. If it is enacted, it will be a worthy addition to the statute book, as is recognised by the cross-party support that it has. The Bill has undoubtedly been improved as a result of the lively and constructive debates on it in this House, and it will play an important role in addressing the serious problem of the obstruction of our emergency services. The Bill addresses an increasingly important issue. I hope that Members will forgive me if I repeat some arguments that have already been made, but the need for the Bill is worth reinforcing again.

The British crime survey shows that fire and rescue service firefighters and officers, along with police officers and prison service officers and others defined in the Bill as being in the protective services, are the

people who are most at risk of experiencing violence and obstruction at work. Some 14 per cent. of workers in the occupational category report that they have experienced an incident of actual or threatened violence while working. The figure for the work force as a whole is 1.7 per cent., so there is a huge and outrageous difference. The former Office of the Deputy Prime Minister collected figures for England and Wales from 2004 at the request of the Chief Fire Officers Association. The stats show that there were almost 400 serious incidents in a nine-month period alone.

It is not only the number of incidents that is increasing, but their ferocity and seriousness. I am sure that most hon. Members in the Chamber know of at least a single incident that has occurred in their constituency or nearby that illustrates how serious the problem is becoming.

The Fire Brigades Union has published research showing that the instances of obstruction on UK fire crews runs at approximately 40 a week, and we understand that the problem may well be getting worse. I understand that the research is the first of its kind in the UK. The problem is also seriously underreported, so it is suggested that there could be as many as 120 incidents in one week. We believe that there is serious underreporting because only 18 of the 50 English and Welsh fire and rescue services responded to requests for information when the figures were being compiled. Only a third of the brigades thus added their numbers to the statistics that we have available.

Barbara Keeley: My hon. Friend raises a valuable point that was discussed substantially on Second Reading. I mentioned that the Greater Manchester fire authority has an apparently appalling record in respect of attacks on its firefighters and I am sure that I speak for Salford Members when I say that we want to lose that record. I have read the material about the situation and my hon. Friend is right that underreporting is a problem. Does she agree that we should send out the message that the job of recording attacks that is carried out by the Greater Manchester fire authority and police should be done by other fire authorities?

Lyn Brown: I thank my hon. Friend for her timely intervention and agree with her. I understand that the arrangements for reporting have been tightened and improved so that the data that we have will reflect better the situation as a whole. However, the Bill will enable firefighters and fire officers to appreciate the importance of collecting such data because they will realise that it might be possible to do something about the problem.

My hon. Friend told us earlier about an attack that occurred in her constituency. It seems clear to me that the young man who was involved in the incident was not committing a first offence because it would not have been the first time that he had seen emergency workers as a legitimate target to allow him to have some fun. My guess is that his behaviour had been escalating up to the age of 17. If the Bill had been in place, perhaps his behaviour could have been addressed when he was 10 or 14 years old. The Bill would have imposed penalties, and perhaps the dreadful incident in my hon. Friend's constituency could have been avoided. We need to nip things in the bud as early as possible and say that certain behaviour by members of our community is totally unacceptable. If we can do that early enough, we can hopefully prevent such incidents.

The FBU states that fire crews in some parts of the country are served a diet of bricks, bottles and missiles as they fight fires. In some cases, firefighters have been lured to an incident, ambushed and attacked, as my right hon. Friend the Member for Swansea, West (Mr. Williams) pointed out. Scaffolds have been thrown through the windows of emergency vehicles and crews have been attacked with concrete blocks. Bricks and bottles have been thrown, and crews and vehicles have been spat at.

Mr. David Anderson (Blaydon) (Lab): The serious problem that my hon. Friend describes is a long way away from young people acting out of order. Does she agree that instead of hugging a hoodie, we should perhaps hug a firefighter?

Lyn Brown: My hon. Friend gives me the opportunity to say that I have taken a leaf out of the book of the experiences of my hon. Friend the Member for Stourbridge (Lynda Waltho) over the past year. I have been out for an eight-hour shift with my local police force. I am in the midst of arranging a similar night out—if one can call it that—with my firefighters and ambulance crew. I look forward to seeing their experiences at first hand, although I am not sure that I will go as far as hugging them, unless, of course, they wish that to happen.

Dr. Iddon: My hon. Friends the Members for West Ham (Lyn Brown) and for Stourbridge (Lynda Waltho) sound like prime candidates for the police parliamentary scheme, which I have undertaken myself. I spent 30 days with the Greater Manchester police, so, like other hon. Members, I have seen it all. I strongly recommend the scheme to both my hon. Friends.

Lyn Brown: I am looking forward to taking part in the scheme. In fact, I have the papers on my desk as I speak. My only concern is that I might be expected to become fitter than I am. Once I have received clarification on that point, I will sign and submit the papers.

As I said, we unfortunately all know of incidents in our constituencies or neighbouring areas. I remember an incident that took place in a neighbouring constituency on a Guy Fawkes night when youths fired rockets at two firefighters as they responded to a call. Their injuries were so bad that they were both hospitalised.

At this juncture, it is useful to recall the words of the FBU's general secretary, Matt Wrack. He said in March this year that the union welcomed the Bill and the cross-party support for it because the

"number and ferocity of the attacks has been getting worse and there have been several attacks this week."

The Bill is thus central to firefighters' concerns about their working conditions.

I wanted to speak about the Bill because I received representations from my constituents to ensure that I supported it. I thus read the FBU website and paramedics' websites to find out what they said about

[Lyn Brown]

the Bill and people's experiences. It is clear that assault and abuse causes great concern because they take up many pages of those worthy websites.

As Matt Wrack said:

"If we can't do our job because of violent assaults then it is our communities which are being put at risk. We are the targets, but it is our communities which are deprived of an emergency response which are the victims."

He believes that the Bill must be part of a package of measures and that central to that package should be a wide range of educational measures to try to stop such attacks. The union is keen for statistics to be collected on such incidents. In some brigades, fire crews are being encouraged to record every single incident. However, as the union points out, the crews will be encouraged even more if they understand how the figures can be used.

The union also wants co-ordination and evaluation. I understand that various initiatives are being introduced throughout the country, including community-based projects with offenders and possible offenders. I know that we would all agree that there is a need for such initiatives to be properly monitored and evaluated nationally so that brigades can learn more quickly what works and what does not. Frankly, what works in one area will not necessarily work in another. We need to understand the nature of the problems in our own communities and find remedies suited to our particular needs.

The Fire Brigades Union has also accurately pointed out that the end result of the continuation of these incidents could well be the effective withdrawal or diminution of services from certain areas. Unless the problem is dealt with, we run the risk of depriving parts of the UK of access to the first-class emergency services that we have all come to expect and appreciate. After all, if we have to wait for the police to accompany an ambulance worker or a firefighter into a certain part of the country, it means waiting for two emergency services rather than one, which will slow down our ability to respond to incidents. That would be a real shame, and would mean that there would be a postcode impact on 999 services.

Anne Milton (Guildford) (Con): Does the hon. Lady agree that we have reached a truly appalling state of affairs when these attacks threaten services that are so badly needed? Does she have any ideas about how to stop them, or what provokes them? Is it something specific—men in uniform, for example—that provokes them?

Lyn Brown: Personally, I think it has something to do with the high adrenaline and excitement associated with a blue flashing light, and the attendant drama. It may be cultural thing, with emergency services arriving at a scene, leading to a rush of adrenaline, from which some young people, unfortunately, get a thrill.

Mike Gapes (Ilford, South) (Lab/Co-op): My father was a postman, but he did not often have the experiences that I understand certain people in the postal services have today. To take up the previous intervention, I think that there is something significant about uniforms as symbols of authority. A minority of people have made it impossible for the post to be delivered in certain localities. A minority of young boys see it as an opportunity to challenge symbols of authority. Clearly, although the Bill is important we also need other measures to deal with the problem of the socialisation of young men. We need to get them to accept that there are boundaries of acceptable behaviour, and that they should respect some symbols of authority.

Lyn Brown: My hon. Friend is right to say that we cannot view one Bill as a panacea for all ills. We need to look at the provision of youth services and what happens in our schools, to build a picture of the sorts of remedies that can begin to impact on this growing social ill. In my own West Ham constituency, the council has used the Olympic games and other sporting events as an effective way of galvanising interest in sport. It has spent about £1 million each year for the last three years on sporting services for young people, and as a result, 40 per cent. fewer young people appeared in the magistrates court for the first time. I hope that the House will congratulate the London borough of Newham on that particular achievement, and thank it for continuing to invest in such services.

Mike Gapes: I am grateful to my long-standing hon. Friend for giving way again. I believe that her council should also be congratulated on its fantastic campaign to regenerate the borough and on its victory in bringing the 2012 Olympics to Stratford in the borough of Newham, which I hope will be yet another measure of—

Mr. Deputy Speaker (Sir Michael Lord): Order. We are now straying a little wide of the mark.

Lyn Brown: It is a shame that I will not be able to respond to my hon. Friend by saying how grateful I am for his congratulations. Let us get back to the Bill.

Let us remember that the obstruction of emergency workers is not just a worrying and unwarranted assault on our hard-working and widely respected emergency workers. At worst, obstruction in an emergency can threaten people's lives. Obstruction of emergency workers is becoming more of a problem, and the Bill can help to deal with it.

I am reminded of a case in Hertford, which I read about just a few weeks ago. An angry motorist tried to move an ambulance that was blocking a road and assaulted a female medic who was treating a seriously ill patient. The incident happened on a Saturday afternoon, and it caused fury in the Bedfordshire and Hertfordshire ambulance and paramedic service.

The high dependency unit was called about 4 o'clock in the afternoon to help a patient with severe breathing difficulties. The patient was at home, so there was no option but to park in the road. The crew were assisting the patient into the back of the ambulance when the car pulled up. The driver could not get past, so he got out of his car, climbed into the ambulance and let the handbrake off so that it rolled back. A woman technician came out of the back of the ambulance and found a man in the ambulance attempting to move it. Being confronted, the man walked off. She asked him what he thought he

was doing, which I think is a fairly reasonable and measured response to such an incident. They exchanged words, and he slapped her round the head. Because of the delay, the patient's condition deteriorated to such an extent that they had to call the paramedics through. I understand that the police are investigating the incident but have yet to make any arrest.

Richard Younger-Ross: Does not that example support the view of Opposition Members that we should have kept the original wording of "aggravated assault"?

Lyn Brown: I suffer from the malady of not being a "learned" Member and find myself wishing that I had done a law degree, which would have been much more useful to me than literature—[HON. MEMBERS: "No!"] Well, we do need people who understand books as well. I understand that the reference to assault was taken out of the Bill because there is already sufficient remedy in English law to tackle that problem.

Barbara Keeley: I understand that the panel that advises on sentencing is consulting on sentencing for assaults and other violent offences, including the sort that we are talking about—the use of weapons, and when victims are serving the public, for example. I ask the Minister to pass on the concern of the House about this policy area because, on behalf of their communities, Members would like to see guidelines appropriate to the seriousness of the offences that we are dealing with.

Lyn Brown: I thank my hon. Friend. The Bill puts in statute a respect for emergency services and emergency service workers that may not hitherto have been established. I believe that it will incrementally change opinion, and the perception of those workers. It is a great pity that we need to do that, but when cases are brought to court and people are accused and tried for obstructing emergency crews, it may help to bring about a certain attitude on the part of the public, who may not have a natural respect for the authority and work of emergency services staff—

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): Will my hon. Friend give way?

Lyn Brown: Let me finish the sentence before I forget.

Mr. Nicholas Soames (Mid-Sussex) (Con): On a point of order, Mr. Deputy Speaker. I apologise to the hon. Lady for interrupting. Now that Israel has killed scores of civilians in its disproportionate, dangerous and destructive response to events in the middle east and is behaving more like a rogue state, and given that it is a serial offender against United Nations resolutions, have you received any notice that a Minister intends to come to the House to make a statement on Britain's response to the terrible unfolding tragedy and the dangerous situation in the middle east?

Mr. Deputy Speaker: I understand the hon. Gentleman's point. Clearly, the matter is very serious, but I have received no indication that the Government plan to make a statement—at least, not today.

Lyn Brown: I believe that I was about to give way to my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier).

Meg Hillier: I thank my hon. Friend for giving way, and for her eloquent speech. Does she agree that it is possible under current sentencing provision for the judge to take into account the fact that the victim is a public servant? A mechanism already exists in law, although we all agree that further work needs to be done on sentencing guidance.

Lyn Brown: That is my understanding of the position. As I said earlier, we need to create and enforce respect for people who work in difficult circumstances to serve the public. It is a pity that the measure is necessary, but it will be an added bonus on our statute book.

In April, a 999 crew were attacked just after 10 o'clock at night in Westburn road, Aberdeen. The ambulance was responding to an emergency call with sirens and blue lights activated when an object was thrown at its windscreen. It shattered the glass and badly shook up the paramedic who was driving. That was such an irresponsible act. It could have significantly injured the people in the ambulance and prevented the paramedics from getting to the scene to which they had been called. The paramedic was clearly dedicated, and continued to the emergency that had necessitated the 999 call and dealt with it. I am informed that paramedics have also been attacked in Grampian, but that was believed to be the first occasion on which an ambulance was attacked. In response to what the hon. Member for Teignbridge (Richard Younger-Ross) said, I am trying to emphasise that there is an escalation.

Michael Gove: The hon. Lady may not know it, but I had the great privilege of being brought up in Aberdeen, not far from Westburn road. In Scotland, legislation provides that assaults against emergency workers constitute an aggravated offence. She has drawn attention to an incident in Aberdeen that clearly requires exemplary action to be taken against the assailants. However, the same provisions do not apply south of the border. The hon. Member for Teignbridge (Richard Younger-Ross) made that point, but the hon. Lady persists in defending legislation that is, according to her own words, inadequate for the task.

Lyn Brown: Again, I am not a learned Member, but I understand that there is a difference between Scots law and English law. The provisions in Scots law were necessary to deal with a specific matter, but their incorporation into English law would create confusion. I am sure that the Minister will deal with that point later.

Richard Younger-Ross: The hon. Lady is generous in giving way. I am not a learned Member either—my background is in architecture—but is not the problem the fact that people who hit a policeman know that that is a serious offence, but that the general public do not view hitting an ambulance worker or member of a fire crew in the same way? Surely we should try to get young people to appreciate that hurting an emergency worker is the same as hurting a police officer, and would have the same repercussions.

Lyn Brown: I thank the hon. Gentleman for that intervention, but I can only give the same answer: I understand that incorporating provisions from Scots law into English law would create confusion rather than assist. I agree with his sentiments—people must know that when they attack our paramedics, firefighters and others who attempt to assist the public, the full force of the law will bear down on them and the crime will be perceived as serious.

Amendments in Committee were thoughtful and measured. Broadening the scope of the offence to include assaulting and impeding was sensible. I am pleased that the Government have announced that several measures will be introduced to complement the new law. Such attacks can be viewed as part of a bigger picture, and it is important to include them in the Government's general antisocial behaviour agenda. It must be made clear to people involved in such incidents that their behaviour is unacceptable. We must underline the fact that they are threatening lives, attacking brave, hard-working and committed public servants and depriving their communities of vital public services.

From the magnitude and frequency of the incidents, it would appear that some sort of national education campaign, co-ordinated with the emergency services, is required to change people's attitudes to such behaviour.

Mrs. Betty Williams: My hon. Friend has been most generous in giving way. Like other hon. Members, she has highlighted the seriousness of the situation and the need for this important Bill. However, does she agree that the examples that we have heard tend to under-represent the seriousness of the position? My hon. Friend the Member for Stourbridge (Lynda Waltho) spoke about how busy ambulance workers are, going from one emergency call to another, and there must be assaults that are not reported. We therefore underestimate the true scale of the situation and we need the Bill, which my right hon. Friend the Member for Swansea, West (Mr. Williams) is steering so carefully through Parliament.

Lyn Brown: My hon. Friend is right. There is gross under-reporting of incidents. I stress to Opposition Members who have intervened that the abuse and minor incidents go unreported, perhaps because there is no redress in law to deal with young people or other individuals who commit such acts. If there were such redress—which there soon will be, thanks to the diligence of my right hon. Friend the Member for Swansea, West—there would be a point in reporting the abuse, aggravation and obstruction. The reported figures will thus increase, but that will not mean that the number of incidents has increased. It will simply mean that people now have redress and a means of dealing with obstruction and petty violence—the small incidents that do not go to court and cannot currently be tackled.

Andrew Selous (South-West Bedfordshire) (Con): The hon. Lady has been generous in giving way and I am most grateful to her. She mentioned the need for a national education campaign. Does she agree that parents, perhaps especially fathers, play a crucial role? We must nip in the bud the sort of attitudes that we have been considering, and that must be done in people's homes, because children first learn behaviour from their parents.

Lyn Brown: I agree. There is nothing to add to the hon. Gentleman's eloquent intervention.

I sincerely hope that the incidents are happening through ignorance of their consequences rather than being malicious attacks on community services. The Bill will also help to underline the overwhelming public support for our emergency workers, and to reflect just how unacceptable attacks on hard-working law-abiding people are.

The Bill has avoided creating a range of different offences of assault applying to different groups of public servants. While I agree that any assault on public sector staff is abhorrent and to be condemned, tougher sentences for such assaults can be achieved through the Sentencing Guidelines Council. That would be preferable to risking muddying the waters with regard to the protection already offered by the law on assault, which is both universal and equal. The fact that the victim of an assault was serving the public is already taken into account by the courts when sentencing, and is regarded as a serious aggravating factor.

I am pleased that the Bill has seen fit to cover the full range of emergency workers who can conceivably be expected to respond to emergency situations, as my hon. Friend the Member for Worsley (Barbara Keeley) said. To restrict the legislation to emergency services that display a flashing blue light would be too prohibitive, and would, as has been stated at earlier stages, remove the protection provided by the Bill from a number of vital parts of our emergency services. I also accept the need for the provision allowing the Secretary of State to modify the legislation to allow further categories of emergency worker to be included under its protection.

The Bill has benefited from constructive debates, and constructive amendments in Committee, and will prove to be effective. It is a clear and comprehensive Bill, and fills an important gap in our legislation. I therefore commend it to the House.

11.11 am

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): It gives me great pleasure to follow a number of eloquent hon. Members in the debate. As a new Member of the House, I am learning from the Father of the House, my right hon. Friend the Member for Swansea, West (Mr. Williams), whose brevity, eloquence and commitment to his Bill provide a model that I hope to pursue in my parliamentary career—which might not be as long as his, but which will, I hope, be at least as distinguished.

The hon. Member for Teignbridge (Richard Younger-Ross) raised the issue of air and mountain rescue services being included in the provisions. I am glad that the Bill offers the Secretary of State the opportunity to add categories of people to the list of emergency workers, or to delete them. I am sure that the Minister was listening to what was said about that. I want to comment later on emergency services other than those that have taken up the main part of our debate.

I agree with my hon. Friend the Member for Eltham (Clive Efford), who is no longer in his place—

Clive Efford: Yes, he is.

Meg Hillier: My apologies. He has moved places, just to confuse me.

My hon. Friend talked about the Government's respect agenda. Throughout the debate, there has been an undercurrent of comments about the lack of respect that such attacks demonstrate. They illustrate a lack of respect from young people and adults towards the vital services that emergency workers provide to us all. The Government's respect agenda and the provisions of the Bill meet up in a very helpful way in that regard.

My hon. Friends the Members for Worsley (Barbara Keeley) and for Stourbridge (Lynda Waltho) highlighted horrific examples of the problems that some emergency workers face. I want to place on record the fact that I have now been inspired to go out with emergency workers in Hackney. As my hon. Friend the Member for Stourbridge said, there is nothing like doing it if we want to learn at first hand the difficulties that emergency workers face. My hon. Friend's indignation highlighted the points that she raised, and I congratulate her on one of the most eloquent speeches that I have heard her make in the House.

My hon. Friend the Member for Hendon (Mr. Dismore) is not in the Chamber today, but my hon. Friend the Member for West Ham (Lyn Brown) paid homage to his skills as an orator in the House on these sitting Fridays. I commend her particularly for her eloquence and statistical knowledge, and for the research that she has done on this important issue. I will not go into the issue of the Olympics in Newham, but she will realise that I mention it in passing because they will be taking place in Hackney as well.

We are here to discuss the Emergency Workers (Obstruction) Bill. It is an important Bill, because our emergency workers are the backbone of a decent and caring society. The citizens of a well-run country with a responsive and effective Government expect proper and appropriate action to be taken in an emergency or crisis. They should receive such action, and we should do all that we can to prevent anything from hindering it. That is what the Bill is all about. It underlines and reinforces the totally legitimate expectation of British citizens that emergency workers will be able to carry out their duties and serve the public without fear of obstruction.

We have focused on the police, fire and ambulance services today. I am glad, however, that the Bill also covers voluntary organisations and other agencies that work on behalf of the state. These include organisations such as St. John Ambulance, and the mountain rescue teams that provide such great service in remote parts of our islands to rescue people in difficulty. No one has yet mentioned the lifeboat crews, who voluntarily do a great deal in their free time to rescue people in difficulty at sea. Speaking as a former merchant seawoman, I feel strongly about safety at sea, and it is vital that the work of the Royal National Lifeboat Institution should be recognised in our debate today.

The offence of assaulting a police officer already exists, as hon. Members have mentioned. It carries a maximum penalty of six months in prison, as does common assault. The criminal law includes a range of powers and penalties to protect individuals from violent behaviour. Perhaps the lawyers in the House will criticise me for saying this, but I am not too concerned about the difference. My concern is the outcome. If someone is prevented from doing their job—be they a police officer, a firefighter, an ambulance worker or any of the other emergency workers that we have mentioned—the sentence must be proportionate to the crime. Sentencing guidelines allow the courts to take into account that the person involved is a public sector worker. The Bill will reinforce and underline that, by creating a separate offence.

Richard Younger-Ross: The hon. Lady mentioned St. John Ambulance. A St. John Ambulance crew attended a carnival in Chudleigh in my constituency recently, to provide first aid services. Is she aware that, if someone tried to prevent those crew members from doing that job, it would not be an offence under the provisions of the Bill? The legislation would kick in only for an ambulance capable of carrying out blue-light duties responding to a blue-light incident.

Meg Hillier: I am indeed aware of that distinction. I am sure that the Minister will go into this in more detail in his response. It is important to implement law that it is possible to deliver, and by drawing the provisions narrowly, as my right hon. Friend the Member for Swansea, West has done, it is possible to be clear about exactly when the law will kick in. Difficulties could result if the Bill had a very wide remit. However, it could represent the first step towards further changes. We often see law being introduced incrementally. As one part proves successful, other elements are added to it. The Bill contains a degree of discretion, in that the Secretary of State may add further categories of worker. It does not allow for other situations to be added, but who is to say that that could not be changed in the future?

Richard Younger-Ross: The hon. Lady refers to making clear what the provisions cover. I am not an hon. and learned Member, and perhaps I am being a bit slow, but I would have thought that it was very clear to say that if someone obstructs a St. John Ambulance crew who are in uniform at an event, they are committing an offence. To say that it is an offence to obstruct emergency workers at certain times when they are responding to certain incidents is actually unclear.

Meg Hillier: We are becoming involved in definitions now. It is a question of whether St. John Ambulance, for instance, is attending on behalf of the public service, which will often not be the case. I may not be best qualified to comment on such questions, but the Minister may be able to clarify the position. The hon. Member for Teignbridge may not be hon. and learned, but he is certainly au fait with parts of the law with which I, as a new Member, am less familiar.

As I have said, the sentencing guidelines allow sentences for attacks on public servants to be weighted. I hope that the Sentencing Advisory Panel's recent consultation on sentencing for violent crimes against the person will produce some sensible proposals. Perhaps the Minister could give us a tantalising glimpse of anything that may have emerged from that consultation, which was wide-ranging and to which a number of interesting contributions were made. That might reassure Members, including me, that some of the points we have raised could be dealt with in that way rather than by the Bill.

[Meg Hillier]

My hon. Friend the Member for Eltham spoke of young people larking around, and impeding emergency workers. As he and others have pointed out, education is an important way of tackling that kind of obstruction. I also agree with what was said by my hon. Friend the Member for Ilford, South (Mike Gapes).

I want to say something about the work of the London fire service. I am particularly impressed by what Graham Howgate, the Hackney borough commander, has done in collaboration with the Shoreditch service. They have been working with fire cadets. Young people are chosen for the scheme because they are likely to become criminals if they are not channelled in the right direction at a particular time. They may commit a crime if they are not given support, and this excellent scheme provides them with that support. It gives them a sense of purpose, and educates them about the work of the fire service. The results have been good so far, and I wonder why the scheme has not been adopted more widely. Although such matters are not in the Minister's remit, I hope he will take up that question with Ministers in other Departments.

Since the creation of a borough command unit in Hackney, some interesting collaborative work has been done, thanks largely to Valerie Shawcross, chair of the London fire authority. Although largely unsung, her achievement has been significant.

One of the first things that Commander Howgate and his team observed was that a number of fires are started in abandoned cars. They would often have to deal with such fires, and clear up the mess. Such fires were frequently started by young people in particular spots in Hackney, but happily the problem has now been solved. Cars are removed much more quickly, because the fire service mapped the incidence of the attacks. It was realised that if the cars were removed, there would be less arson, less antisocial behaviour and fewer opportunities for young people to impede emergency workers in connection with their crimes.

Although the Bill is welcome, the low-level obstruction that Members have mentioned is also important. The Hackney firefighters repeatedly find that equipment is stolen from their fire engines when they are out on a job. They themselves may not be impeded, but bolt cutters—which are particularly popular—and other emergency equipment are often stolen as trophies. Lack of respect for public services is a crucial part of what the Bill attempts to tackle. It deals with the worst elements, but we and, in particular, the Government, have a responsibility to consider a number of possible solutions.

I was disturbed by the example given by my hon. Friend the Member for West Ham, which involved an adult. We should bear it in mind that young people do not always cause these problems, although we tend to focus on them. The hon. Member for Surrey Heath (Michael Gove) is smiling, because of course he wants to hug the hoodies, but not all young people are bad, whether they wear hoodies or not.

The Bill sends out an important signal about the seriousness of impeding emergency workers. Members may have heard of a project called "Prison? Me? No way!". It is run by an educational trust set up by prison officers, which visits secondary school across the country to demonstrate the reality of prison to young people. There is a mock-up of a cell on the back of a lorry, and young people are locked into it. Prison officers drill the young people in teams, and explain to them clearly what the prison regime means. In combination with such educational initiatives, the Bill should help young people to realise gradually that if they commit the offences that we have heard about today, they could end up in prison. Organisations such as the one that I have described are there to remind them that that is a very undesirable consequence of such action.

The Bill obviously focuses on the criminal act of impeding emergency workers, but the services themselves have acted both to protect their staff and, crucially, to encourage them to report incidents. As we heard from my hon. Friend the Member for Worsley, Greater Manchester is ahead of the game because of the particular problems that it has experienced. Various initiatives have been launched, including the placing of video cameras in the cabs of appliances so that offenders can be identified. I know that one of the Opposition parties has persistently resisted the installation of CCTV. I do not know whether the hon. Member for Teignbridge wants to tell us now whether he supports the move to put video cameras in cabs. It appears that he does not wish to take me up on that, but it may be a subject for another debate.

As we heard earlier, in Northern Ireland support is already given to firefighters along the lines suggested in the Bill, but the Bill will apply to ambulance workers and coastguards there. It is important to recognise that it will not apply only to England.

Although the Bill mainly concerns ambulance workers, we should bear in mind the implications for other public service workers, notably in the national health service. Early indications suggest that 71 per cent. of staff trained in the NHS to deal with potentially aggressive and violent incidents believe that they have the necessary skills to do so, compared with only 29 per cent. before the training. We must not sit back and assume that the Bill alone will solve the problem. I am sure none of my hon. Friends is doing that. We may try to initiate further debates in the House to discuss other ways of protecting emergency workers. The law is an important tool, but it is not the only one.

The NHS, supported by the British Medical Association, Unison and the Royal College of Nursing, has produced posters reminding would-be offenders of the tough penalties that they could incur. I hope that public information campaigns will stress the reality that the Bill is law, and that people may, in the most serious cases, be sent to prison.

Several of us have mentioned young people and antisocial behaviour. What is needed is proper youth work, and I am glad that the Government have provided more money for the purpose. In my borough of Hackney, nearly £1 million extra will be spent on youth work this year. We pay attention to the respect agenda, and aim to tackle antisocial behaviour at all levels, nipping it in the bud. As my hon. Friend the Member for West Ham said, it must come to be seen as absolutely unacceptable.

The decent folk whom I meet on doorsteps nearly every week want to lead peaceful lives. They do not want their emergency workers to be impeded. Low-level activity escalates quickly if it is not challenged,

and we must challenge it. Sport, including competitive sport, is an important way of channelling young people's energies in the right direction, as is education. I will cite one example from a visit to Mossbourne city academy on the edge of my constituency. I talked to children and staff at the school, and asked one child what he liked about the school. He said that he liked the discipline. I was surprised that a 12-year-old said that, as one does not tend to think of that as a top desire of a child of that age.

Michael Gove: Young Conservative.

Meg Hillier: I would not want to comment on how the hon. Gentleman brings up his children.

I was puzzled by what the child said, so I asked him what he meant. He said that the discipline meant that he could get on and do his work, concentrate and not be messed around. He was not a top achiever but a child who wanted to learn and have a disciplined framework in school. Children stay late and come at weekends to work at that school, because they find it a quiet and calm environment. In that regard, the Government's agenda of extended education also helps to generate respect. Children want a framework of stability, and the Bill will help to achieve that.

I want to end on one incident from my experience as a teenager. I was sailing with my older brother, who had offered to take me out off the Isle of Wight. I was not an experienced sailor, but I thought that it would be exciting, which it was until we capsized in the middle of the Solent. I was cold, shivering and scared. I give credit to my older brother, who did everything that he needed to do and whom I trusted, but I was young and scared. Who came to our rescue? It was the coastguard. Had they not been there, I do not know whether I would be here today. There were there, however, and they were not impeded. Nobody tried to stop them getting to me, and they rescued me. For that, I am ever grateful.

I congratulate my right hon. Friend the Member for Swansea, West on introducing this important Bill and adding a further protection to our emergency workers in the course of their duties in protecting the public of this country.

11.31 am

Mr. David Kidney (Stafford) (Lab): It is a pleasure to follow my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier). I add my voice to all those who have praised my right hon. Friend the Member for Swansea, West (Mr. Williams) and congratulate him on successfully steering his Bill through all its stages. The signs are encouraging that it will also pass today's stage.

I supported the Bill on Second Reading, and I am pleased to do so again today. On that earlier occasion, my right hon. Friend the Member for Swansea, West explained his reason for adjusting the focus of his Bill. He made a good decision. In its new form, the Bill is positioned between those cases that involve no offence having been committed and those more serious cases involving assaults on emergency workers, which can attract serious sentences of imprisonment, as we heard earlier. An offence of obstructing an emergency worker in the execution of his or her duty is a valuable addition, as, for a long time, there has been such an offence to protect police officers from being obstructed in the execution of their duties.

Some people might therefore think that the Bill is quite narrow, but I hope to show that its application is broad. People might be pleasantly surprised at what a valuable tool the Bill will be to emergency services in adopting policies of zero tolerance to such behaviour, and to the prosecuting authorities—the police and the Crown Prosecution Service—in enforcing the law. The Bill extends the same protection from obstruction enjoyed by the police to the other blue light services, but applies more widely than to the blue light services alone. I am pleased that my right hon. Friend has secured a provision in the Bill for the protection to be extended later to other emergency workers. I congratulate him on ensuring that the Bill protects emergency workers from obstruction at every stage of their response to an emergency, which is important.

Some Members have asked about the Bill's application to mountain rescue workers, and I think that I agree with the hon. Member for Surrey Heath (Michael Gove) that they do not attract protection under the Bill as drafted. Like him, I examined the provision about air ambulance services, which are provided at the request of a national health service body. That would not extend to mountain rescue services, such as those launched from RAF Stafford in my constituency, which rescue people lost on mountains in Wales. Clause 1(2)(f)(ii) extends protection to

"any other person or organisation operating a vessel for the purpose of providing a rescue service".

I am pretty sure that that the definition of "vessel" would restrict the protection to ships on the sea, and would not include vessels that carry people through the air. If I am wrong, of course, the provision would be wide enough to protect those engaged in mountain rescue services. If not, although, as my right hon. Friend said in his speech, it is too late now to amend the Bill further, I urge the Minister to consider making use of the power in clause 5 to extend the protection to other groups, to make sure that the crew of aircraft who are engaged in saving and rescuing people are also protected.

I am pleased that protection is extended to fire and rescue service workers. In Staffordshire, horrendous news reports appear from time to time about obstruction and assaults on fire and rescue workers. Happily, such occurrences are few and far between. I hasten to add that the Bill is not intended to deal with hoax calls, which are a much more prevalent nuisance to fire and rescue service workers. In relation to fire and rescue service work, a specific offence already exists for hoax calls, which prevent people from doing their job and saving lives when necessary.

Fire and rescue service workers are usually enormously popular, which is why those who obstruct and assault them are such a small minority. At the time of the last national pay strike, however, there was a little ill feeling in some areas of Staffordshire towards fire and rescue service workers. Unchecked, that could have become the kind of behaviour about which we have heard today. Even before that strike began, however, Staffordshire fire and rescue service had embarked on a community fire safety strategy, which, once the strike was out of the

[Mr. David Kidney]

way, applied fully. That involved a widespread campaign to issue householders with smoke alarms and, as other Members have described, of fire and rescue service officers meeting young people and families in schools and more informal settings such as school and garden fetes, to explain their work. That has ensured that fire crews get much earlier notice of a fire, so that they can respond to it more quickly, and that there is less chance of people wanting to obstruct them, as they understand the importance of the job.

The happy ending to the story in Staffordshire is that, as a result of that community fire safety strategy, the number of deaths in fires has dropped dramatically. That fall has been long-lasting, which is a tribute to the workers who have committed themselves to go into communities, meet people and persuade them to protect their property and lives with smoke alarms and to understand the importance of fire workers and not getting in their way.

Having mentioned the national pay strike, I hope that it will be a long time before we see green goddesses back on our streets. The Bill, however, has the foresight to extend to members of the armed forces who carry out the duties of firefighters the same protection from obstruction as fire and rescue service workers. That is important, albeit that none of us wishes to see the provision apply, as we would prefer the Army, Navy and Royal Air Force to continue their normal duties and not have to protect us from fire as well.

I am pleased that the Bill protects crew members of the third of the emergency services—the ambulance service. Hon. Members might know that Staffordshire has the best-performing ambulance service in the country. That is no mere puff or boast; anyone who studies the statistics will see that, year after year, Staffordshire ambulance service massively outperforms any other in the country in its response times and the number of lives saved as a result. There is a secret to our success. Our ambulance service has tried desperately for many years to explain it to other services and to persuade them to adopt the same standards, but sadly too few have followed so far, although I know that it has been on the Government's agenda since their policy statement last year to persuade other services to go the same way.

As a footnote I should add, if you will permit me, Mr. Deputy Speaker, that during the recent large ambulance service mergers we successfully argued that Staffordshire ambulance service should stay out of a west midlands service precisely because our standards are so much higher than others. There was concern that the standards of a very good ambulance service might in the course of a merger fall, by however small a degree, and that that would harm the public of Staffordshire.

I mention that because, although we have the best-performing service in the country and all residents of Staffordshire know that, we still face the problem of a minority of people obstructing, assaulting and threatening ambulance service crews as they go about their duties. There was a horrendous report last year of an ambulance crew member being badly assaulted and seriously injured.

It might be a coincidence, but Staffordshire ambulance service recently issued—on 6 July—its own press release saying that it has

"a robust policy of zero tolerance toward any alleged verbal or violent behaviour"

aimed at its crews. The release says:

"This Ambulance Trust appeal to the Community to help change the apparent attitudes developing in society that seems to say it's ok to behave in such a way."

I would add that, if such societal attitudes develop and embed in behaviour, just as the violence and abuse referred to in the release would worsen, so would obstruction of ambulance crews, which would be highly undesirable.

As I mentioned in an intervention, the Bill is important in the education process for which many hon. Members have called as part of the response to the problem. It is important that we send the message that we think that this is such an important issue that we are creating a specific offence of obstructing emergency workers. We do not wish to send mixed messages—that the matter is important but we are not doing anything to face up to it.

My right hon. Friend gave an assurance that the Bill extends more widely than to employees of ambulance services. There has been some debate about whether that means voluntary workers such as St. John Ambulance, but I want to mention another group of people who are extremely significant in Staffordshire and other rural ambulance services: community first-responders. There is a strong association of community first-responders around the country. They are remarkable people who voluntarily undergo training by paid ambulance service workers and stand ready in their isolated localities and communities to receive calls to attend the scenes of serious incidents. Very often, because they are in isolated locations, they are first on the scene, before the ambulance crew arrives in response to the 999 call. I stress that they are volunteers who attend in their own time and who have the skills to deal with however horrific a situation they find when they reach their destination, where they help of their free will keeping people safe and alive until the professional crew arrives.

I also welcome the fact that the Bill extends to the air ambulance service. I tried to think in what ways people in helicopters might be obstructed in carrying out their duties and saving lives. The most obvious situation is somebody obstructing the landing of a helicopter that is picking up someone who is seriously injured in order to take them to hospital. Therefore, there is a point to that provision.

I shall not take up time dealing with the other groups of people who attract the Bill's protection, but I should like to mention the case of staff who are transporting organs from one hospital to another in order to save a live in a transplant operation or delivering much needed blood that is required for a serious operation. They are clearly carrying out highly time-sensitive work, and obstructing them in the course of their duties could have serious consequences. It is right that they attract the protection of the Bill.

My hon. Friend the Member for Hackney, South and Shoreditch mentioned protection for those who are willing to put out to sea to save lives. There is no coast in my constituency; we are a long way from the coast in

every direction, but as my hon. Friend pointed out, people travel to the seaside and might get into danger. Conceivably, that could be any resident of my constituency. It is therefore pleasing to know that the protection of the law extends to people doing such important work.

I said that clause 1(3) is sensibly wide, covering all the emergency operation: the journey to the scene of the incident, the preparatory work at the scene and the time spent giving help at the scene. The entire process is covered by the Bill and protects those doing such work.

Subsection (4) contains a comprehensive definition of emergency circumstances. I am particularly pleased that it extends to cases involving mental illness, which are so easily overlooked. It is interesting to note the protection offered concerning serious harm to the environment. I think instantly of the great expanse of beauty in my constituency in Cannock Chase, where there are numerous sites of special scientific interest and an area of outstanding natural beauty, which during the summer months are at serious risk of an outbreak of fire. Somebody obstructing the fire services on their way to tackling a fire in an open space such as Cannock Chase could be endangering hundreds of square miles of sensitive landscape, and I see the point in the provision.

The same point applies to buildings and premises. If the response is delayed, the extent of damage can be great. Perhaps most obviously, life and death situations are also covered, in subsection (4)(b).

I said that the Bill is surprisingly broad, and clause 2 is certainly a good example of that. Whereas the primary protection is for an emergency worker who is usually an employee of a fire or ambulance service, clause 2 extends to a person assisting such a worker. As I think I heard my right hon. Friend say, such a person could be a good Samaritan among the public who steps forward to help emergency workers at the scene. If that person, anxious and willing to assist, is obstructed on their way to give that assistance, it would be an offence. That is the impressive extent of the coverage that the Bill offers.

Action that amounts to obstruction is also widely defined in clause 3(1). It can consist of action other than physical obstruction, and when trying to think of examples of that, I recalled the incident last summer when someone killed a number of people at a garden barbecue and the police, fire service and ambulance service all stayed away for several hours because they believed that there was a person at the scene who was armed and would be a danger to the emergency workers who attended. I realised that a way in which workers could be obstructed by other than physical means was by someone maliciously and falsely claiming that there was something at the scene that would make it dangerous for them to attend—an armed person or explosive device, for example—thus keeping them away from the scene.

The Bill is impressive. It is widely drawn to cover the objectives. Critics of the Bill who complain that it does not deal with aggravated assault have the wrong target, because it is filling a space, albeit not that one, and by so doing it will provide valuable assistance to our emergency workers who, after all, face enough danger in their jobs. They act out of public spiritedness, first and foremost, because they want to serve the public, to save lives and to prevent suffering and damage. Their jobs are hard enough without a very small minority of irresponsible people getting in their way and preventing them from doing their job, thus putting other people in more serious danger and putting property at greater risk of damage than would otherwise have been the case. The Bill is welcome and I sincerely congratulate my right hon. Friend the Member for Swansea, West on his success in bringing it to this point.

11.51 am

Helen Southworth (Warrington, South) (Lab): Like other hon. Members, I thank my right hon. Friend the Member for Swansea, West (Mr. Williams) for introducing the Bill because I, too, have done night shifts and day shifts with police, ambulance and fire services and with accident and emergency services at the hospital in my constituency. I greatly admire people who spend their time in public service and now that I have worked those shifts with the emergency services my admiration for what they do knows no bounds. They go out and work in a difficult environment trying to resolve some substantial problems, and they do so in a way that is kind and friendly and helps people who are in severe distress. Like other hon. Members, I think that it is outrageous that, when doing that, they face the threat of attack and aggression.

I have received a communication from Cheshire fire service—an admirable fire service—telling me that there were 25 reported incidents in 2005. On 21 occasions, stones, bricks, bottles, iron bars or golf balls were thrown at crew attending incidents. On several of those occasions, the vehicle but not the crew was hit, and on four occasions the appliance was forced to withdraw to ensure the safety of crew and prevent the situation from worsening. Some of the incidents were severe: for example, a firefighter attending a rubbish fire was attacked by two youths who smashed his visor on his helmet, cutting his eye. Other incidents have involved water bombs being thrown that forced the appliance to swerve when it was trying to get to a fire to tackle it. A fire service mechanic was travelling in his marked vehicle when two youths pulled out what appeared to be a firearm and aimed it at the vehicle. A crew member on an appliance that was attending a rubbish fire was hit by a 2-ft iron bar. So far in 2006, stones, bricks, bottles and other debris have been thrown at crews attending incidents on eight occasions, causing crew to consider whether they could get through to deal with the fire. Firefighters attending a fire in June were threatened with knives by a gang of youths and the crew was forced to withdraw from the scene.

All those incidents are taken extremely seriously by Cheshire fire and rescue service, which is working to increase the safety of its personnel. The service has installed closed-circuit television cameras on appliances in a number of the areas it covers, and it intends to introduce them across its whole area as soon as it can. In addition, appliances have high-visibility stickers stating that they are equipped with CCTV recording equipment. The service is determined not only to deter such incidents, but to make it clear to people that offenders who can be identified will be prosecuted.

Not only does our fire service deal with emergency fires, but it tries to prevent them. We have an extremely effective initiative whereby a home safety assessment is

[Helen Southworth]

completed every 15 minutes, every day, seven days a week. I particularly admire our fire service personnel for the way in which they constantly seek ways to introduce safety into our local community. As well as going out, risking their own lives and safety in dangerous incidents, they are looking for ways to make our community a better place to live by helping people to make their homes safe and dealing with slip and trip hazards for older people.

The fire service is also involving local young people in such work. At a surgery in a community building that had had problems with fires being lit, I saw fire crews talking to quite young children and explaining to them what a fire does, how dangerous it can be, and their role in helping to make their local community safer. The children were getting very involved—actually, they had a great time. Adults were treating them with respect and the children were learning directly from important role models what respect means in a local community. I was pleased because the community in question has a number of disadvantages and having adults of that type—admirable role models—coming in is not just about dealing with current problems, but about giving young people an opportunity to see what they can do in future.

Mr. David Anderson: The experience that my hon. Friend describes is seen in my constituency, too. The community in the old mining village of Chopwell was being destroyed by drugs and lack of investment. The retained service there has a young firefighters club where young people go to work with the fire brigade. They learn how to respect their homes and each other. The service also holds open days and public days, so it is a real community initiative.

Helen Southworth: I thank my hon. Friend for highlighting that work. In my community, too, groups of young people are brought along to fire service stations where they can use the equipment, learn about what is happening, and get a sound idea of the future prospects, not only for their community, but for themselves through going into public service. The fire service is an integral and key part of our community, which is why the Bill is so important. The Bill shows that we, too, believe that our emergency services are key, integral, valued and respected parts of our community that we not only respect, but are prepared to defend.

We are talking about one of the things that particularly disconcerts me about the position for fire service personnel, ambulance personnel and people in accident and emergency services at hospitals. I hope that we will be able to look at that to see whether the ability to modify might need to take into account the needs of accident and emergency workers, particularly people who work shifts on a Friday or Saturday night and have to deal with the alcohol-fuelled antisocial behaviour that can kick off in hospitals sometimes.

It is particularly important that we protect people who work in stressful jobs and who should be able to know that they can call on other people when they need help. I am concerned that paramedics who have suffered assaults and attacks on their vehicles when they are working in an extremely stressful environment feel that they cannot continue to work in the front line. It is shocking that they believe that they are not sufficiently protected to be able to continue to do their valuable job, because we all want them to.

I want to draw attention to Merseyside and Cheshire ambulance services, because the work that is being carried out locally to tackle assaults on crews is drawing together in the most effective way management and trade unions to get across the message not just that we will not tolerate attacks on ambulance crews, but that if someone prevents an emergency service from getting out and doing its job, it could be that person or a member of their family who faces the effect. It is admirable that the management and Unison are working together to get that message across in a poster and public relations campaign. The figures indicate that ambulance crews reported 86 separate incidents involving an assault on them during 2005 in Merseyside and Cheshire. That is completely unacceptable. The Bill sends a clear message that we will not tolerate that sort of thing and I would like to add not just my support and that of the ambulance and fire services in my local area, but that of all my constituents, who want to see our emergency services given the protection and support that they need and deserve.

12.1 pm

Michael Gove (Surrey Heath) (Con): I congratulate the Father of the House on his success in allowing the Bill to proceed so smoothly and quickly through the House. I repeat the words that were offered on Second Reading and in Committee by my hon. Friend the Member for Arundel and South Downs (Nick Herbert): the Conservatives wish the Bill to proceed as quickly and smoothly as possible to the statute book. I offer my apologies to the House on behalf of my hon. Friend. He cannot be with us today because he is in his constituency seeking to protect the jobs of emergency workers in the NHS and other health workers who are threatened by incipient cuts to the health service in Sussex, and indeed Surrey.

We wish the Bill to proceed because we recognise that it performs three valuable functions and in that respect we are more than happy to give it our full support. First, it plugs a legislative gap. We are aware that, at the moment, legislative protection is afforded to the police as they go about their duties. Everyone knows that if they assault a police officer, it is an aggravated offence for which they will face a tougher sentence. As a result of the Bill being passed, a signal will be sent that to obstruct an emergency worker, whether it is an NHS worker, a fireman or someone who is working for the Royal National Lifeboat Institution or the coastguard, will also mean facing a particularly severe punishment. In that respect, we wholeheartedly support the legislation.

As well as plugging a gap, the Bill sends a message. We do not always support legislation that sends a message, because sometimes we believe that legislation should not be used so lightly, simply to communicate censoriousness on the part of the House. However, by sending a message, the Bill can have a welcome deterrent effect. We have heard from a number of hon. Members this morning about the increase in the number of incidents of attacks on, in particular, ambulance workers. There is a clear need for legislative

action to ensure that those tempted to go down that path understand that the House and the Government wish to prevent them from behaving in that way.

The third reason why we want the Bill passed is because we believe that those who obstruct the work of emergency workers are guilty of a double crime: not only are they interfering criminally with the work of public servants, they are endangering the lives of others. As well as interfering in the effective provision of a public service, they are maximising the risk to others, whom those public servants are attempting to assist. In that respect, because those who commit such crimes are guilty of a double assault, we welcome the Bill.

As my hon. Friend said earlier, we wish to enter one note of regret. The original legislation that the right hon. Member for Swansea, West (Mr. Williams) introduced was based on the Bill that was introduced in the Scottish Parliament. For the sake of ease of legislative drafting, he attempted to introduce a Bill that was, in many respects, almost identical to the Scottish legislation. As someone who was born in Edinburgh and raised in Aberdeen, I am well aware that Scottish and English law are distinct from one another, and it may not be the case that Bills introduced in Scotland can have identical application in England. However, in order to introduce his Bill, the right hon. Gentleman had to negotiate with the Home Office, as he did in a spirit of good faith, and it insisted on dropping the aspect of the Bill that dealt specifically with assault. That is a matter of regret because, as has been spelled out by almost all hon. Members who have spoken, the incidence of direct physical assaults on emergency workers has increased in recent years, and legislation to deal with that would be welcome.

Indeed, the Government recognised that in their manifesto, which says:

"we will introduce tougher sentences for carrying replica guns, for those involved in serious knife crimes and for those convicted of assaulting workers serving the public."

They have accepted legislative changes to deal with those carrying replica guns and with serious knife crimes, but when it comes to protecting workers who serve the public, they do not want legislation and say instead that the Sentencing Guidelines Council will do our work for us. We all remember that in recent weeks some of the decisions taken in court by judges acting in accordance with the Sentencing Guidelines Council have earned the criticism of Home Office Ministers. How can it be that judges who are operating according to the Sentencing Guidelines Council were excoriated by the Home Secretary two weeks ago but are now, according to what Home Office Ministers have said, to be the agents of the protection that we all feel that is required?

The onus is on the Minister to explain precisely how the Sentencing Guidelines Council will give effect to the feeling of the House to ensure that emergency workers get the protection they deserve. He must also explain why legislative action is not specifically required in this case. What is it about emergency workers that means that they do not deserve the same legislative protection that he has extended to other categories of potential victims in the range of legislation that he is introducing?

I look forward to hearing from the Minister as he provides enlightenment on this and many other topics. It remains only for me to say that we congratulate the Father of the House on introducing this much needed legislation. Our only regret is that his original intent was blunted by the Home Office.

12.7 pm

The Minister for Policing, Security and Community Safety (Mr. Tony McNulty): I congratulate the Father of the House on securing the Bill and on facilitating its smooth passage.

As a member of the 1997 intake and a London MP, let me start in the same place as my hon. Friend the Member for Eltham (Clive Efford) did. At that time, we sat for perhaps half the Fridays available instead of 13. That was an interesting way to get more and more practice in this place. None of us can ever get enough of that. We had all-day Adjournment debates as well as debates on private Members' Bills. I remember with great fondness duelling constantly, but mostly failing in the attempt, with my right hon. Friend—I hope that he would not have minded me calling him that—the former Member for Bromley and Chislehurst. As this is the first time that I have participated on a Friday since his sad demise, I want to put on record how much I learned from him. He was much maligned, misunderstood and excoriated—not least by Labour Members who did not know any better—but he will be sadly missed, not least by the 1997 intake of Friday boys, some of whom have been mentioned in dispatches today and some not.

I congratulate my right hon. Friend the Member for Swansea, West (Mr. Williams) on securing cross-party support for the Bill. I also congratulate him on selecting, from among the plethora of choice of legal advice in this House, my hon. Friends the Members for Hendon (Mr. Dismore) and for Islington, South and Finsbury (Emily Thornberry) rather than certain other learned colleagues. I can furnish him with a list of those on both sides of the House from whom he should never seek legal advice.

It is important—this has underscored many of today's speeches—to say what precisely the Bill is supposed to do. It is not an attempt to reinvent assault legislation. It is not an attempt to establish a legislative framework for other things such as education awareness, antisocial behaviour, respect and all the other relevant considerations that hon. Members have mentioned. The Bill does not seek to achieve all that. Nor does it seek to afford aggravated status to the offence of obstructing emergency workers—a point to which I shall return.

As the hon. Member for Surrey Heath (Michael Gove) suggests, the Bill seeks to fill a serious gap. Many of the concerns that he and my hon. Friends expressed would be more relevant if we wanted the Bill to be an overall comprehensive measure like the Scottish Act, but the Bill does not profess to be such a measure. There is no need for that, not least because, as the hon. Member for Surrey Heath well knows, the Scottish Act sought to fill considerably more gaps in the Scottish legislative framework, and those gaps simply are not there in English legislation.

I had to check my notes on this point, but I thank my right hon. Friend the Member for Swansea, West, for saying that a Bill that the Home Office had anything to do with was short and clear. That has not entirely been my experience, either as a Back Bencher

[Mr. Tony McNulty]

or as a Minister, particularly in the Home Office, so I am grateful for those comments. The Bill is short and clear—rightly so, because these are extraordinarily serious matters, and filling the gap is hugely important.

I must confess that although hon. Friends and colleagues have tried to explain such behaviour, I do not entirely understand why people think it a clever, smart or positive use of spare time to throw rocks at ambulances, or why they regard people in uniform who seek to help the public, and who invariably save lives, as invading their turf, or think that they are just "uniforms", like the police. Some colleagues were even more generous, saying that the blue lights sparked off adrenaline, everyone became terribly excited, and testosterone levels went through the roof, but none of those are excuses for impeding, obstructing or doing something worse to prevent our emergency workers from going about their business. That simply is not right in any way, shape or form. Whether it is just a kick-out at authority, or whatever the excuse is, those concerned must desist, and we must introduce legislation that addresses the issues—and the Bill is a necessary part of that.

I know—all the more because, happily, there is a cross-party approach to the Bill—that the right hon. Member for Witney (Mr. Cameron) would tell us that the perpetrators simply need a bit more love and affection. He would say that they are much misunderstood, and if only we understood them more, everything would be so different, and that we should hug them or whatever—but I do not agree with that approach, either. However, to take one step back, I agree with the opening sentence of the contribution by my hon. Friend the Member for West Ham (Lyn Brown)—her point was repeated by the hon. Member for South-West Bedfordshire (Andrew Selous)—that we have to go a long way back along the chain and consider issues such as parenting, family breakdown and other factors that are the antecedents of antisocial behaviour, to try to address such matters. That is part of the Government's comprehensive approach.

Many of my hon. Friends mentioned the respect agenda and what we are trying to do to tackle antisocial behaviour. That very much fits in with trying to take preventive measures, but we have heard some horrendous stories this morning about the ways in which people seek to impede and obstruct emergency workers. Some of the points that colleagues have made are entirely fair and were dealt with in Committee. Some have been answered, but some perhaps will need to be revisited. It was right and proper to try to define an emergency worker as narrowly as possible, but also to include the escape clause so that we can consider adding to the categories, if experience dictates that the list is not adequate. I understand what was said by many colleagues about social workers and people who, in the course of their routine day-to-day work, may not necessarily be construed as emergency workers, but who are often put in positions in which they solve or help to solve an emergency. Those people deserve to be covered by the Bill so that they are not obstructed while carrying out their work. Those matters can and should be considered.

As I said, the Bill was not intended to reinvent assault legislation in the context of public workers. We are doing that in many other ways. It has been pointed out that unlike Scotland, we have the Sentencing Guidelines Council. It already almost imposes a tariff for impeding people in the execution of public service, and we are considering in detail, with the council, other ways in which sentences can reflect the spirit and sentiment of the Bill. It is appropriate that many colleagues have put the wider issues of assault of public sector workers generally, and emergency workers specifically, in the context of the Bill, but the Bill does not try to do everything. Its narrow focus is appropriate.

It probably was inappropriate that the original Bill almost exactly reflected the Scottish provision, given that we do not start from the same legislative base. I shall say very carefully—and I shall not, as I was invited to, tease the House about what the Sentencing Guidelines Council may or may not say—that that is a matter that the Government should keep under review. Having set up the Sentencing Guidelines Council, we should let it do its work. If that achieves what we want with respect to the legislative base, that is more appropriately done in that way, although I reserve our right to return to the matter.

Richard Younger-Ross: The Minister used the words "may" and "if" with reference to the Sentencing Guidelines Council. Will he give a commitment that if there is not an increase in sentences over time, the Home Office will review the matter and consider whether assaults on emergency workers should be deemed to be aggravated?

Mr. McNulty: That sounded terribly like one of those elephant traps that Liberal Democrats are always trying to get Ministers to fall into by giving cast-iron assurances. None the less, unusually, that is a fair paraphrase of what I said, and I will take it back to the Home Office. I think that means yes, in a convoluted way.

Michael Gove: The Minister used the conditional "may" or "might", yet the manifesto on which he fought the last general election—and, I concede, won it—says:

"we will introduce tougher sentences . . . for those convicted of assaulting workers serving the public."

We have already had retreats by the Home Office this week on ID cards and on police mergers. Is this the third retreat this week?

Mr. McNulty: I thank the hon. Gentleman, whom I respect very much, for conceding the last election. That is terribly generous. He is being tedious. We already have people looking at how we can carry out that manifesto commitment. It is not a matter of whether we will do that—we will; it is a matter of how. We have established the Sentencing Guidelines Council, so it is appropriate in the first instance that it does the job with which it is charged. Then, as I tried to say to the hon. Member for Teignbridge (Richard Younger-Ross)—in a convoluted way, I fully accept—we will examine the matter further if the Sentencing Guidelines Council route is not the appropriate one.

With the Sentencing Guidelines Council, there is already an implied tariff in place for those who obstruct public service workers. We need to build on that. We are considering, as the hon. Member for Teignbridge rightly

suggests, other aspects such as sentencing for firearms and knife offences, and the wider context of assaults on public sector workers, rather than the narrow confines of obstruction of emergency workers. That commitment remains absolute.

When the hon. Member for Surrey Heath speaks of retreats of this sort or that sort, both of which are fiction, he is introducing an unnecessary and poisonous veneer of partisanship into our deliberations, which he should be ashamed of. I agree with his starting point. We need to fill the gap and add a deterrent or exhortatory value to the law. I agree with his point about the double impact of interference in the discharge of emergency workers' duty and the potential damage done by that obstruction—for example, when the pipes used by firemen are cut.

I absolutely commend what the Father of the House has done with regard to the Bill. To hon. Members who have criticised the extent of the Bill, I say that it elegantly fills a gap that needs filling. Hon. Members on both sides of the House have discussed the wider issues, and we will examine those points and report back to the House. The House is about to give the Bill a fair wind, and I hope that it receives a fair wind in the other place too, in which case the Father of the House will be able to add it to his many other significant contributions in his long and enduring time in this place.

12.20 pm

Mr. Alan Williams: With the leave of the House, I shall reply to the debate. It has gone on longer than I anticipated, and there is another important debate to come. I therefore hope that hon. Members will excuse me if I do not go through all the excellent speeches that have been made. All the speeches have been positive, and there has been unanimity on both sides of the House in our support not for the Bill, but for the work done by emergency workers, which should be satisfying for those workers.

I want to make two points about the debate. First, it has emerged that hon. Members are deeply afraid that with increasing attacks on emergency workers, as well as interference in their work, we may end up with no-go areas in parts of some towns. Secondly, hon. Members are deeply conscious that sanctions alone are not enough, and that education, training and understanding must form part of the programme.

It would be invidious to pick out one speech, but I shall pick out one comment, which I commend to the House as the quote of the day: my hon. Friend the Member for Blaydon (Mr. Anderson) intervened to suggest, "Hug a firefighter". I am not sure whether that would create a sense of neglect among the other services—but I do worry that our poor firemen will be afraid to go out in daylight.

I thank everyone for their support.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

Infrastructure Audit (Housing Development) Bill

Order for Second Reading read.

12.22 pm

Charles Hendry (Wealden) (Con): I beg to move, That the Bill be now read a Second time.

It is a great privilege to open this Second Reading debate on behalf of my right hon. Friend the Member for Horsham (Mr. Maude), in whose name the Bill stands. Sadly, he cannot be in the House today, because of commitments to fight for the interests of his constituents in Sussex, but that should not take away from the importance of the issue or lead anybody to conclude that the Bill is not widely supported by hon. Members, and, in particular, by those in the south-east and other parts of country that face excessive housing development.

The purpose of the Bill could not be clearer. The south-east faces unprecedented and unwanted pressure for new houses. The infrastructure is already creaking, and there is grave concern about the implications if many new houses are built before the infrastructure is improved to accommodate them. That is one of a number of issues that concern hon. Members. In particular, I draw attention to the Bill that my hon. Friend the Member for Tunbridge Wells (Greg Clark) will introduce to change the designation of gardens from brownfield sites, which is currently causing extreme problems in many parts of the country and particularly in the south-east.

The Bill requires a full audit of existing or planned infrastructure in areas in which significant housing development is planned. It has been introduced because there is growing concern that the Government plan for massive house building in the south-east will lead to a substantial deficit in the region's infrastructure. Local authorities in the south-east earmarked by Government for significant amounts of new house building estimate their individual infrastructure deficits to be about £1 billion each. I know that my hon. Friend the Member for Mid-Sussex (Mr. Soames) will be familiar with that figure, as it was calculated by his district council. The cost of providing adequate infrastructure for the Government's house building targets for the south-east has been more formally estimated at £45 billion at least.

In March 2006, the South East England regional assembly submitted the south-east plan to Government, recommending an additional 28,900 new dwellings a year as sustainable housing growth for the south-east. For many of us, that figure was already much higher than we believed the region could sustain. However, as the consultation period on the south-east plan closed, the Government published a report examining the impact of building up to 60 per cent. more houses than was suggested in the already controversial SEERA plans. Typically of the Government, the report was published on the Government office for the south-east website without adequate attention being drawn to its presence there.

There is therefore a real concern that the Government are determined to impose even higher levels of house building in the south-east than SEERA had itself suggested, which, as I have said, many of us

[Charles Hendry]

felt was already too high, especially given that recent legislative changes mean that the Secretary of State now has a veto over all stages of the planning process, from regional strategy to local plans, even after examination in public. That brings even greater focus to our concerns in these matters.

Government spending on our infrastructure is already woefully inadequate. The community infrastructure fund is a mere £295 million for London and the wider south-east. Compare that figure with the figure I gave earlier of a £45 billion infrastructure deficit across the south-east in general. If that is not bad enough, there is also the worry that the current system of section 106 agreements will soon be replaced by the Government's new system of planning gain supplement. This new system will siphon off the majority of development gains into a central fund for strategic infrastructure. That is new Labour-speak for the Treasury, and yet another example of funds being taken away from the south-east to be distributed to other parts of the country.

Last year, the south-east county councils commissioned ICM to carry out the largest-ever survey of public opinion on the south-east plan. The headline result is stark indeed. The survey revealed that 60 per cent. of people in the south-east are not confident that the supply of infrastructure in the region will keep pace with new house building. The percentages of people saying which types of infrastructure should be given priority come as no surprise: 48 per cent. said that NHS hospitals should be given priority; 48 per cent. also said that priority should be given to public transport; 31 per cent. said that it should be given to major road projects.

The Bill would force a serious rethink about where the infrastructure is weakest and it would require a full audit of existing or planned infrastructure in areas where significant housing development is being proposed.

Lyn Brown (West Ham) (Lab): Is the hon. Gentleman genuinely suggesting that the Government in perhaps the Lee valley or the Thames Gateway are not doing what is necessary by laying down the foundations of good community projects and infrastructure, including housing, parks and libraries, to create the new communities that are desperately needed in my area of London?

Charles Hendry: Of course there will be some parts of the country that the hon. Lady may be more familiar with than I am where the Government are investing in that infrastructure. I am saying that, more generally across the south-east, that infrastructure is already lacking and that unless steps are taken now to address the problem, with hundreds of thousands of houses being proposed, the situation will become catastrophically worse.

Lyn Brown: The hon. Gentleman is being extremely generous in giving way.

I am trying to understand the nub of the Bill; I am struggling somewhat with that. As I see it, there are not many new proposals in the Bill that are not already part of what has come through via the ODPM Select Committee, which sets out things that the Government are doing. Is the nub of the issue the number of homes that are being built? Does the hon. Gentleman wish to say to people who are on my public sector housing list, and who have been for about 18 to 20 years, that they can sit and wait because we are not prepared to build any more houses?

Charles Hendry: If the hon. Lady is having trouble understanding the Bill, I have two proposals. First, she could read it—to do so might be helpful to her. Secondly, she might listen to the debate before she starts intervening, because I shall now come on to exactly the matter that she raised.

We realise that the Bill would not prevent what we consider to be the Deputy Prime Minister's disastrous legacy of housing development in the south-east, but it would make it much more difficult for the Government to impose those new houses without proper provision being made for the infrastructure necessary to support them. It would lay bare for public scrutiny the deficiencies in Government thinking and planning.

Mr. Brooks Newmark (Braintree) (Con): It might be helpful if I gave an example from Braintree, which until recently was one of the fastest growing towns in Britain. Two of our community hospitals have been closed down, and the land has been sold off but a new community hospital has still yet to be built. That has caused enormous frustration in a town that is growing very fast. In addition, we have had electricity blow-outs in many of our new housing areas because the proper infrastructure was not put in place for there to be sufficient electricity supplies to the new houses.

Charles Hendry: My hon. Friend, with his usual intuition, has predicted my next point. Any south-east Member could tell a similar story because all of us face the same sort of problem: enormous pressure for house building without the necessary infrastructure in place. Indeed, many aspects of that infrastructure are getting worse.

Barbara Keeley (Worsley) (Lab): I wish to make a point in response to what the hon. Member for Braintree (Mr. Newmark) said about community hospitals. I hope that the hon. Member for Wealden (Charles Hendry) agrees that we are moving away from having smaller unit hospitals because the advice of health professionals these days is that we want hospitals that can cover all the needs that people have and that have all the diagnostic equipment that people need. A plethora of new community hospitals is not the answer to the situation we face.

Charles Hendry: Crowborough and Uckfield in my constituency have two incredibly popular and well supported community hospitals, and the hon. Lady would be very brave if she were to come and say that they should be closed down. If that is truly a statement of the Government's intentions, it is very worrying indeed, and it would cause profound concern.

Barbara Keeley *rose—*

Charles Hendry: I want to move on to some specific points on the health service, but if the hon. Lady wishes to intervene later, I will of course give way again.

The Bill would require an audit in specific areas. In terms of health care, to accommodate additional housing growth it has been calculated that almost 1,300 additional acute beds and more than 600 general beds will be required over the next 20 years in the south-east alone. To pick up on the point made by my hon. Friend the Member for Braintree (Mr. Newmark), in Bedfordshire, Hertfordshire and Essex there will be a requirement for an additional 500 acute beds and almost 300 general beds over the next 15 years. In total, that equates to six medium-sized new hospitals being required in the greater south-east over the next 15 to 20 years. But far from increasing investment in health care, the current structure is under intolerable stress. The massive debt accumulated due to the chronic underfunding in Surrey and Sussex strategic health authority is leading to service reconfigurations across Surrey and Sussex, and those moves go against the public feeling that more, not fewer, services are required.

My hon. Friend the Member for Mid-Sussex has been a fantastic champion for saving the health facilities at the Princess Royal hospital, Haywards Heath and the Queen Victoria hospital, East Grinstead. Without his perseverance, determination and commitment, the situation would undoubtedly be even worse than it is. Further south, my hon. Friend the Member for Eastbourne (Mr. Waterson) is leading the campaign to preserve the maternity, paediatric and specialist baby services at Eastbourne district general hospital. There are even worse proposals for downgrading the accident and emergency facilities, with at least part of them being moved to Hastings, which is causing profound concern among local communities, Members of Parliament and the ambulance service.

Mike Gapes (Ilford, South) (Lab/Co-op): The hon. Gentleman talks about chronic underfunding. Although I do not wish in any way to question the difficulties that the health service in his local area seems to face, will he at least admit that there has been a massive increase in NHS funding over the past seven or eight years, including in his area, compared with the level of funding under the Conservative Government?

Charles Hendry: No one can deny that there has been a very significant increase in the funding of the health service, but that is not resulting in better quality health care on the ground. What we have also found is that there is pressure each and every year on—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Member is straying a little wide of the Bill into a debate on health care.

Charles Hendry: Thank you, Madam Deputy Speaker, and I will endeavour to ensure that I am not tempted by further interventions away from the Bill's Second Reading.

Secondly, there is the issue of water resources. The south-east is one of the driest regions in Britain and has high rates of per capita consumption of water compared with other English regions. Inevitably, demand for water resources will increase as a result of population growth, a decreasing average household size and growing use of water-intensive appliances. The current water restrictions in the south-east resulting from exceptionally dry weather have brought a requirement for new house building into sharper focus. I find it inconceivable, with about 10 million people in London and the south-east facing a hosepipe ban and the continuing possibility of standpipes this summer, that the Government have not reduced their house-building plans for the area. Those houses will all be built before a single new reservoir can be built.

Lyn Brown: Will the hon. Gentleman give way?

Charles Hendry: I have already been generous in giving way, so perhaps the hon. Lady will make her own speech in due course.

The House of Lords Science and Technology Committee report on water management recently considered water infrastructure in relation to the Government's house-building targets. Many of its findings are particularly damaging. It says that

"the ODPM failed sufficiently to consult the water industry directly—or to give due consideration to the water management implications—when formulating the Sustainable Communities Plan and selecting the growth areas."

The report also said:

"It is worrying that the housing growth plans have not in many cases been factored into the water companies' long-term plans due to the way in which Government have initiated the planning."

Thirdly, the Lords report recommends the provisions in the Bill, urging that

"the Government consider making water companies statutory consultees on applications for developments comprising a number of properties that exceeds a given threshold. It would also be desirable to make the Environment Agency a statutory consultee on water supply issues in these circumstances."

The irony is that the Government will allow water companies to raise prices to meet the enormous cost of providing new water infrastructure—a double blow for residents in the south-east, where people are effectively being asked to fund the infrastructure for houses that they do not even want. Even the Government's preferred think-tank believes that current policy has been conceptually flawed. The Institute for Public Policy Research commission on sustainable development in the south-east noted in its final report:

"Only with significant water efficiency savings in existing and new homes, and the timely provision of new water resources, will there potentially be enough water to meet rising demand for new housing and domestic consumption."

Flooding is the third issue. It is now nearly six years since devastating floods affected 10,000 people at the cost of £10 billion. According to the Environment Agency, 5 million people in 2 million properties are already at risk of flooding. More than 40 per cent. of people are unaware of the threat and 30 per cent. do not have adequate insurance cover. One of the worst towns affected in the flooding of October 2000 was Uckfield in my constituency. Nearly six years on, no money has been spent on new flood defences. We have had pledges, a reception at Downing street, ministerial visits, consultants employed and even the drawing up of a model that showed miraculously that if water is

[Charles Hendry]

poured into it, it comes out somewhere else—but not a single pound on flood defences to prevent a recurrence has been spent. Yet Uckfield is expected to accommodate hundreds more houses over the next few years, with more concrete and more drains putting more water in the self-same rivers.

Despite planning guidance directing development away from areas at risk of flooding, inappropriate development is still occurring. Data from the Environment Agency for 2004 show that 34,000 new homes are envisaged within the indicative flood plains in local plans and that in the south-east growth areas, 30 per cent. of development sites planned for 2016 to 2031 will be in flood-risk areas. That is yet another aspect that has not been assessed and addressed.

Fourthly, there is transport. The total transport infrastructure in the south-east is estimated to be £21.3 billion. Increases in traffic congestion and pollution are cited by residents in the south-east as their two top local priorities, but there is no sign of significant improvement. There has been a legacy of underspending on transport in Britain and further public spending will be tighter in the coming years. By 2010, road traffic is expected to increase by 23 to 29 per cent. in England and by more than 25 per cent. in the south-east compared with 2000.

There is specific evidence to show that congestion in the south-east acts as a brake on new development. For example, a total of 13 junction improvements on the M1, the M11, the M20, the M3, the M27 and A3(M) are necessary for proposed developments. However, those improvements are subject to highways authority holding objections. The A2 outside Dover is now the only stretch of single carriageway main route between Carlisle and Italy. East Sussex has no motorway and there are only 12 miles of dual carriageway in the county. Vital improvements in dualling the A27 along the south coast have been abandoned or put on hold.

On top of that, there is the problem of maintenance backlogs. The average county council has an estimated £200 million to £300 million worth of maintenance work to do to bring highways up to a satisfactory standard by 2026, but poor financial settlements mean that the necessary work cannot be done.

My hon. Friend the Member for Mid-Sussex has continually highlighted the traffic problems around East Grinstead. I was born in East Grinstead and a bypass was being discussed even then. Indeed, it has been talked about since the 1920s. Although the town's population has doubled in my lifetime, the A22 through the town remains a disaster. I support my hon. Friends the Members for Mid-Sussex and for East Surrey (Mr. Ainsworth) in saying that the town cannot take more houses without improvements in the road, and that any solution must also be a solution for the surrounding communities, such as Forest Row in my constituency and the villages in East Surrey.

Let us consider rail. Concerns about overcrowding, especially on commuter trains in the south-east, constitute the most common complaint that the Office of Rail Regulation receives. Although some improvements have been made, 4 per cent. of rail passengers into London in 2004-05 were still without a seat. That figure will increase further with additional house building. Along with the hon. Member for Lewes (Norman Baker), I have been working with the county council to examine the case for reopening the Uckfield-Lewes rail link, which would not only provide an improved local service but open up a strategic new link to the south coast. Despite thousands of new houses being imposed on us, the Government will not put one penny piece into that key infrastructure project.

The message could not be clearer. The Government expect the south-east to bear all the pain of the new houses but none of the gain of improved infrastructure. If we could prevent the unwanted new houses being built, we would love to do that because they will destroy areas of remarkable beauty for ever. However, the Bill is not about that. If the Government are determined to impose such huge numbers of new houses, against the wishes of local people, the least they can do is establish the investment that is needed in the infrastructure to accommodate them, and the Bill provides for that.

The measure requires local planning authorities to consult a range of authorities: the health authority to ensure that GP and hospital services can meet the additional demand; the relevant water companies and providers of sewerage and waste services to ensure that they can meet the additional demand; the education authority to ensure that local schools have adequate capacity; and the highways authority and Network Rail to ensure that there is capacity on the road and rail networks.

The Bill is eminently sensible and commands great support in areas that face the greatest housing pressure. It is an urgent measure and I hope that it will be given time to proceed today. I urge hon. Members to support it.

12.43 pm

Mike Gapes (Ilford, South) (Lab/Co-op): My situation is similar to that of the hon. Member for Wealden (Charles Hendry) in that there is a lot of new build in my local authority area. However, my constituency is urban and we have a lot of new build because we are surrounded by the green belt, which acts as a straitjacket on all the open spaces in the London borough of Redbridge, to such an extent that, in recent years, there has been a significant increase in the population in my borough, especially in my constituency. The Conservative council in Redbridge has given planning permission for 33-storey and 21-storey tower blocks, and many additional housing units are being built.

My electorate, which was 78,000 at the election, will increase to about 82,000 in the next three or four years and will probably reach 90,000 10 years from now. I therefore face considerable pressure. Problems involving changes of circumstances and a lack of facilities apply equally in urban areas, with one exception—the beautiful Valentines park, where Essex used to play their cricket.

We had a problem with finding additional school places, but a long campaign was run over many years by a local residents association against the development of a former sports field for a new primary school. The council has just compulsorily purchased that sports field to build the new school. In fact, we are having two new primary schools built. However, we will also need a new secondary school in the near future, and I have

absolutely no idea where the land for that will be found. Our existing schools are all full, and I regularly see constituents in my surgery who are being told that they must take their children to schools in the north of the borough, four or five miles away, where there are places, because there is none in the south of the borough.

We all face such problems due to rapid population change. I would like to point out to the hon. Member for Wealden that it is predicted that the population in England will increase from 50.1 million in 2004 to 55.8 million in 2026. That is an increase of 11 per cent., of 5.7 million people. London's population is now increasing after years of decline, and it will continue to increase because of London's success as a global city and the great success of the economic policies of this Government.

We face a real problem, however. There is insufficient land in London to provide housing for all the people who are already in desperate housing need, including those in the London borough of Redbridge and other boroughs who are in temporary bed and breakfast accommodation. I have constituents who have been placed in my borough by Tower Hamlets, Hackney and Newham councils because they cannot find housing for them in their own boroughs. For several years, my council was placing people in guest houses in Southend-on-Sea out of season in order to deal with the emergency housing needs of so many homeless people.

We need new housing. We need the new housing in the Thames Gateway, but we also need it in other areas. The hon. Gentleman's speech was a little like the curate's egg: parts of it were good, and parts were very bad. The bad parts illustrated to me that the Bill is not all that it seems, and that it represents a very sophisticated form of nimbyism. It is saying, "We want to carry out an audit, and when we find that the facilities are not there, we will stop the houses being built in our area."

People in urban centres such as my constituency do not live in a green and pleasant land. We have the dark, satanic mills—except that they are no longer mills but rows and rows of houses, because manufacturing industry has gone and the landscape has been transformed. Nevertheless, we do not have the same green and pleasant areas that the hon. Gentleman's constituency has, yet the building will go on in our areas rather than elsewhere in the region. I suspect that many of the people who live in his constituency get on the train and come into London to work, earn their nice salaries from working in our capital city and go back to their homes and enjoy their environment.

Many of my constituents suffer as a result of the lack of space and the congestion caused by the growth of the city, but we have to recognise that nimbyism is a threat to the vast majority of people living in urban areas. Someone must speak up for people who cannot speak for themselves, and do not have sophisticated pressure groups and campaigns to preserve this or stop that. Although the hon. Gentleman made a number of valid points, he also made a number of sophisticated nimbyist points.

As the hon. Gentleman will know, the Government have conducted various surveys to forecast the number of homes that will be needed for our growing population. An inevitable consequence of changes in lifestyle and the ageing population is the fact that we have more and more single households. Between now and 2026, the number of households will grow by 209,000 a year, and 72 per cent. of them will be single-person households. But we are not delivering 209,000 homes a year; in 2004-05, the most recent year for which we have statistics, we delivered only two thirds of that number—168,000. There is a gap.

People are having to live in overcrowded accommodation, with friends or relatives or in temporary accommodation because they cannot obtain the housing that they need. The private rented market has not provided enough homes to meet the social needs of people in all categories. We therefore need social housing, and a mechanism to ensure that it is provided throughout the country, not just in certain areas. That necessitates a proactive approach from central Government, consulting and, I hope, in co-operation with, local authorities. In London we have a Mayor with planning powers, and what he does is very important, but we need a national strategy. The brunt should not be borne by those of us who live in urban areas, or in new areas such as the Thames Gateway.

We can do some valuable things. Yesterday I spoke at a public meeting organised by Friends of the Earth in the neighbouring constituency of my right hon. Friend the Member for Barking (Margaret Hodge). She and I were both on the platform. A representative of Barking council talked about the borough's interesting plans to deal with the huge increase in its population as part of the Thames Gateway development. There will be about 140,000 new homes, or housing units, in the Thames Gateway. Many of the homes in Barking will be built at a higher level than the town centre. The hon. Gentleman talked about flood plains. Although these homes are being built on a flood plain, they will be in less danger of flooding than the existing ones.

The new housing will enable us to do something about climate change. We can introduce solar panels, and district heating schemes. We can use the surplus water from power stations: when the water has cooled them, it can be used for district heating schemes. Enormous gains can be made from modern, technological housing development. We do not all benefit from living in areas containing 17th-century and 18th-century cottages; any that existed in Ilford have long gone. In the 17th and 18th centuries, Ilford was just a little hamlet, an adjunct to Barking, where the abbey was. The only buildings of any great age in my constituency are the hospital chapel, a fantastic building that dates back to the 11th and 12th centuries, and Valentine's mansion, which dates back to the end of the 17th century. My constituency, like many others, only had a few thousand people 120 years ago, and then the railway came. As a result, my borough has a quarter of a million people. Further growth and urbanisation of London followed as the suburbs linked together, and we ended up with a global city.

Change is inevitable, and we need to manage that change. Last December, in response to the Barker review of housing supply, the Government published several documents, including a consultation document on the planning gain supplement, which contained several interesting proposals, including modifications to section 106. That also raised the issue of whether it is right that people derive private benefit from huge increases in the value of their land and in their ability to make money, effectively at the public expense, while

[Mike Gapes]

a mechanism is not provided for the public to benefit in return. The community, not just the private interest that is fortunate enough to own land in an area of development, needs to benefit.

The Government's response in December 2005 set out a commitment to provide more homes for future generations and an ambitious package of measures to help people into home ownership and to increase social housing, which is vital. When I was young, I lived in a council house—

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): My hon. Friend is still young.

Mike Gapes: I thank my hon. Friend. Everything is relative. She is younger than me, but we will not go into that.

When I was younger than I am now, many years ago, the area where I was growing up, Hainault, in the Ilford, North constituency, had a large body of social housing. There was a huge estate. Since the 1970s, almost all the houses have been sold. Compensatory social housing has not been built in the London borough of Redbridge. Since the Labour council of a few years in the 1990s, a policy of housing association developments has been in place, but the total number of social housing units is only a few thousand.

Every week at my advice surgery, people complain about shortages of housing. They say that they bid for a property under the choice scheme, with a glossy booklet produced by the east London councils. After checking, we find that there were 250 bids, and that the constituent is, say, number 37 or 64 on the list. The constituent says, "What is the point of bidding?" We contact the council, and the council officers issue a standard letter—I know what it will say before I read it—that there is a scheme, people can bid and the constituent is entitled to do so. That is it, unless, there is some overriding medical need.

I have quite a lot of large families in my constituency, and I was told that, apart from new build, only about four or five local authority or housing association properties with four bedrooms become available in the borough every year. There might be 40 families with overriding medical needs, yet they will not get one of those properties. We need new housing to meet those social needs and we cannot allow selfish nimbyism in certain areas to prevent the majority of people from accessing the housing that they require. Not everybody has the ability or resources to purchase a property. We therefore need mixed tenure—joint ownership, shared equity and so on. Above all, we need to build properties for people to live in, and we need them in areas where we have the land, access and communication.

We also need sometimes to create new communities. The hon. Member for Wealden referred in error in his interesting speech to Essex and motorways. My constituency has the Redbridge roundabout, which is the second most polluted area for particulates in the air, according to the *Evening Standard* survey two years ago—

Madam Deputy Speaker: Order. I wonder whether the hon. Gentleman could relate his comments to the Bill, which is quite wide-ranging.

Mike Gapes: I will relate my comments exactly. The M11 in Essex comes down to the Redbridge roundabout, and along its route communities have been growing. Throughout Essex and Cambridgeshire, one can see hamlets and new housing all along the motorway. The M11 has provided a means for new build and new communities. I agree with the hon. Gentleman that improved road communication in his constituency and elsewhere would be good, but would he campaign against a motorway going through the beautiful countryside, the virtues of which he was extolling? Perhaps he would. I would welcome an intervention if he wishes to intervene. Obviously not; I will carry on.

The Government have an ambition to raise the level of house building in England to 200,000 a year by 2016. That is a big ambition, but in the 1960s we built far more than that a year. Many of the properties that we built at that time—we must learn the lessons—have had to be knocked down because they were tower blocks and not very good, but we desperately need the housing and transport infrastructure, particularly if London is to maintain its position as a global city. In that context, Crossrail is vital, and I look forward to the Bill going to the other place very soon.

Charles Hendry: Is the hon. Gentleman aware that he is endorsing the Bill? The Bill calls for such infrastructure. We are grateful for his support.

Mike Gapes: The hon. Gentleman was listening and he heard what I said. I said that his Bill is an interesting, sophisticated form of nimbyism. His speech was a curate's egg. I am endorsing some of what he said, but I also have concerns. Those who are against new housing and who are nimbyish will hide behind aspects of the Bill, because they see it as a way of delaying, prevaricating and stopping the housing development that is so vital.

We need to ensure that new homes are built in areas where they are needed. The hon. Gentleman is right that we need to look at the infrastructure and at water supply. I agree that there is a serious problem of water shortages in London and the south-east, but the main cause is the water companies and their massive leaks, which waste far more water than could be lost through an hon. Member with a leaky tap.

Lyn Brown: Does my hon. Friend agree that Thames Water's record is truly disgraceful? Would it not be abhorrent to our constituents if that private sector company's record stopped them getting the homes built that they desperately need?

Mike Gapes: I agree. There is a hosepipe ban in parts of my borough but not in others, because two water companies—Essex and Suffolk Water and Thames Water—operate in the London borough of Redbridge. We need to take a serious approach to the water companies, because it is a disgrace that water charges increase while those companies continue to waste our water through leaks—

Madam Deputy Speaker: Order. However serious that complaint is, it is not relevant to the Bill.

Mike Gapes: I appreciate your words, Madam Deputy Speaker.

The Government's housing and planning policies are set out in planning policy guidance note 3, which was published in 2000, and in the draft planning policy statement that is to replace PPG3 later this year. An essential part of PPG3 is a move away from the old-fashioned predict and provide approach, which seems to underlie the Bill, to a planning, monitoring and management approach. Local authorities and central Government must use much more forward planning and, in that respect, I have some sympathy with some of the comments of the hon. Member for Wealden. Forward planning is needed in relation to both housing and capacity, both existing and planned and thought must be given to the provision of schools, doctors' surgeries, hospitals and other infrastructure.

We also need to take account of the potential for unexpected developments. For example, the number of people in work affects the amount of traffic on the roads. In the days of Conservative Government, when we had 3 million unemployed, far fewer people were travelling to and from work, so there was less traffic and less congestion. Under the Labour Government, people are more prosperous. There are 28 million people in work, more people own cars and drive them to the supermarket to shop or on holiday. The downside to higher levels of economic activity, as I pointed out to Friends of the Earth last night, is that, sometimes, that affects our ability to meet our targets on carbon emissions and other targets. However, I do not want to live in a world where we all go back to living in caves—or the Conservative version, where we have 3 million unemployed. I would rather have a Labour Government and high employment and prosperity, but recognise that we have to manage the consequences.

That is why we need planning. That is why sometimes we have to say to local communities that it is all very well their saying no to this and no to that, but there is a greater good and a greater need. The residents of two streets might not want a school to be built opposite them because they think it will generate traffic, but we have to take account of the families living in the 30 surrounding streets who have children who will attend that school and benefit from its existence. That, of course, is when we have to take on board the wider community interest. The same arguments apply nationally, as well. For that reason, I welcome the fact that the Government are going to revise their planning policy guidance and I look forward to the outcome later this year.

We need to create mixed communities. I hope that we have moved away from the ghettoisation of poor people and people in social housing. Many of the new housing developments in my borough mix different housing together. Under the rules laid down by the Mayor of London and agreed with central Government, a proportion of social housing has to be provided in all new housing developments above a certain size, but clearly there are ways in which developers get round that. They find smaller units and try to get under the threshold. We must make sure that people of all kinds can get housing in the areas where they need to live.

One by-product of that is the impact on our economy. In the debate on the previous Bill, we talked about public service workers and protecting emergency workers. They need protection and they need to be prevented from being obstructed in their work, but they also need somewhere to live. In London, we increasingly find that people who work in our health services, and our police, teachers and firefighters—people who work in the whole range of public services—cannot afford to live in the boroughs where they work. They have to commute from a long way out because of the lack of social housing or affordable housing in the big cities. That is not a healthy development, because, apart from anything else, it means that people do not necessarily relate to the communities in which they work, because they do not live there. We need to get a balance. I am not saying that we should tell people where to live—far from it. There should be freedom of choice, but people should have that choice. They should have the ability to purchase a property or to pay the rent in the areas where they wish to work.

In my borough, there are young teachers who spend their first three or four years after qualifying working in our primary schools. Then they look for promotion and immediately move out of the London borough of Redbridge and the excellent schools in Ilford to some other part of the country, because they can afford the housing there and they cannot afford it in their current area. We lose their experience, which is not good for continuity or the needs of young people.

Lyn Brown: Does my hon. Friend agree that one of the biggest difficulties that both of our communities face is high private rents? They would more than cover the mortgage of an individual. People who are being forced to live in private rented accommodation in our communities because of the lack of availability of public sector housing often find themselves in a poverty trap and cannot work, despite wanting to, because they cannot afford to work and pay the private rents.

Mike Gapes: My hon. Friend is right. That is the biggest problem. When someone is paying £230 or £260 a week in private rent for a three-bedroom property, which seems to be about the going rate in my borough, they have to have a large income to afford it. The problem is that people get trapped. People who want to work cannot get off the benefits cycle. As soon as they get a job, their housing benefit is reduced and they are in a situation in which working has become almost useless to them in terms of bettering their life.

Madam Deputy Speaker: Order. Again, may I remind the hon. Gentleman of the content of the Bill? Perhaps he will address his remarks accordingly.

Mike Gapes: The planning system has an important role to play in ensuring that the housing market is flexible and responsive to these needs and that we can provide homes for all the people in all our communities, including those who are trapped and paying extortionate private rents. Some people become trapped in other ways. A couple might move into a social housing property when they had no children, or one child, and then expand their family so that they end up with three or four children but are then unable to find a property in their area within their price range, become subject to the whims of the housing association, and cannot find a property to transfer to

[Mike Gapes]

near to where the children are at school. That is a dilemma that I hear about regularly.

Lyn Brown: Does my hon. Friend agree that London has the highest rates of overcrowding in the country? There has been a 20 per cent. increase in overcrowding since 1991. The only way in which we can deal with that and with private rents in a market-driven way is to address the supply of public sector and private sector housing to drive down rents and increase the affordability of tenancies.

Mike Gapes: I agree. I therefore welcome the various initiatives recently introduced by the Government. They are not sufficient, but at least they are a step in the right direction. I also welcome the issuing of the code for sustainable homes, on which there was a consultation that ended in March. That code is to be strengthened to improve the environmental sustainability of homes so that when people move to a new home it is not of poor quality but subject to high standards. The Government are going to revise the code to ensure that energy efficiency ratings are made mandatory for new and existing homes. That will help poorer people because it will reduce their fuel bills. There will also be minimum standards of water efficiency and measures to ensure that builders and people in the building trade must have the highest standards and not engage in jerry-building and competing on the basis of low quality.

Many things can be done to ensure that we meet the needs of our communities. We must consider energy and micro-technology. Wind turbines, which are popular, should be put not only on the houses of people with lots of money in the countryside but on those of people in cities where that is sensible and sustainable.

Madam Deputy Speaker: Order. The hon. Gentleman's comments have been wide-ranging. Will he please now look directly at the contents of the Bill?

Mike Gapes: The audit that the Bill proposes is unnecessary. We already have many forms of planning guidance, consultations and other measures that have been put forward by the Government over many years. The essence of the Bill is a sophisticated delaying tactic—

Michael Gove (Surrey Heath) (Con): The hon. Gentleman knows all about that.

Mike Gapes: Yes, I know a lot about delaying tactics and am grateful for the recognition. Cunctator is my nickname.

I believe that the promoter of the Bill has the best of intentions, but it is misguided and will not help to deal with the problems of my constituents. It is unnecessary because there are already many different forms of planning that take account of these needs. We do not want a static picture that relates only to the current situation. Foresight is needed, as we must consider the future. We need, too, to build in flexibility to accommodate the unexpected, including changes in world energy prices and the economic cycle. We need sophisticated measures to take into account a range of issues and, although the Bill is well intentioned, it is not necessarily the best way forward.

Finally—hon. Members will be pleased to hear that word—may I refer to measures that are already under consideration, including water management. The Department for Communities and Local Government is working with the Department for Environment, Food and Rural Affairs to look at water resources and the needs of new communities. That work should be strengthened so that the water companies deliver their commitments over a 25-year period or longer. We must make sure that new homes are built in areas that are environmentally sustainable. It is not just a question of water but of other resources in the region.

Lyn Brown: Does my right hon. Friend agree that sustainable communities should provide a community-based infrastructure which, however, was not provided in the docklands in the early 1990s? Homes were provided, but not schools, hospitals or any community facilities at all by the London Docklands development corporation. The Government have recognised the folly of such activity—

Madam Deputy Speaker: Order. The hon. Lady's comments are rather wide of the Bill.

Mike Gapes: I shall avoid delving into the history of the docklands, Madam Deputy Speaker, but I agree with my hon. Friend.

There is already statutory consultation on regional spatial strategies and local development frameworks by the Environment Agency and water companies, and planning authorities will have more statutory powers to require water companies to consult on the management of water resources in future. Such powers are overdue but, hopefully, they will be introduced next year.

Other measures are in hand to look at the question of household growth, and that should be taken into account when water companies consult Ofwat about pricing and so on. It is essential to take a coherent, planned approach to many of those things, and it is not sufficient to look at them purely in the local context. We need, too, to emphasise the need to save water—a subject I have already touched on—and we need to make sure that statutory bodies, including Government agencies and Departments, consumer organisations and the Consumer Council for Water take part in the consultation to ensure that the correct decisions are made.

The new code for sustainable homes must ensure that builders and home owners are given guidance on ways in which they can improve existing properties. It is all very well dealing with new build, but people who build conversions and extensions, or otherwise change their properties, could install solar panels or mechanisms to use waste water to irrigate their garden. Such measures are small steps, but they make a huge difference. I should add, in passing, that if everybody was told to take their televisions off standby and disconnect their mobile phone chargers from the socket, they would save a lot of electricity.

I hope that, over the coming years, we will see a significant increase in the amount of housing and home building. It is urgently needed. I hope that some

of it will continue to be in my constituency, but I also hope that we will not be put in a straitjacket and that all new developments will not take place in already overcrowded areas that suffer from traffic pollution, congestion and a shortage of public open space, parks and leisure facilities. I hope that we will be able to say that the country as a whole is benefiting as well as making a contribution to the building of sustainable communities and decent homes for all.

1.26 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): It may not be generally known in the House of Commons that at the Conservative party parliamentary away-day, I won one of the chamaeleon awards for the biggest contribution to environmental affairs for my extensive role in nature conservation work. I say that because listening to the hon. Member for Ilford, South (Mike Gapes) is, for me, something like a near-death experience, and when I was wondering why, I remembered that gapes is a fatal disease in grouse.

I realise that the hon. Gentleman's role today is to act as a logjam, but I have seldom heard more nonsense talked, even on a Friday, about a serious Bill, of which my right hon. Friend the Member for Horsham (Mr. Maude) is the promoter and I am pleased to be a sponsor. The Bill was admirably and expertly introduced by my good Friend and parliamentary neighbour the Member for Wealden (Charles Hendry) who, together with me and many other local Members of Parliament, is involved in a campaign that could not be further from the vices attributed to us by the hon. Member for Ilford, South. Indeed, it will be the answer that the Under-Secretary of State for Communities and Local Government, the hon. Member for Sheffield, Heeley (Meg Munn) uses, if and when she has a moment to speak.

A number of us—my right hon. Friend the Member for Horsham, and my hon. Friends the Members for Chichester (Mr. Tyrie) and for Arundel and South Downs (Nick Herbert) and the chief executives and leaders of the district councils—went to see the Minister for Housing and Planning to talk about the problems associated with infrastructure and housing targets. We explained that we were not against more housing and understood the need for further and more affordable housing in the south of England, but she accused us of being nimbys, not wanting the housing and so on.

May I lay to rest the suggestion that the Bill is a plot to stop the building of more housing? It is a plot to prevent the Government from imposing housing targets on areas of the south-east which are already creaking and do not have the infrastructure to cope with the housing that we already have, that which we are going to get and that which will be imposed on us in the future. Let us dispel the impression created by the 50 minutes of drivel from the hon. Member for Ilford, South and return to a first-class Bill that is trying to do something very important—that is, to secure the quality of life for people of all backgrounds and all walks of life.

The picture portrayed by the hon. Gentleman of some downtrodden urban minority struggling in the inner cities, as opposed to people who spend their entire lives in traffic jams, is pathetic. I agree that the problem is a national problem. It cannot simply be looked at locally. The Bill is a serious attempt to devise a national procedure for an audit of the infrastructure, so that what his Government have always promised can, unusually, be made true, and infrastructure will keep pace with housing development.

I first raised this question years ago. In 2000 I went to see the right hon. Member for Streatham (Keith Hill), who was then a Minister at the Office of the Deputy Prime Minister and is now the Prime Minister's admirable Parliamentary Private Secretary, to discuss the real problems caused by the creaking infrastructure in my constituency and other constituencies such as Wealden, East Surrey and Horsham—the places that we know best, which are struggling to cope with further housing. At that time, I participated in serious discussions about the infrastructure deficit.

My hon. Friends the Members for Arundel and South Downs, for Chichester and for East Worthing and Shoreham (Tim Loughton) all wanted to be here today, but they are attending meetings to try to save some of the most important assets in the health service in the south of England, St. Richard's hospital in Chichester and Worthing hospital, which are in danger of being downgraded. That illustrates the vital importance of health infrastructure, which my hon. Friend the Member for Wealden has mentioned.

My hon. Friend the Member for Wealden was generous in his comments about the campaign that we have fought in Mid-Sussex to preserve vital services at the Princess Royal hospital in Haywards Heath and the Queen Victoria hospital in East Grinstead, which is particularly well known to him. Incidentally, the Government have not even consulted the health service on major housing targets. No one has bothered to consult the NHS on plans for the future. If anyone had, the strategic health authority in my area would not be starting another consultation, which will lead to further recommendations to cut services.

I want to relate the Bill to one particular problem in my constituency. We must provide about 14,100 homes in Mid-Sussex between 2006 and 2026. The plan is to build some 2,500 of those homes on a greenfield site in the beautiful town of East Grinstead in addition to a further 2,000 homes in the town, making a total of up to 4,600 houses in one small market town, which is out of all sense of scale and proportion. The plan has been subject to a planning consultation, which has just ended, in which it attracted almost universal objection from local residents, who are extremely anxious. I anticipate that the result of the consultation will be a strong no to what the council has had foisted on it and is having to propose.

As I have said, the plan would result in about 4,500 new houses in East Grinstead alone, which would result in a new population of more than 11,000—3,000 extra schoolchildren, 1,600 extra school places, 1,500 pensioners, a requirement for 5,000 jobs, 2,000 extra commuters and 6,000 extra cars on the road. To put the matter in context, that development does not include a single penny of Government funding for infrastructure to maintain my constituents' quality of life under such a huge weight of development.

The Minister may have heard of the Gatwick diamond, which is an economic zone. There is a proposal to build 41,200 houses between 2006 and 2026

[Mr. Nicholas Soames]

in the Gatwick diamond, which is more than 2,000 houses a year. That level of activity is almost twice that of Ashford and similar to that of Milton Keynes. Both Ashford and Milton Keynes receive enormous public support and help for building infrastructure to keep pace with the development of homes. No help at all is available in Mid-Sussex from the Government. At present, the infrastructure charge per house is likely to be about £46,000. How will that help affordable housing? How will people be able to afford house prices that will sustain such an infrastructure spend?

Another consideration is water. A distinguished environmentalist who sits on the Labour Benches said to me yesterday, "There are 14 million people in the south of England at present living under a hosepipe ban. A massive increase in housing development is proposed. Where do the Government expect the water to come from?" How can this be called sustainable development?

Mr. David Anderson (Blaydon) (Lab): Will the hon. Gentleman give way?

Mr. Soames: No, I will not.

Does the Minister have any idea of what sustainable development is? When I asked a parliamentary question three years ago—I was seeking a definition of sustainable development—the answer was, "I will reply to the hon. Gentleman shortly." There was not even an answer. Since then, what sustainable development means has changed according to the whim of the Minister at the time.

There is a water shortage. There is great anxiety about the quality of water, about the treatment of sewage, about the quality of life and about roads, as my hon. Friend the Member for Wealden rightly said. The exit turn of the A23 to East Grinstead is already running at full capacity. Just up the road at Horley, in the constituency of my hon. Friend the Member for East Surrey (Mr. Ainsworth), there is a development of 2,000 houses. The occupiers of those houses will use the A23. There are 4,000 houses to be built at East Grinstead. The exit turn of the A20 is already running practically at capacity. I assumed that it was a national asset and that the Highways Agency would want to pay for it. Not a bit of it. It is to be paid for by the developers. How are developers to pay for the exit turn of the A23 and improvements to the A264 and the A22, build a relief road, build schools, create green places and build all the other things that make a civilised, viable contribution? How is all that to be provided just by the developers, without any contribution from the Government?

I say to the Minister, "You cannot go on willing on the south-east a scale of development which is intolerable environmentally." By any definition of sustainability, environmental security and of all the other things the Government witter on about, what they are willing on the south-east of England is utterly unfeasible. There needs to be an audit of the infrastructure.

Mr. Simon Burns (West Chelmsford) (Con): Does my hon. Friend agree that not only his constituents, my constituents and the constituents of other Conservative Members but many constituents of Labour Members, including Labour voters, will be distressed and disgusted by what is going on in the House today to try to thwart a piece of legislation that is both environmentally important and important for all our local communities?

Mr. Soames: My hon. Friend makes an essential point. The Government's intentions are clear. The speech by the hon. Member for Ilford, South (Mike Gapes) was a disgrace and will be noted by constituents throughout the land who have a vital interest in their quality of life, that of their children and that of their grandchildren. Terrible harm will be done to the environment of the south-east because of what the Government are willing on us.

I have in my hand a letter from the then Chief Secretary to the Treasury dated 10 February 2000. It was written after I had raised questions with him and had asked for an audit of the infrastructure in mid-Sussex and wider Sussex. He said:

> "Again, I can offer an assurance that this will be one of our principal concerns once a decision is taken on numbers of new houses to be built is resolved. There is no question of planning for new homes while excluding planning for the range of services required to build thriving communities."

That has been shown to be a bare-faced terminological inexactitude. It has not happened, and it is not happening. The Government are not doing what they promised to do. They have not backed with plans and Government money the additional infrastructure required to sustain the level of housing that the Minister and her hon. Friends are demanding.

Other Members want to speak, so I do not wish to go on—as I could do—except to make two further points. This is a terribly serious matter. The environment cannot be played with like a toy, at the political whim of whoever happens to be in power. It needs to be at the heart of development in the south-east of England. At present, the Government are denying that, and they are destroying much of what has been built up over the years.

Decades of unsustainable development has put our region's environment under significant pressure, and that makes the Bill even more important. Development is not always bad. Indeed, it is often good; it can be good for the environment, as long as it is in the right place, well designed and well supported by properly funded infrastructure. Without planning for water supply and sewerage, waste disposal, flood risk management, proper roads and railways that function, communities simply cannot function. The quality of life of my constituents in East Grinstead, Haywards Heath, Burgess Hill and the surrounding areas, which are the engine room of the economy of this country, inevitably will decline.

The current infrastructure in south-east England is struggling to cope with existing demand. The most careful planning is needed to accommodate the proposed number of new houses. The Minister nods her head, but that is not happening; there is no plan whatever to support the infrastructure in and around my constituency with Government money. There is no plan. All the

money has gone to places such as Ashford—to what are called the growth areas. If these developments go ahead as planned, there will be very serious consequences for the environment of this country.

The decisions that need to be made are very difficult. They involve a whole series of issues, which are all connected to one another, and constitute the most formidable challenge for Government policy and for the lives of our constituents throughout the country. They include climate change, pollution, biodiversity, the countryside and water. They also involve all the other things that go to make a civilised life: how we deal with waste; how we enable our people to travel to work; how we enable our children to be educated, and where they play; the quality of public space and our whole urban landscape; working and living patterns; and the fact that the natural landscape of this country is about to be concreted over. Other issues include traffic jams, juggernauts in rural areas, the balance between road and rail, carbon emissions, demographic change and the supply and affordability of housing.

It is just not possible to separate those issues. They have to be addressed in the round. That is why the Bill is so important: it would make the planners conduct an audit of infrastructure in every regard, in order to understand whether there is the local infrastructure to support the kind of development that the Government are willing, and the housing that we do indeed need in our constituencies to accommodate people—to enable people to continue living in such areas and to enable people new to those areas to buy homes.

It is not possible to docket such issues in one Government Department or under one heading. It is a disgrace that they are being dealt with in the current disjointed and dysfunctional way. The Minister must report back to her Secretary of State that they need to get a grip of that, and understand that such development cannot be just handed down by diktat without any thought or concern for the quality of the lives of those on the receiving end of the Deputy Prime Minister's odious plans. The problems are not just environmental, social, or economic, but all three at one and the same time. The way in which we think about and handle those problems will have the most profound effects on our financial prosperity, our society, our environment, and above all, on the quality of life of not only all our people living now, but those to come in the future.

1.45 pm

Barbara Keeley (Worsley) (Lab): The Bill is concerned with the tension between two groups in our local communities that has been reflected in the past two speeches that we have heard. The first group are those who need homes, but find that they cannot get them because of a substantial housing shortfall, especially in urban areas. The second group are those who are living in areas in which they do not want further and more intensive development. It is difficult to balance those two groups' concerns, and that is something of which I have experience.

When I served as an elected member on the Trafford local authority in the north-west, I represented a town-centre ward for nine years. That part of Trafford is a desirable area with good schools, so it was a target for housing development. Most of the substantial planning applications resulted in a large volume of objections from local residents, and a key part of my work as an elected member was dealing with them. However, at the same time, we had a shortage of homes in the area. The situation was difficult for couples, families and young people who wanted to get their first independent accommodation and move out of their parents' home.

We know that the number of households has increased by 30 per cent. over the past 30 years. We clearly have an ageing population because people are living longer. However, we must balance other key factors when we consider the mix of housing that we need. There are now more lone-parent households. Most elected representatives, especially those in local government, will find that they are continually dealing with couples who have split up, both of whom want accommodation in which their children can live for part of the time, which also increases the numbers of houses that we need.

It is predicted that the population will have grown by 11 per cent., or 5.7 million people, by 2026. The number of households is increasing by 209,000 a year, of which 72 per cent. will be single-person households, which is a key point. However, there is a gap, because we are building only 168,000 extra homes a year. We must acknowledge that there is thus a shortfall in housing. The Government's ambition in response to the Barker review is to increase the supply of new homes to 200,000 a year by 2016. Of course, it is also recognised that new homes must be in sustainable communities.

Planning guidance has been changing since I served in local government. The main guidance for planning policy on housing was set out in planning policy guidance note 3, which was published in 2000. PPG3 became a well-known acronym in local government. However, I understand that it will be replaced later this year by planning policy statement 3. The main difference seems to be a move away from the simple predict-and-provide approach to housing towards one of planning, monitoring and managing. We need such an approach on planning, so the choice is to be applauded.

The local housing market has not responded to local need, and it is no exaggeration to say that the shortage of housing causes absolute misery in communities. We want residents to be able to get their first step on the housing ladder. People often want to take that first step in the area in which they grew up, where their family and friends are. However, my experience shows that areas often become overheated. In the town centre that I represented, small, new apartments that were built were put on the market for about £200,000, which was way above what a young person or couple in that area could afford.

The planning system has a role to play in improving the responsiveness and flexibility of the housing market because everything that I saw suggested that if the housing market was left to its own devices, it would not meet all needs. So we need affordable units of starter accommodation for couples and young people and in other areas we need affordable family homes. We also need much more accommodation for older people. The area I represented had the largest concentration of older people anywhere in the borough. Some of

[Barbara Keeley]

it—sheltered housing, for example—was very good, but nowhere near enough of that type of housing was available to support the many people growing older and frailer.

The Bill may prevent the development of sufficient accommodation for older people's needs, which is one of my main concerns about it. We are considering what we need in sustainable communities, but I feel that the needs of older people merit much more consideration.

A constituent told me about one of his friends who had grown older and whose wife had died. His standards declined and he even failed to wash or keep up at all with how he looked. He simply could not keep up the maintenance of his home, which was burgled, so he became fearful and his health went into even further decline. My constituent, speaking on behalf of his friend, asked whether there was a service to help with the very difficult move from his lifelong home. The man was living in the place he had shared with his wife and he needed to move somewhere warm and secure that would be more suitable for him as he got older. I faced the difficulty that local government did not really have such a service at that time, when the housing market just produced what the housing market produced and there was nobody around to help that person with the move.

At that time, the sort of help that the man required did not exist, but I believe that it is more available now because we have sheltered housing with wardens and even a move to extra care in housing, so that people can remain in their own homes and receive the sort of care that was previously available only in nursing homes. That is the mix of housing needed in most areas. Having suitable and sufficient accommodation for older people and a change in the type of accommodation as people grow older is increasingly becoming a problem. It has started to be recognised, but we need to pay much more attention to it.

I have spoken about the mix of houses needed in most areas. Without the appropriate mix of accommodation to meet the needs of older people, their health can rapidly decline, so we really need the right mix. We also need a mix of measures to make new houses sustainable, to make them energy efficient and efficient in the use of water in the kitchen and bathroom, which the last two speakers mentioned. Improved fittings and appliances can help. The bigger issue is that water companies must address the level of leaks, but that matter is probably outside the scope of today's debate.

I understand that there is to be a strengthened code for sustainable homes, which will ensure that new homes are efficient in energy and water. That is important not just for the environment, because as the code suggests, householders need better information about the running costs of their homes. There is now a virtuous circle: using less water and energy is the aim, but it entails saving money on utility bills, which most people want. I believe that the strengthened code will incorporate that.

In growth areas such as health and education, I understand that the Government are ensuring that the main public expenditure programmes are flexible and responsive to growing communities. In my constituency, education presents the opposite problem to securing adequate supply because we have falling rolls. Schools across my constituency, particularly primary schools, are having to contemplate school mergers because not enough children are being born in our communities. Having a better housing mix, particularly more family homes in some areas, would help to ensure the continuing viability of our schools. It is not only a question of there being too few homes, because in some areas it is the type of home that is unsuitable.

I want to return to health planning, which the Bill touches on and we discussed in today's earlier debate. For me, health planning, as I mentioned in an intervention earlier today, is not about saving small hospitals. The key point about hospitals in respect of what communities need as more houses are built is that they should provide safe and effective services. A difficult tension is developing. There is a tendency for hon. Members of all parties to argue for "save the local hospital" campaigns when we should campaign for safe and effective services for our constituents. We need hospitals with appropriate neo-natal and paediatric services. Those are often highly specialised units and it is not possible for them to be available in every hospital. We need suitable diagnostics, and every hospital should have an MRI scanner and the other sorts of scanner that are needed for care and treatment.

All the discussions that I have held with NHS professionals suggest that we need hospitals of a sufficient size to provide the right number of staff with expertise, especially consultants. When I was in local government, we had a long-running battle to try to hang on to our district general hospital but, as we discussed the matter with NHS professionals, we began to realise that there was a problem with the number of consultants that a hospital of that size could sustain. We discussed whether it was safe, whether there would be a proper career path and whether we would get the right and best people for our hospital. Those matters are important, too.

Not just anybody can diagnose cancer. It requires expertise, and operations and treatment should be conducted by those who are experienced and can manage to perform the required number of operations every year. Health planning must therefore be linked to more effective community and primary care services. That is beginning to develop in a—dare I say it?—healthy way in my area.

In the Leigh area, there is an admirable walk-in centre, which also serves my constituency. A new primary care centre is about to be built in Walkden in the centre of my constituency. The new local improvement finance trust—LIFT—centre will include GP services, a clinic that offers physiotherapy, rehabilitation, audiology and a children's clinic. It is vital to my community for all those service to come together so that, for example, an older person who has had a stroke will not have to travel to Hope hospital some distance away, or to Bolton or Wigan, but can get the rehabilitation treatment and physiotherapy locally. That also means that family members could accompany the person more easily.

Transport, which the Bill describes as condition 6, has been mentioned in the debate. The measure would provide for

"sufficient capacity on the existing road network... to sustain any increase in... traffic that is likely to be generated by the proposed development".

That is peculiar. Most people in local government have been working with the assumption that we should encourage people to use public transport. In my area of the north-west, that means the Metrolink tram. A guided busway from Leigh to Manchester will soon be added to that. The tram has led to people switching from private to public transport and lessening road use. As with the tube in London, people find that the tram is a good mode of public transport.

Transport is another weak aspect of the Bill because we should not simply cater for an increasing amount of traffic. The assumption in planning is to encourage the use of public transport. To go by the staff who work in my constituency office, we cannot assume that younger people will drive to work. We should encourage them to use public transport. The Bill does not cover that and is therefore deficient.

I understand the competing issues that affect planning and I have several years' experience of dealing with residents who are concerned about new housing developments. Such concerns are still expressed to me as a Member of Parliament, and that happens to many other hon. Members, too. However, people in all age groups are affected by the problem of not finding a home suitable for their needs. In my constituency, that means young people, including couples, families and older people. If the hon. Member for Mid-Sussex (Mr. Soames) does not believe the amount of homelessness that exists—some of his comments implied that he did not—I suggest that he attend the surgery of one my hon. Friends with a London constituency.

Lyn Brown: Does my hon. Friend agree that it might be a good idea for the hon. Member for Mid-Sussex (Mr. Soames) to visit one of my constituency surgeries, given that two of the wards in my constituency have the highest amount of overcrowding in the country?

Barbara Keeley: Yes, I do. I hope that the hon. Gentleman will be interested in that invitation, but he does not seem to be responding to it at the moment.

A recent case in my constituency involved a mother with a 14-year-old daughter who had always lived in an upstairs flat and had never had a garden to play in. There are also an awful lot of old or frail people who cannot find a home suitable for their needs. It will be very difficult to deal with such people, or with people being treated for cancer or other conditions, who are living in unsuitable accommodation, if we do not proceed in a different way to provide the necessary growth in housing.

There is a case for housing growth, and we have to listen to it; otherwise, we shall condemn children and families to live in overcrowded homes, as my hon. Friend the Member for Ilford, South (Mike Gapes) mentioned. We need to reflect on this issue and to take it seriously, although some hon. Members do not appear to do so. There are people bringing up a family over many years—perhaps decades—in a two-bedroom flat. As the children get older, it becomes more difficult for siblings of different genders to share a bedroom, so the living space has to be used as bedrooms. If all the accommodation space is used as bedroom space, there is no living room in which the children can do their homework and study. Educational underachievement then becomes a factor of overcrowding, as well as poor quality of life.

Lyn Brown: Does my hon. Friend agree that overcrowded households can also have an impact on the health of the children and families involved? We often see an almost constant succession of illnesses in such households, owing to the fact that there is inadequate space and ventilation for a growing family.

Barbara Keeley: I very much agree with my hon. Friend. This affects not only children, although we think primarily of children when we are discussing overcrowding and housing need. After all, why should a child grow up in an overcrowded home? Anyone who uses Westminster tube station will have seen, going down the escalator, the large poster showing this Chamber overcrowded with babies and children. Every time I see it, I think it is a powerful image. Those of us who are adequately accommodated should think through what it is like for people trying to bring up a family in an overcrowded situation. We cannot have that.

I am talking not only about the start of life, although these problems are bad enough at that time. If we read through to the end of life—

Madam Deputy Speaker: Order. I should like to remind the hon. Lady that the Bill is about an infrastructure audit. I would be greatly comforted if her remarks could come back to that subject.

Barbara Keeley: I was just about to refer the effect of overcrowding at the end of someone's life, in that people cannot be discharged from hospital to die at home, even if that is their wish, if their home is overcrowded. Those who propose measures such as those in the Bill that would reduce or restrain housing development should take overcrowding into account. It is the biggest driving factor in these issues, and we cannot have that.

We must provide the homes that our communities need, in terms of the mix of housing that I have mentioned, and of the energy and water efficiency measures. I welcome the fact that the Government have changed their planning approach, through planning policy statement 3, from the plan, monitor and manage approach to a plan-led approach that will allocate land for housing and then assess the capacity of existing and planned social and transport infrastructures.

The Bill applies to the construction of more than 150 houses or flats by the same developer on a single site, or on contiguous sites, within a period of five years. I do not think that that aspect of the Bill really helps.

As I said earlier, I have had experience of a housing hot spot. Developers there were keen to build expensive apartments in quite small numbers. They would buy a plot containing one or two large properties, of which there were many in the town-centre ward that I represented, then build 10 or 15 expensive luxury apartments. They would repeat the process on many sites. Housing change of that kind caused a number of problems in itself. When we speak of audits, or of planning that will affect

[Barbara Keeley]

only areas containing at least 150 houses, we ignore the fact that a community can be significantly affected by small numbers of units.

As was pointed out by my hon. Friend the Member for Ilford, South, those who build small developments consisting of 10 or 15 luxury apartments can avoid the requirement to provide affordable homes. We found again and again that it was the small developments that did not provide such homes. Some of the larger developments of flats or houses—the few that we had—were more likely to provide them. I think that local authorities could do more to ensure that some mid-scale housing developments supplied affordable housing, to the benefit of the community.

I believe that the plan-led approach of PPS3 can ensure that local authorities provide homes, and that sustainable communities and homes are developed.

2.6 pm

Richard Younger-Ross (Teignbridge) (LD): I congratulate the right hon. Member for Horsham (Mr. Maude) on the Bill, and the hon. Member for Wealden (Charles Hendry), who presented it so ably on his behalf.

I understand the reasoning behind the Bill because of my background in architecture. I spent most of my life as a junior in an office talking to other architects, who would sit and puzzle over how we would design, for instance, a housing estate. The planners would debate with us what could be on the estate, and about the height and design of the houses, while failing utterly to provide the infrastructure that the estate required. I found it puzzling that there was so little joined-up thinking about how we developed our towns. It must be said, though, that having seen what planners did in the 1960s as a result of joined-up thinking, we have knocked a good deal of it down. Perhaps the lack of any real planning constituted a reaction to some of the appalling planning decisions of the late 1950s, the 1960s and the 1970s.

I understand the problems that we are discussing. When I first set eyes on Teignbridge in about 1990, the electorate was 74,000. It is now the fourth largest in the country, at 88,000. We envisage more development to deal with an increase of 10,000 in the population, and even more at a later stage. We are suffering from the consequences of the lack of joined-up thinking. There are pressures from time to time on the health service—on doctors' practices and on hospitals—to say nothing of roads and water.

We have heard a great deal about housing need today. During a period in which 3,000 council homes were sold off, the building of only 1,300 social homes has been allowed. During that time, I have seen the number of families on the housing register rise from 1,000 to 4,000. The basic figures in themselves represent an appalling indictment of the total failure of the Labour Government's housing policy. The Government's inability to provide the homes that are needed has increased the misery of those living in overcrowded accommodation, and the pressure on that accommodation must be relieved. That, along with social changes such as more single families and the fact that few of us are living with our parents, is one of the reasons we need new homes. Parents on both sides of the family died last year, but I must confess that when I was a young man the last thing that I wanted to do was live with the in-laws or the outlaws—I wanted to set up a home with my wife. Again, that creates extra pressures.

The other problem is our growing elderly population. We need to bring in immigrant workers to maintain the tax base and to ensure that elderly people can afford to retire in dignity. All those factors are creating extra pressures. That does not mean, however, that we should not give careful consideration to housing development and where it is placed. Increasing audit is an idea that has much to commend it, although I would not want the Bill as it stands to be passed. It has some merit in some parts, so I shall not oppose it at this stage. I have grave reservations, however, about some of the detail and some elements of the Bill.

One of those reservations relates to how this Bill will link up with local development and the work that local government ought to do—and that some parts of it are doing—to audit the provision of services and the needs in an area at the same time. It might not be this Bill per se that is needed, but a responsibility on local authorities to have a more wholesale approach. Perhaps we ought to plan the infrastructure that is needed rather than having the current piecemeal, ad hoc approach.

Meg Munn: The hon. Gentleman will find that the guidance on the production of regional spatial strategies provides for exactly that.

Richard Younger-Ross: There is some element of that, and I have looked at some regional spatial strategies. In relation to district councils and more local problems, I have not seen that approach. I will be interested to see how the provision works its way through, and whether it ultimately delivers anything.

There are some other difficulties relating to predictions and auditing. The hon. Member for Wealden referred to auditing in relation to hospitals, and gave some figures on growth of hospital need. That is a difficult calculation, because it depends on what basis is used. Were we to take a crude figure of 400 bed spaces in the local hospital, we could say that a doubling of the population would necessitate 800 bed spaces in 10 years' time. That does not quite follow, however, because we must take account of the changes in hospital care. With micro-surgery, keyhole surgery and other techniques, more people are being kept in hospital for shorter periods. Therefore, even were the population to double over a period, the number of bed spaces needed might be only 600, not 800—an increase, but not a doubling.

I therefore have some reservations about the crudity with which the Bill operates at some levels, which might cause some difficulty. That does not mean, however, that it is not worthy of debating in Committee. One good reason it is worthy of such debate is that it would show the paucity of some of the Government's action in the past.

The hon. Member for Worsley (Barbara Keeley) mentioned the definition of "significant". I hope that I have pronounced her constituency name correctly, as

Members are always mispronouncing my constituency's name—it was mispronounced earlier. The Bill refers to 150 houses as "significant". My background is in architecture, and one does not have to be bright to work out that if "significant" is 150 houses, a developer looking to build 300 houses would build 298. He would build 149 now, which he would get through without the additional burden. A couple of years later, as he had land-banked the land—given the size of the development, one does not build 300 houses in one go anyway—he would put in another application for a further 149 houses. He would therefore get round that definition a second time. That difficulty and failure would need to be addressed, but that does not mean that it is not an important thing that should be tackled.

My constituency is beautiful—from Widecombe in the Moor, across lots of Dartmoor, to rural coastal towns. The building of 150 houses in Widecombe in the Moor would be devastating. Developers would never get consent from the national park authority anyway, but the principle of the argument is that far fewer houses would be significant in such areas in their impact on doctors' surgeries, on roads—the roads are narrow and Devon banks are very high—and on other parts of the infrastructure. A far more flexible approach would be required.

I come to the next stage of the problem in how we deal with the planning process. Part of the difficulty is that many of the services have been privatised. By their nature, such services will respond only once there is a market. Therefore, water companies will by and large look at resolving the problem after demand has been created. In some cases they do not even do that, which is why Thames Water is getting itself into hot water, as it were. We have to find a way—special planning begins the process—to get the infrastructure in place before construction or at the same time.

That cuts across—without digressing too far—much Government thinking in other areas. Very often, funds from the closure of a care home, for instance, will be used for another facility, but the care home is closed before the funds are made available and the other facility is not provided for two years. Exactly the same applies in planning. We cannot leave a gap of two years between the creation of the need and the construction of the road, the extra water supply, hospital or school.

The hon. Member for Wealden criticised the Government's proposal to change section 106 agreements. Let us be clear: section 106 agreements are a form of bribery. A developer comes along and says, "Right, I want to build 150 houses. What do you want—a new school, a new link road?" That is how it works. Small parishes might really want a new school and somebody might come along and say, "I know that you really don't want 150 houses; you only want about 50. But you allow us to build 150 and we'll build you a new school." That is the reality in this country and that is why getting rid of 106 agreements is an exceedingly good idea.

I have reservations, too. The idea that the funding will go into a pot and move out of the local authority is deeply worrying. I would like to be assured that there is some way of getting that money back into the community to pay for infrastructure. I am somewhere between the two: I am not convinced of the Government's proposal, but I know that the way in which 106 agreements work at the moment is deeply flawed.

Mike Gapes: On the point about 106 agreements, does the hon. Gentleman agree that many local authorities do not use their powers effectively and that sometimes they agree to housing developments without taking account of implications for school places five, seven or 10 years down the line?

Richard Younger-Ross: The hon. Gentleman makes a valid point; local authorities often do not take such things into account. A developer in my constituency said following the process, "Cor! They were a soft touch. We would have put in twice as much money if they had asked us." The system relies on the skilled negotiations of the planning department in extracting as much money as possible. Planners are good at spatial design; we do not train them to be negotiators and to extract money from developers. That is not part of what they are taught at college.

Comments have been made on the intentions behind the Bill. In neither the opening remarks of the hon. Member for Wealden nor the speech made by the hon. Member for Mid-Sussex (Mr. Soames) did I find one hint of nimbyism. Perhaps some local authorities would use the Bill for nimbyism, but existing legislation is used for that purpose. However, to accuse the hon. Gentlemen of that is to do a disservice to them and to the Bill. For my part, I think that the Bill has some merit. Sadly, I doubt that it will get much further, but it has given rise to an interesting debate and raises serious issues that the Government need to tackle.

2.20 pm

Mr. David Anderson (Blaydon) (Lab): As an MP from the north-east of England, I wish that we had some of the problems that have been identified in the south-east—too much work, too many people wanting to live in the area, too much investment. If we had some of those problems, I might share some of the views that have been expressed today.

I live in a village that was the epitome of a sustainable community. It was a mining community that was first developed in the early 1820s, when a local colliery was sunk. They started building houses in 1832: the houses were part and parcel of the job of the miners and remained so for the next 150 years, becoming part of the village scene. Not only were there houses that working people lived in, but the miners' union developed houses for retired miners who had been thrown out on the streets when they finished working so that they could remain in the community. The people developed parks, sanatoriums, welfare systems, football fields, cricket clubs and brass bands. It was the epitome of a sustainable economy—sorry, a sustainable community; it was anything but a sustainable economy.

Unfortunately, everything changed when the Thatcher Government, in their wisdom, decided that it was a good idea to do away with this country's indigenous coal industry. As a direct consequence, they destroyed thousands of homes and hundreds of communities throughout the country—homes that were valuable to the people who lived in them but that, unfortunately, had no real value on the property market. They were in areas where there was no work and people had no interest in moving there; they continued to be lived in by people who could not afford

[Mr. David Anderson]

to move out because the houses had no market value. Eventually people did move out, or elderly people moved into homes or, sadly, died in their home, and the local authorities brought in people that they could not house elsewhere. That led to a spiral of despair: drugs, burglary, petty crime and violence sucked the life out of the communities.

Now, houses are being pulled down and we need new ones. We need new houses in a way that we have not needed them before. We do not need restrictions or any form of nimbyism to prevent the development that we need. We want high-quality, environmentally sound houses that our young people can afford to buy and live in. We do not want obstacles such as the ones that we faced when we were younger put in the way of positive, quality developments for the people of the future.

We in the north-east do not have some of the other problems that have been identified today. We have a plentiful water supply, mainly because we developed resources such as the Kielder reservoir. It was created to help the steel industry and the coal industry in the north-east, but in the 1980s, the Tory Government decided that they did not want to use British coal to keep the steel industry going; they bought Polish coal instead. As a result, we have a reservoir with underground links to three main rivers, but the water is not needed except for public consumption. We do not have the problem that affects the south-east, so why should we in the north-east be subjected to the limitations that the Bill would impose?

We do need infrastructure development. We need investment in new roads, we need our railways infrastructure to be built up and we need more and better housing. We are seeing quality development in houses and businesses across the north-east, but we want more. Obstacles are being thrown up in certain areas, with people saying that they do not want building in their area because they think that they have enough. That is nimbyism and it is not helpful. What my hon. Friend the Member for Ilford, South (Mike Gapes) said was nimbyism, clearly is. It may be a sophisticated term and I am not the man to ask about sophistication, but it is clear that, if the Bill goes through as it stands, we will have a situation in which a private company can say, "We aren't satisfied that we can deliver in the way that you are asking us to." To me, that is a built-in veto.

If private companies such as Thames Water cannot produce enough water for the people of the area to use, why should we allow them to dictate the system and stop development? I have just moved into this area. I have bought a flat in Wandsworth common. I am told that I need to go carefully with my water. I am paying for it, so why should I go carefully with it? Twenty years ago, those people were allowed to take control of our public water supply—helped by investment from the Government. We were told that part of the deal—the reason we were giving control to the private companies—was that those people would develop the infrastructure, look after us and make sure that we had water, without any problems. That is not the case.

What is Thames Water doing to improve my water supply? Is it fixing the leaks? Is it employing mechanics and engineers to dig the roads up and put the leaks right? It has put adverts in the newspapers and on billboards to say, "This is how much more water we will provide for the next 10 years." There are adverts featuring Battersea power station and other buildings in London. Those adverts say, "This is how much water we will save." Instead of talking about it, Thames Water should get on with it. It has had 20 years to get on with it and unfortunately it has not succeeded.

It is clear that one of the drives behind water privatisation was that promise, and that promise is not being delivered. Why, then, should we allow those people to say to us, "We aren't satisfied that we can deliver. Therefore we will block what has been suggested." Those involved in running the sewage system can do the same, as can the Environment Agency and the people who get rid of our waste. In the area where I live, there are massive issues about waste disposal. There are already big planning arguments involving companies such as Sita which have long-standing contracts in our area to fill up old quarries and mine shafts. They are having massive planning arguments under present legislation. Why should we give them another veto so that they can say, "We are not satisfied, therefore this cannot go forward."? That is not right or proper. That may not be the intention of the Bill, but I am convinced that it is how some people will use it.

The difference between what happens now and what is proposed is that, at present, any developer has to consult certain bodies. It has to say to people who provide waste systems, sewerage, water and power, "Can you deliver for us?" and they can say yea or nay. What they cannot do, and what the Bill will mean they can do, is say, "We aren't satisfied we can do it, therefore you can't move forward." That is what we will end up with. Lectures from the Conservatives, who sold off social housing and then refused to build more houses to replace it, do not in any way enamour me of taking lessons from them on providing sustainable communities and decent-quality affordable housing for our young people. That is what this is about.

Mr. Soames: Will the hon. Gentleman give way?

Mr. Anderson: No, I will not, because the hon. Gentleman would not give way to me.

One of the questions that the hon. Gentleman raised was, how can we save water? Well, we could say to some of the millionaires in the south-east, "Why don't you turn your swimming pool into a sandpit?" That could go a long way towards saving some of the water that we need. The clear intention in the Bill is nimbyism. The intention is to stop things moving forward and to block the development of quality housing in a particular area. That will have a massive impact on the rest of the country and that should not be allowed.

2.28 pm

Michael Gove (Surrey Heath) (Con): We have had an excellent debate. I hope that the Bill can now move quickly to Committee. I commend it to the House.

2.29 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): I certainly agree with the hon. Gentleman that it has been an interesting debate, but we have had a lot of

bluster about proposals that would add absolutely nothing to the processes that we already have in place.

My hon. Friend the Member for Ilford, South (Mike Gapes) rightly said that the Bill amounts to sophisticated nimbyism. The current planning processes and the regional spatial strategies, linked with the local development framework, do everything that the Bill sets out to do. The hon. Member for Mid-Sussex (Mr. Soames) is completely wrong to say that there are no provisions for consultation with relevant organisations and with local and strategic health authorities.

It being half-past Two o'clock, the debate stood adjourned.

Debate to be resumed on Friday 20 October.

Remaining Private Members' Bills

PRISON REFORM (MENTAL HEALTH) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

REGISTRATION SERVICE BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Monday 17 July.

IDENTIFICATION AND SUPPORT OF CARERS (PRIMARY HEALTH CARE)

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

PROTECTION OF RUNAWAY AND MISSING CHILDREN BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

PROTECTION OF PRIVATE GARDENS (HOUSING DEVELOPMENT) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

CARE OF OLDER AND INCAPACITATED PEOPLE (HUMAN RIGHTS) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

FIREWORKS (AMENDMENT) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

HOUSING AND COMMERCIAL DEVELOPMENT (WATER SUPPLY ASSESSMENT) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 20 October.

LIGHTER EVENINGS (EXPERIMENT) BILL
[*LORDS*]
Order for Second Reading read.

Hon. Members: Object.
To be read a Second time on Friday 20 October.

BREAST CANCER BILL
Order read for resuming adjourned debate on Question. That the Bill be now read a Second time.

Hon. Members: Object.
To be read a Second time on Friday 20 October.

SUSTAINABLE COMMUNITIES BILL
Order for Second Reading read.

Hon. Members: Object.
To be read a Second time on Friday 20 October.

BRITISH OVERSEAS TERRITORIES BILL
Order for Second Reading read.

Hon. Members: Object.
To be read a Second time on Friday 20 October.

HUMBER BRIDGE BILL
Order for Second Reading read.

Hon. Members: Object.
To be read a Second time on Friday 20 October.

DYNAMIC DEMAND APPLIANCES BILL
[*LORDS*]
Order for Second Reading read.

Hon. Members: Object.
To be read a Second time on Friday 20 October.

Andrew Mackinlay (Thurrock) (Lab): On a point of order, Madam Deputy Speaker. Earlier this week, as you may recall, I won the sympathy of Mr. Speaker when I complained about the tardy approach of the Home Office to making available documents due for debate in the House of Commons. I draw your attention to the fact that, in business questions yesterday, we were told that on Thursday 25 July the main business would be a motion to approve the Terrorism Act (Proscribed Organisations) (Amendment) Order 2006.

I came to the House this morning to obtain the order and any related documents, so that I could study them with other people this weekend, because the issue is important. That document is not available in either the Vote Office or the Journal Office; indeed, they have not seen the order at all, as it has not been tabled. That might not be breaking the rules of the House—I understand that, in theory, it can be done right up to the eleventh hour—but it is the convention of the House to allow two weekends between the publication of major legislation to make it available to hon. Members and its being debated. The order is not a Bill, but nevertheless it is an important piece of legislation. It is not unreasonable for the House of Commons to expect from the Home Office at least one weekend in which to study the order. I am desperately anxious, as this is not a one-off incident. Twice in one week, the Home Office has shown a blatant disregard for individual hon. Members—even if it is not fit for purpose, they wish to be fit for purpose—who wish to provide scrutiny and accountability, and who wish to study and prepare for legislation.

My final word—this is a serious point—is that although the Whips expect me to support the order, lemming-like, next week, I have not had an opportunity to study it or take cognisance of its contents. I personally think that that is outrageous, and I hope that you, Madam Deputy Speaker, and perhaps Mr. Speaker, will intimate a similar view—in your way, of course, which is not quite the same as mine—to the Home Office. We cannot go on like this, because it makes what we do in the House a charade.

Madam Deputy Speaker (Sylvia Heal): I am grateful to the hon. Gentleman for giving notice of his point of order. I have asked for inquiries to be made, and I have been informed that the order will be laid on Monday, although I regret that that means that the hon. Gentleman will not have the opportunity of reading it this weekend. It will be in the Vote Office on Monday, and his comments are, of course, on the record.

Michael Gove (Surrey Heath) (Con): On a point of order, Madam Deputy Speaker. May I ask your advice as the guardian of the rights of Back Benchers against the overweening power of the Executive? There have been two examples today of the Executive exerting their power to crush the right of Back Benchers to raise the vital issues of the environment and social justice as they bear on housing and planning development. First, in the course of debate on the Infrastructure Audit (Housing Development) Bill, which was introduced by my right hon. Friend the Member for Horsham (Mr. Maude), one speech lasted more than 25 minutes and another more than 45 minutes. Those speeches were made by hon. Members whose constituencies were not directly affected by the provisions of the Bill. The Bill had extensive support and backing, and I exercised forbearance in my own speech to try to ensure that the Bill would reach Committee. Unfortunately, the Minister—

Madam Deputy Speaker: Order. The hon. Gentleman has made his point. There was nothing in the course of the debate that was disorderly. I must therefore ask him to resume his seat, rather than continue the debate on Second Reading.

Greg Clark (Tunbridge Wells) (Con): On a point of order, Madam Deputy Speaker. Is it reasonable, when Ministers have intimated their personal support for my Bill, that the Whip on the Government Front Bench objected to a Bill that his colleagues have supported?

Madam Deputy Speaker: Among the many duties that the occupant of the Chair has, one of them is not to judge what is or is not reasonable.

Community Cohesion (Cambridgeshire)

Motion made, and Question proposed, That this House do now adjourn.—*[Liz Blackman.]*

2.40 pm

Mr. Stewart Jackson (Peterborough) (Con): Thank you, Madam Deputy Speaker, for allowing me the opportunity to raise an urgent and pressing matter on behalf of my constituents.

Peterborough has an excellent record of harmonious community relations, having evolved from a relatively small cathedral city of about 48,000 citizens after the second world war with an economy based on engineering, the railways and agriculture, to a diverse cosmopolitan city of about 160,000 people, according to the 2001 census. Although manufacturing has declined, service industries such as insurance and finance, retailing, transportation, warehousing and distribution have expanded significantly since 1991. Recently, the city has been an urban hub for agriculture and food processing.

The decency and tolerance of local people are marked by their willingness to welcome newcomers over the years: refugees from poverty and oppression, such as the Italian community to work on the Fletton brickworks after the war, Irish immigrants to work on the railways, and Pakistanis and especially Kashmiris in the 1960s and early 1970s. The latter are now third generation Peterborians and they contribute hugely to the business and civic life of the city of Peterborough.

Although the Pakistani community could be said by some to be socially insular, we have rarely seen the social antagonism, resentment and communal violence witnessed in other cities and towns in England, such as Oldham, Burnley and Bradford, between the white working class and Asian youth. Indeed, the Pakistani community is well led and moderate in its political outlook. It is proud of its historical heritage, well educated and politically engaged and values its hard won place as an integral part of the host community.

For instance, Pakistani residents make up 60 per cent. of the population of the Central ward. Across the whole of the unitary authority area, the non-white population is over 10 per cent. It is appropriate to add that the city also contains three wards in the bottom 250 most deprived wards in England—Central, Dogsthorpe and East wards—and has a male life expectancy four years lower than that of Cambridge, as well as higher rates for infant mortality, teenage pregnancy, heart disease and strokes than the eastern region and England and Wales as a whole.

A series of events began in the 1997 Parliament that has jeopardised Peterborough's enviable record as an exemplar of middle England accepting and embracing change for the common good. In 2000, Peterborough was designated a dispersal centre by the Home Office and the National Asylum Support Service. It was decreed without any proper consultation with the people of Peterborough or their elected representatives that the city should receive 80 per cent. of all the asylum seekers and their families dispersed to the eastern region. Despite efforts by officers of the city council, elected Members and others, including my predecessor in the House, the actual number of asylum seekers in Peterborough was never quantified and was the subject of Government obfuscation, with the frequent citing of commercially sensitive contracts with private sector housing contractors such as Clearsprings as a pretext to hide the true picture.

In December 2004, the official figure for the number of asylum seekers in Peterborough was 255, which was still more than the figures for Luton, Norwich and Ipswich. However, sources within Peterborough city council estimated that the figure was much higher—perhaps as high as 4,000. For no discernible reason other than self-interest, the unaccountable and unelected members of the East of England regional assembly colluded with that official deceit, much to their discredit. Other agencies such as the police and local health bodies preferred to take the path of least resistance rather than speaking out, either because of political correctness or because of collective cowardice. Predictably and contemptibly, any attempt to debate the policy in a rational and reasoned way was met with the cry of "Racism" to close down the debate.

The issues of immigration and asylum, as well as crime, quickly reached the top of the political agenda in the Peterborough constituency, which played a major part in costing the Labour party the parliamentary seat at last year's general election. Many people were affronted by the high-handed decision by central Government and the lack of consultation. That said, there was a consensus across the political spectrum that community cohesion was at risk if the city council and local taxpayers were not financially assisted to deal with assimilation and integration and the burden they were placing on council tax payers. The then Home Office Minister, who is now Secretary of State for Defence, correctly surmising the gravity of the situation, made this pledge in the Peterborough *Evening Telegraph* on 15 December 2004:

> "The fact of the matter is that any charge asylum seekers place on local authorities, we in Central Government will meet."

After prolonged lobbying by the city council and other key stakeholders, such as the greater Peterborough primary care partnership and Cambridgeshire constabulary, the Government agreed in November 2004 to fund through the Treasury's invest to save budget the establishment of the new link project, which was set up under the auspices of the city council's asylum and migration service in Lincoln road in the Millfield area of Peterborough. It involved the amalgamation of nine key projects undertaken by seven voluntary and statutory agencies and was designed to help the integration of not only asylum seekers, but refugees and economic migrants. The scheme was awarded £2.2 million over three years to develop key projects in areas such access to information and training, volunteering, citizenship, English language courses, mediation, translation services, setting up community groups and research on new arrivals and cohesion.

At the outset, I was a sceptic about new link, but I am a pragmatist. My view is that it was necessary to support the work of new link to safeguard the long-term harmony and stability of my constituency and to prevent the resentment and alienation felt justifiably by many of my constituents against Government policy, which, incidentally, resulted in a

[Mr. Stewart Jackson]

candidate standing at the general election as "National Front—Britons not Refugees" receiving 931 votes at last year's election.

I was also impressed by the leadership of the project's manager, Leonie McCarthy, and her team at new link and by the experiences of some of their clients. Leonie has worked hard to make the most of a difficult situation and has steered clear of political controversy, preferring practical action to political posturing.

Some weeks ago, I was privileged to visit new link and launch the website of the newly established Peterborough African community association, which is a confederation of people from 18 African countries. I met its chairman, Dan Cissikho, an asylum seeker who was originally from Senegal, who is working hard to integrate new African residents in the city as a community leader and using his practical skills, which he obtained while running an IT business in his homeland, in order to help others.

The local police have also praised the work of new link. In particular, they have pointed out that its ongoing work helps to release scarce police resources, which are decreasing, to concentrate on other major crime problems in the city. In the jargon, new link is defined as "part of the complex Social Cohesion jigsaw" in Peterborough. Its work was recently recognised in the UK housing awards 2005, where it won an award for excellence in promoting community cohesion.

Do I applaud the Government funding? The answer is yes. Do I think that our work on community cohesion is finished? No, I do not. As we all know, every silver lining has a cloud. I intend to tell the House why I think that two policy decisions taken by this Government, discrete but interrelated, have the potential to destroy all the good work that new link has achieved since November 2004, and potentially to plunge Peterborough into a state of social dislocation and even civil strife, and to create a breeding ground for the emergence of the plausible racist bigots in the shape of the British National party.

Despite significant evidence that the work undertaken by new link is both valuable and cost-effective—that was its raison d'être—and vital to maintaining community cohesion, the Government intend to end all invest to save funding for the project from March 2007. The Government envisaged across-the-board savings of £5 million on its £2.2 million investment. There is the important work in areas such as community development, training, learning, information and assistance. If that work is to continue, most of the burden will thereafter fall on the hard-pressed city council tax payers. A sum of certainly £1 million will be necessary to keep the work going.

Despite tabling half a dozen parliamentary written questions to Ministers over the past 12 months, I have yet to receive even the basic rationale for this short-sighted decision, which effectively will terminate one of the most successful projects of its sort in the UK. The Government seem to have closed their mind to any debate on this issue. The Minister for Immigration, Citizenship and Nationality advised me on 19 June that there were no plans to discuss invest to save projects with local authorities or other key stakeholders. He added that there were

"no current plans to visit any Invest to Save Budget (ISB) projects or to make a statement."—[*Official Report*, 19 June 2006; Vol. 447, c. 1677W.]

I assume that the Government are proceeding on the basis of an essentially false premise, which is that the sticking plaster of 2004 is no longer needed and that the problem of potential community conflict has gone away. Nothing could be further from the truth. There are enormous potential problems brewing in Peterborough.

In the summer of 2004, tensions between Portuguese youths and the Pakistani community boiled over into small-scale violence in the Gladstone street area. A further conflagration was avoided only by the quick deployment of the Cambridgeshire police. Recently, there have been problems between the significant Kurdish population in Peterborough, many of whom are asylum seekers or failed asylum seekers, and other ethnic groups.

That brings me to the substance of the debate. The second Government policy that puts the diverse community in my constituency at risk of major social disorder is a result of inadequate funding for delivering basic local government services. There was the decision alone by the UK, unlike any of the major economies in the EU, not to impose any restriction on migration to the UK after 1 May 2004 of members of the EU accession countries—namely, Cyprus, Poland, the Czech Republic, Estonia, Hungary, Malta, Lithuania, Slovakia and Slovenia.

The Prime Minister predicted that only 13,000 such workers would travel to the UK and that the bulk of them would return after a short stay. That was a massive underestimate. Even the Government now admit that more than 400,000 eastern European workers have come to the UK since May 2004. That is 15 times the official prediction.

Those figures are based on information provided by the workers' registration scheme, a scheme that the respected Centre for Research on Nationalism, Ethnicity and Multiculturalism at the university of Surrey found likely to account for 36 per cent. fewer than the true number of migrants, giving a more indicative figure of 600,000 eastern Europeans having migrated to the UK in the past two years.

There is substantial evidence, too, that large numbers of migrants bypass the need to register with the workers registration scheme, due to its cost and bureaucracy. The problem with such an unprecedented and arguably unsustainably high level of immigration is that it affects relatively few areas, which are usually urban and outside London. As it stands, the workers registration scheme is largely irrelevant in terms of immigration and border control.

Currently, no checks are made on the health of migrants, their language skills and other skills, or whether they have criminal records. Indeed, the UK decided not to participate in a European Union scheme, begun in May, to share criminal records data across a number of EU countries. In addition, how can we ensure that we recruit highly skilled workers who will make a vital contribution to the UK economy? The answer to that is: we cannot.

It would take another Adjournment debate to analyse fully the folly of this Government's immigration and asylum policy. However, I want to focus on the impact on Slough—as well as on Peterborough, of course. I mention Slough because it is experiencing precisely the same problems as we are in Peterborough, but its situation is better documented, in no small measure as a result of the brave and principled stance of the borough's chief executive, Cheryl Coppell. That information gets to the heart of the ways in which unrestricted immigration can have a huge impact on a small geographical area, and on its social mix and economy—especially on the funding available for its local services, heavily dependent as they are on central Government support.

Reasonably, Slough is challenging official statistics showing that it had a net loss of 3,000 people in the 12 months before 2003-04. Indeed, 9,000 new national insurance numbers have been issued there in the last year. It maintains, as do I, that the methodology for measuring population is outdated and inaccurate. Anecdotally—of necessity—Slough borough council officials maintain that there are 10,000 new Polish residents in the borough, taking advantage of the economic activities in the Thames valley and the supply of cheaper housing in the town.

Peterborough is in a very similar position, especially as it is a regional hub for agriculture, horticulture and food processing and packaging. According to some estimates at the East of England regional assembly, the number of post-May 2004 migrants from eastern Europe is 16,000—that is in a city of 160,000 people. Yet official statistics state that the number of migrants in Peterborough had fallen by 150 in the 12 months to mid-2004. That would be a moot point, were our funding not so inextricably tied to population statistics, and in particular to the Office for National Statistics population estimates and projections.

How can the Government contradict that anecdotal figure? They cannot, as they simply have no idea of the extent of migration to, and within, the UK. The independent Statistics Commission has recently written to Ministers—including the Minister for Policing, Security and Community Safety and the Secretary of State for Environment, Food and Rural Affairs—to express its concern at the inaccuracy of population statistics. However, the Department for Communities and Local Government has refused to act on the matter.

A letter from Karen Dunnell, the national statistician, which was placed in the House of Commons Library in May 2006, stated:

"There is now a broad recognition that available estimates of migrant numbers are inadequate for managing economy, policies and services".

Glen Watson, director of social reporting and analysis at the ONS, has conceded that at present data on migrant statistics is "limited". Although the ONS has set up a task force on migration statistics, it is unlikely to report for a number of months, and it certainly will not be ready to report in time for the local government financial settlement for 2007-08, to be fixed later this year. Regrettably, without help from central Government, local authorities such as Slough and Peterborough are forced to commission their own research to support their contention that they require extra help as a result of a Government policy over which they have no control, and which costs them scarce and irrecoverable public funds.

What are the problems in practical terms? The Home Office community cohesion panel, which was set up in the wake of disturbances in northern cities in 2001, reported in July 2004. In its document entitled "The End of Parallel Lives", it stated, inter alia, that

"inward migration does create tensions and these do not necessarily revolve around race. It is easier for affluent communities to be tolerant towards newcomers as they do not perceive them to be a threat...by contrast, many disadvantaged communities are in competition for scarce resources and public services, such as housing and social services. These fears cannot be disregarded."

Furthermore, it stated:

"there are...concerns about the speed at which newcomers can be accommodated. Housing, education, health and other services all take time to expand...The identity of the host community will be challenged and they need sufficient time to come to terms with and accommodate incoming groups, regardless of their ethnic origin".

Those words could have been written about the Millfield and New England areas of Peterborough, which were hitherto settled and peaceful, if not affluent, but are now at the centre of mass migration. Those areas are not alone in their progressive degradation. They are becoming run down and ghettoised. They are scruffy and more threatening, especially to older people. They have a massively increased number of houses in multiple occupation, with many properties housing eight, 10 or even more eastern European workers. Such people are on the minimum wage and prey to unscrupulous landlords and gangmasters. They are picking vegetables on the fens from 5 am so that they can send money back to their families in eastern Europe. Is that what we want for them, or for the economy of a great city—or indeed the UK? The streets are littered. Rubbish is dumped in back alleys, neighbour disputes are rife and established shops are closing.

The demand on public services grows each week. There are children at schools such as Dogsthorpe junior school and Beeches primary school who speak no English, but cannot be turned away. There are demands on housing in a city in which there are 6,000 people on the housing waiting list. There are demands on the police to keep disparate communities from conducting turf wars, which prevents them from tackling more routine crime. The police also face the growth of crimes such as drug dealing, casual violence, sex crimes and people trafficking. Resentment, anger and hostility is rising all the time in the host communities—white-British, Afro-Caribbean and Pakistani alike.

I know that the Minister wants to speak, but I will cite some quotes from just a few people on one street in the Millfield area. One person talks about

"Gangs outside our houses ... talking and shouting to each other until very late every night".

Another person says:

"We all realise we have to live together as peacefully as possible but the disrespect and upheaval these Czech and Slovak families are causing is putting a number of local residents to breaking point."

[Mr. Stewart Jackson]

A further person says:

"When I first moved into the area it was relatively peaceful...but in the last 6 months it has become unbearable to live here."

Another person says:

"I have a disabled child and the noise and disturbance is causing myself and my family real problems."

I would like to say that Peterborough city council has acted with the determination and alacrity of Slough borough council, but that is not the case. Unfortunately, the city council neglected to take part in the December 2005 consultation on the sub-regional population projections for England. It is only now preparing to commission its own research, but it is keen to collaborate with authorities in similar situations. With the exception of Councillors Charles Swift and Keith Sharp, who represent the city's North ward, few local councillors have spoken out. Despite having strong leadership at elected member and officer level, a combination of ignorance and inertia has led the city council to make the belated and palpably underestimated guess that only 700 more international migrants now reside in Peterborough than were projected last year, but, of course, it does not really know.

I will conclude now to allow the Minister to make her comments, although there is more to say. We need the new link project to continue its work. It is needed now more than ever before, so to disband it or dissipate its work would be an act of community vandalism. I hope that Ministers will realise the consequences of their decision on EU migrants prior to May 2004, and the impact that that is having on a small number of localities in respect of the funding of local services and the social dislocation that it is causing. They should do something about the problem. Ministers can help to stave off the pernicious attractions and opportunism of the racist right, with its easy solutions and vicious bigotry, or they can sit back and risk another Oldham or Burnley. I hope and trust that the Government, in the interests of my constituents and the whole community, will make the right choice.

3.3 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): I congratulate the hon. Member for Peterborough (Mr. Jackson) on the securing the debate. However, I must say that the purpose of an Adjournment debate is to get a response from a member of the Government on a specific issue—and unfortunately I will not be able to respond to him as fully as I had hoped, because he has left me very little time.

A cohesive community is one in which there is a common vision and sense of belonging for everyone, and in which the diversity of people's different backgrounds and circumstances is appreciated and positively valued. In such a community those from different backgrounds have similar life opportunities, and strong and positive relationships develop between people from different backgrounds in the work place, in schools and within neighbourhoods.

The Government's strategy to increase race equality and community cohesion, "Improving Opportunity, Strengthening Society", is designed to help ensure that people are not discriminated against because of their race or religion and that all can make a contribution to our society. It includes specific goals to reduce perceptions of discrimination in a wide range of public services, reduce employment inequalities and monitor the progress of minority ethnic communities across major public services from education to housing.

Community cohesion can be linked to race issues, but not exclusively. Barriers to community cohesion are formed through different cultures, lifestyles and beliefs. The Government know that community cohesion should be at the heart of regeneration policies locally. They believe that strong and positive relationships between people from different backgrounds are built within neighbourhoods and communities through bottom-up approaches, which devolve power from central to local government, and from local government to its citizens and communities. The Government's "Together We Can" action plan is another way in which we hope that the relationship between citizens and public bodies can be transformed.

Moving on specifically to issues in Peterborough and Cambridgeshire, if we look at Government policy in the round, the amount of funding targeted at community cohesion and regeneration is considerable. The neighbourhood renewal fund, for example, was worth more than £1.875 billion between 2001 and 2006, with a further £525 million to 2008. Other funding has been made available, but the hon. Gentleman has not left me sufficient time to go into all that.

Peterborough is one of 100 areas in receipt of the neighbourhood element funding allocated to areas that include the 3 per cent. most disadvantaged communities nationally, to which the hon. Gentleman referred. The funding is worth £1.6 million to the Greater Dogsthorpe area of Peterborough over the next four years.

The Government's community cohesion pathfinder programme was designed to place the pursuit of mutual understanding and the creation of common ground between communities at the heart of community development. It involved 14 local partnerships, including Peterborough, and between April 2003 and September 2004, each local area was awarded £285,000 to pioneer approaches to cohesion. An £18 million connecting communities plus grants programme forms part of our strategy and it provides funding for activities that encourage race equality and community cohesion. That funding follows on from two rounds of the Home Office's race equality grant scheme, which ran between 2000 and 2006 and included funding of £104,000 to Peterborough race equality council to develop a "Positive Images" project. Furthermore, £7.5 million in funding was awarded this financial year to 578 faith-based groups. The hon. Gentleman really must concede that the Government have given considerable resources to organisations in and around Peterborough to promote work that will benefit community cohesion.

Let me deal specifically with the invest to save budgets and the new link project. There have been eight rounds of invest to save budgets, which is a joint Treasury/Cabinet Office initiative with the aim of

creating sustainable improvements in the capacity to deliver public services in a more joined-up manner. Details of round 9 of the invest to save budget will be announced shortly, but it is expected to focus on the voluntary and community sector's role in building fairer communities and the delivery of public services.

Peterborough's invest to save bid under round 8, which is worth £1.5 million of the total project cost of £2.2 million, includes the development of a new link, new arrivals partnership. New link provides an integrated network of service providers, statutory agencies and support workers to ensure the successful integration of new arrivals in the city. It is already perceived as a success. The innovative work undertaken here has won awards nationally. We are currently supporting the project management team in establishing its strategy for long-term sustainability of the services provided in the public, voluntary and community sectors.

The purpose of invest to save is in its title. It is not meant to be an ongoing funding stream. Too often, public sector organisations cannot adjust their services to meet changing demand, such as that that the hon. Gentleman outlined in Peterborough, because all their resources are tied up in meeting ongoing demand. The schemes are put together to enable organisations to invest funds in changing their services with a clear plan to save on budgets in the future.

The Government's commitment to assist Peterborough to tackle community cohesion also includes financial support to establish a post of community cohesion manager, based with the Greater Peterborough partnership, and the first permanent post holder in that role took up post in May.

We will work with the Government office for the east of England to identify additional cohesion projects in the regions, including in Cambridgeshire and Peterborough, for support from the Department for Communities and Local Government this financial year.

I had a great deal more to say. The East of England Development Agency recognises that, despite contributing more than £360 million to the economy of the east of England, migrant workers continue to face barriers that prevent them from making full use of their skills—

The motion having been made after half-past Two o'clock, and the debate having continued for half an hour, MADAM DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at ten minutes past Three o'clock.

Westminster Hall

Tuesday 27 June 2006

[DAVID TAYLOR *in the Chair*]

Police Reorganisation (Wales)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Michael Foster.]*

9.30 am

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Although there have been several opportunities in recent months, both here and in the main Chamber to debate police force restructuring, this is the first time that we shall consider it purely in a Welsh context. It is an opportune moment to have the debate, given the recent decision—or non-decision—about restructuring following the change of leadership at the Home Office and in response to the crescendo of criticisms and worries expressed in recent weeks by chief constables in Wales, police authorities, Members of this House and the National Assembly and many others.

This debate also provides the first opportunity to discuss properly the findings of the inquiry conducted by the Select Committee on Welsh Affairs, which reported in February on the proposed restructuring. Although the issue has moved on somewhat since then, the findings of the inquiry are still relevant and deserve a response from the Minister. Apart from the odd question at Welsh and Home Office questions, we have had little time in which to debate this important matter from a Welsh perspective.

Nia Griffith (Llanelli) (Lab): Does the hon. Gentleman accept that we have discussed the subject in the Welsh Affairs Committee?

Mr. Crabb: Yes; I have just referred to the inquiry undertaken by the Welsh Affairs Committee and to the fact that it produced a report in February.

The proposal to create a single police force for Wales is the most far-reaching reform of policing in Wales for generations. What we shall be discussing goes far beyond purely overarching administrative and bureaucratic arrangements, which are of little interest to our constituents who care first and foremost about the delivery of high-quality policing in their immediate localities.

Mark Tami (Alyn and Deeside) (Lab): The hon. Gentleman may be aware that I, too, have worries about an all-Wales force, but several of them have been addressed. The issue of finance certainly remains outstanding, but does he agree that there are considerable savings to be made when there are four forces with four separate IT and administrative systems? Surely there must be scope for savings in those areas that can be transferred to front-line services.

Mr. Crabb: I think that a number of theoretical benefits on different fronts can be achieved from restructuring. The important point is how we achieve that and whether realistic plans are in place for realising those theoretical benefits. However, I have big doubts about whether such detailed plans are in place, as I shall explain.

I may be wrong, but I suspect that the attachment felt to the four existing forces in Wales is nowhere near as strong as the feelings experienced for local hospitals or schools that are under threat of closure or change. Even so, people will accept change to the status quo in respect of policing only if—it is a huge "if"—there is a convincing case for reform. I have never opposed police force restructuring in principle. Reform of policing is an ongoing necessity in the light of new risks and challenges that emerge—reforms in terms of how resources are deployed, achieving better efficiency, strengthening local accountability and so on.

No Member of the House could have credibly responded to the issues raised in Her Majesty's inspectorate of constabulary's report of last September by insisting on business as usual. It does hon. Members no credit when they wed themselves for eternity to structures that may or may not be out of date or may or may not offer the optimal arrangements for tackling the full range of law and order challenges, from local crime and antisocial behaviour through to serious and organised crime, terrorism and narcotics.

Three broad questions need to be asked at the outset regarding the proposal for a single strategic force for Wales. First, is the proposed destination the right one for Wales? Is an all-Wales strategic force the best possible option for meeting the evolving policing challenges in the years ahead, or could other arrangements do the job? My view is that, more than in any of the police force areas, the proposed restructuring for Wales is being driven by factors other than simply those concerned with tackling crime. Whatever Ministers currently say about whether the groundwork is being laid for the longer-term devolution of policing to the Assembly, I believe there is a strong political imperative driving the reform that may be overriding other factors and which may be leading us down the wrong path.

Mrs. Madeleine Moon (Bridgend) (Lab): Does the hon. Gentleman agree that there is a fourth question, which is that what is needed is also a time to bed in the current changes that are taking place within policing in south Wales? In my constituency of Bridgend and in the hon. Gentleman's neighbouring constituency of Ogmore, the South Wales force is bedding in community policing successfully with community liaison meetings and regular contact on the issues that communities want targeted. Would it not be more appropriate to bed in those processes first and get that confidence with community policing before we move on to the wider issues of an all-Wales force?

Mr. Crabb: The hon. Lady makes a good point and, as ever, expresses herself well. That is the second broad question that I wanted to raise, which is whether the pace at which we are being moved towards the ultimate destination is appropriate in terms of securing the support of relevant stakeholders, including members of the public, and in terms of maximising the chances of the project's success so that the theoretical benefits can be achieved in practice. On this score, the Government's tactics and approach have, until recently, been hugely counter-productive, alienating many in Wales who would advocate some kind of positive change.

[Mr. Crabb]

Thirdly, we need to ask whether the merger would have implications that would ultimately undermine and damage the quality of policing throughout Wales. So far, the unanswered questions over financial consequences, local accountability and the consequences for neighbourhood policing mean that to press ahead with the merger would amount to a reckless experiment which the people of Wales will be left to live with far beyond the life of this Government.

I welcome the current delay in forcing the merger in Wales, but only if this means that there can now be serious reflection on whether this is the right destination and if there will be a much more serious attempt to resolve the outstanding details regarding the implications of the merger. I have never doubted that police force restructuring offers potential gains on a number of different fronts. However, not once in the past 10 months have I come even close to being convinced that the Government have a realistic plan for achieving those benefits in practice.

The Secretary of State for Wales has been repeating the mantra that

"a single police force for Wales remains the best way of ensuring we are able to respond to the emerging threats of serious organised crime, drug trafficking and terrorism",

but not once have I heard him offer a serious justification for this statement or explain why other arrangements might not be workable—a federated structure or some other kind of co-operative arrangement, for example. He has spoken of a single police force for Wales as being the only option to counter

"global terrorism, Soham-type murders and serious and organised crime".

These are big claims, designed I am sure, to tap into our worst fears. It is rather a distasteful approach and typical of those who cannot rely on the strength of their rational arguments. Those who oppose an all-Wales force, the Secretary of State for Wales claims, are not facing up to the real world.

An all-Wales police force has been the only reform on the menu so far. The all-Wales force has always been the preferred option, as the then Minister with responsibility for policing told the Welsh Affairs Committee at the start of the year, which suggests a less than open mind about what the alternatives might be.

We need to test the assumptions that lie behind the HMIC's report as they apply to Wales. In particular, we should question the presumed relationship between size and effectiveness. The issue is by no means as clear cut as Ministers would have us believe. I am not convinced that the Minister's preferred option for Wales has been tested thoroughly and nor am I convinced that a robust cost-benefit analysis of other arrangements has been undertaken.

The standard assessment model laid down by the Home Office for the evaluation of the different options for Wales was, in effect, a straitjacket which delivered only one outcome—the one desired by Ministers, namely an all-Wales force. We do not have anything like a consensus on the ultimate destination of this reform process and Ministers have been less than convincing on their own preferred destination.

In January I asked the Home Secretary in a written parliamentary question if he would place in the Library copies of the business plans and implementation plans received relating to police force restructuring so that Members could get a better idea of the kind of analytical work being done in assessing the merger proposals. I was told that would not be possible as the information about protective services was too sensitive. Could the Minister make available copies of any work done to evaluate the different options for Wales? Has the work been done? If not, could the Minister commit to doing it?

From discussions I have had with members of my own police force authority in Dyfed-Powys, I know that there is growing interest in the option of a federated police force structure, which would create new opportunities for co-workers while at the same time preserving some kind of local accountability and ensuring some flexibility.

In other parts of Wales, too, there is a feeling that all relevant options have not been properly assessed. The Welsh Affairs Committee's report made the point that it is a pity

"that there has been no opportunity to explore the possibility of formalising the present informal co-operation between the North Wales police force and the police forces in Merseyside and Cheshire."

On the time scale for the restructuring, until the pause initiated by the new Home Secretary a week or so ago, Ministers had been driving this process along at what can only be described as a lunatic pace. Talented as they are, there is absolutely no way that Ministers, their officials, the chief constables and their authorities could have done all the necessary groundwork for such a massive reform in the few short months between the publication of the report "Closing the Gap" in September 2005 and the end of the year deadline for submitting business cases.

"Closing the Gap" referred to the importance of mature leadership in achieving successful structural change. I am sorry to say that in place of mature leadership we have had bulldozer tactics which, at times, have amounted to bullying and, in the case of the offer of extra money to forces volunteering to merge by the deadline, something akin to bribery. The Welsh Affairs Committee was very clear on the negative effect of the pace at which this reform was being driven. It stated:

"the very short timetable set by the Government for the submission of a preferred option and business plan... has limited the scope of the debate and impeded consultation with the police forces and police authorities... it has also removed the possibility of full consultation with the public."

As the report goes on to mention, the rushed process has had a negative impact on public opinion and served only to heighten the concerns regarding the restructuring. It states:

"the appearance of a 'done deal' has only added to the existing tensions and frustrations, which hindered genuine analysis of the issues and meaningful consultation with the public."

I sincerely welcome the relaxing of the timetable under the new leadership at the Home Office. Given the box of unpleasant surprises waiting for the new Secretary of State on his first day, it is entirely

understandable that he should now take the view that police force restructuring is an unnecessary headache at this point in time. However, it is vital that the period before us is not just a breathing space for the new Home Secretary before he revisits the scheme and attempts to push it through in exactly the same way. What we need now is further meaningful reflection and dialogue and a reworking of ideas.

As Don Evans, the chairman of the Dyfed-Powys police force has said, further dialogue is welcomed

"only provided it is constructive and if it attempts to address outstanding issues and not disguise them."

The Home Secretary has promised to spend the summer in "discussion, dialogue and listening" to the concerns of police force leaders. He will be held to that promise.

Mark Tami: The hon. Gentleman makes it clear that there are a number of views on this subject. There are those who wish to stay exactly as they are probably for ever and a day, those who support a merger on the scale that is being proposed and those who are somewhere in the middle. Where does he stand?

Mr. Crabb: I am not opposed in principle to restructuring. I made that very clear at the start of my speech. However, I need to be convinced that the restructuring will deliver concrete benefits in terms of policing in Wales. My point throughout has been that so far, I have not been anywhere near convinced that the plans for creating an all-Wales strategic force will achieve the benefits that we are led to believe are out there to be gained.

Back in February the Secretary of State for Wales, very much with his head in the sand, insisted that all concerns had been listened to and met with regard to an all-Wales force: accountability had been dealt with through the proposed regional police board structure, and the issue of financing had been dealt with through the provision of

"a pot of money to deal with the upfront costs of merging".

If that assessment by the Secretary of State were correct, I doubt whether we would be here this morning. Much more time needs to be spent on properly addressing the consequences and implications of the merger for police force financing.

There is widespread acknowledgement that the financial offer from the Treasury of £50 million in 2006-07 and £75 million in 2007-08 to help meet the huge upfront costs of restructuring throughout England and Wales is nowhere near big enough.

Mrs. Moon: Does the hon. Gentleman accept that part of the reason for the decision to delay is that local members can have an opportunity to engage with the process more fully? I attended the South Wales police force open day on Sunday and took the opportunity to discuss with senior police officers how they saw the process progressing and what their concerns were. Many of the concerns they expressed were on matters that have been acknowledged as needing further time, and the time now available is thanks to the work of Back Benchers in asking the Home Office, "Can we have more time? Is there not an opportunity here for more discussion?" We have that opportunity and we should welcome it rather than be negative.

David Taylor (in the Chair): Order. Interventions need to be brief. There will be an opportunity to make speeches later.

Mr. Crabb: The hon. Member for Bridgend (Mrs. Moon) makes a valid point. Many Members from all parties have been active in the past 10 months in asking pertinent questions. We hope that that is one of the reasons for the current delay.

The Association of Police Authorities estimates the cost of mergers to be in excess of £525 million, and work done by Dyfed-Powys police authority indicates that the current plans would lead to an annual deficit of about £50 million for an all-Wales force by 2012-13. Those figures mean that a merger will create a financial black hole that can be plugged only by cuts in the service and the loss of uniformed officers or a large increase in council tax, unless the Treasury can deliver a much more attractive offer.

One of the key recommendations in the Welsh Affairs Committee's report was that the Government should provide further detail and information on how the costs of the merger will be met. I understand that, assuming that police authorities do not cut services, the average police precept would increase by more than 20 per cent., meaning rises of between £15 and £37 on a council tax bill on a band D property. The police levy on council tax has already soared since 1997, and much of it has been wasted on administration and paperwork. Council tax payers in Wales have suffered enough in recent years as a result of the botched revaluation and rebanding exercises. They must not be asked to foot the bill for the creation of an all-Wales police force.

Mark Tami: The hon. Gentleman makes a valid point. There is quite a difference between precepts in north and south Wales, which is why north Wales Labour MPs have campaigned hard on the issue. Extra money has gone into policing to deliver extra police on the ground, which is why it is important that there is ring-fencing to ensure that that continues.

Mr. Crabb: The point has been made.

The other alternative—service cuts—is equally unpalatable. According to the Dyfed-Powys authority, the high price of the merger would almost inevitably lead to service cuts, which would

"defeat the purpose of the restructuring."

Drawing on work done by the Association of Chief Police Officers, my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan) has previously mentioned a figure of up to 1,350 police officer posts that could be lost in Wales as a result of the restructuring. Last November, Unison said that 1,000 jobs could be lost, and others have put the figure between 800 and 1,000. That would be catastrophic for the quality of policing in Wales and the safety of our communities. Not one post should be lost as a result of the need to finance the restructuring. I, and I suspect other members, would like reassurance from the Minister on that point.

[Mr. Crabb]

I understand that a cross-Government working group, on which the Welsh Assembly is represented, is considering the ongoing transitional financial arrangements for the restructured police forces and the issue of precept equalisation. Will the Minister update us on the progress that that group is making, as a background to any assurances that he might give on council tax and service cuts?

For reasons of time I shall not go deeply into the issue of accountability, other than to ask the Minister to describe his current thinking on local authority representation on the new all-Wales police force authority. Will it have a regional structure, and what are the proposed structure and location of deputy chief constables and senior police officers?

There is a very real fear that a merged police force will lead to a reconfiguration of uniformed officers in some parts of the Principality, with the hot spots in south-east Wales having an increase and rural areas a decrease. That concern is heightened by the matter of costs, which we have just discussed. The Secretary of State for Wales said recently that restructuring will not result in any shift of resources away from neighbourhood policing. Will the Minister explain the basis on which such an assurance can be given? Does he feel able to repeat that assurance to allay the fears of my constituents in Pembrokeshire, who regard an all-Wales force as a step backwards in community policing?

The report "Closing the Gap" made the point that

"any move to a more strategic organisation of policing needs to take place in a carefully planned and measured way which reduces the short-term risks as far as possible and keeps a clear line of sight on the benefits to be realised."

The approach taken thus far regarding an all-Wales force flies in the face of each part of that statement. It is no wonder that it has been rejected by the North Wales and Dyfed-Powys police authorities and has the support of virtually no Back-Bench Member in Wales, irrespective of party. I doubt whether the project can be rescued successfully, but I look forward to hearing from the Minister how he intends to do so and to his answer to the specific points raised.

9.50 am

Nia Griffith (Llanelli) (Lab): I congratulate the hon. Member for Preseli Pembrokeshire (Mr. Crabb) on securing the debate, which I welcome. However, I take issue with the perhaps dismissive way in which he dealt with the Welsh Affairs Committee report, because a lot of work went into that and it has had an influence.

Mr. Crabb: Far from dismissing the work of the Welsh Affairs Committee, I have quoted from its report extensively and drawn on a lot of the evidence received during its extensive inquiry, which formed the basis of many of the comments that I have just made.

Nia Griffith: I suggest that that report has had considerable impact on the thoughts of the Government, as have individual MPs. We must give credit to the Minister without Portfolio for taking considerable time in listening to us way before the reshuffle; even then we were talking about an increased time scale and looking into the financial issues. We were given assurances that things would not be going ahead at the speed that had first been suggested. It is important to give credit there, where credit is due.

We now have a new Administration. The Minister for Policing, Security and Community Safety is here today and will be looking into the matter. The message that he has already conveyed to us is that he is willing to listen and to take into consideration time scale and cost, as well as the important issue of precept differences, which needs to be resolved.

What matters at the end of the day is that we build on the excellent work at local level. Llanelli is one of the most deprived areas in the Dyfed-Powys area, but in recent years there has been a considerable reduction in crime. A lot of work has been done at a local level to deal with crime when it is committed, help citizens to protect themselves better—home safety mechanisms and so forth—and provide programmes that help young people to overcome some of the difficulties that have led them to crime in the first place. In the reorganisation, keeping that local police force is very important. As I understand it, that is the plan.

I seek reassurance from the Minister again today that what the citizen will meet on the street will be the very high standard of service that we have now—indeed, an improved service—and that we will not see any leaching out from the neighbourhood to a centralised system, as referred to by the hon. Member for Preseli Pembrokeshire. We must keep our officers on the street, doing the very good work that they are doing.

9.53 am

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I, too, congratulate the hon. Member for Preseli Pembrokeshire (Mr. Crabb) on securing this important debate.

We are told that there are two main drivers for the change. The first is the inability of a smaller force to deal with terrorism in its modern form. I venture to suggest that that is not a sustainable argument. My argument is that there are several avenues of co-operation between the Met and the West Midlands force, together with other forces, assisting the North Wales and Dyfed-Powys police. We have seen it before. Unfortunately, 15 years ago there were terrorist incidents in Wales. There was a great deal of co-operation throughout the forces. For example, in Holyhead an anti-terrorist branch successfully combated some of the terrorist problems emanating from the troubles in Northern Ireland.

What has happened with terrorism? Lord Carlile's recent report says that the smaller ports have scaled down their anti-terrorism protection to a large degree. I wonder why, if there is an immediate terrorist threat, which we have been led to believe is fundamental to the change, the cover of those ports has been scaled down? I also wonder why, if it is such a problem, our friends in Scotland have not bothered to address the issue.

The second reason that we are given for the reorganisation is that forces of fewer than 4,000 officers are unable to deal with organised crime. Operation Tarian was a recent successful operation mounted by Gwent, South

Wales and Avon and Somerset. It netted some of the most dangerous criminals in the UK, who were hell-bent on bringing crack cocaine into south Wales, having flooded the market in the Bristol area. They were heavily armed and ready to do whatever was necessary to avoid being apprehended. In large part, they are now behind bars. That was possible because of the excellent understanding between Avon and Somerset, South Wales and Gwent police.

For some months, I have been asking for a comment from the previous occupant of the Minister's post about the success of that operation. We are led to believe that there will be a review of it some time during 2006, well after it was thought that the reorganisation would have gone ahead. I wonder whether that timing should have been brought forward.

There is excellent day-to-day co-operation, both between the south Wales forces and over the border. I know it to be true of Dyfed-Powys and West Mercia. From my experience of dealing with legal matters, I have seen daily liaison between North Wales police, the Cheshire constabulary and the Merseyside force. The hon. Member for Preseli Pembrokeshire asked whether we could have more co-operation. Of course that would be a good thing and it should be nurtured, but even now there is excellent swapping of information, even on an hourly basis between these forces. So it is going on. It is not as if suddenly officers have been told that they must start communicating with officers elsewhere. It is happening as I speak, and it has been happening for a long time.

Reference has already been made to the manner in which the consultation was mounted. I am afraid that it is a good example of the conceit of consultation by the Government. First of all, they set an unrealistic time scale. That seems to be important. We have seen it before. They set an unrealistic time scale and give a single option to those who are being consulted that paints them into a corner.

Secondly, they do not provide the pertinent facts and figures truly to inform the consultation. That has even been confirmed by the hon. Members for Bridgend (Mrs. Moon) and for Llanelli (Nia Griffith). We do not really know what the effect will be on the precept. We do not really know how much the reorganisation will cost. I have had answers from Ministers saying various things. So I am in the dark, even now, and more to the point, our local authority leaders are in the dark. We do not know exactly what the financial effects will be. They will drive any efficiency gains and will drive the performance of any force. That is important. The Government keep people relatively in the dark so that they do not have the facts during the consultation.

Then, the all-important one—the Government ignore the results if they are unfavourable. I pray in aid the recent National Offender Management Service consultation in which everyone who responded—I beg your pardon, Mr. Taylor, 96 per cent. of the respondents—including the National Association of Probation Officers, the Prison Officers Association, the police and social services—said, "Do not make these changes, whatever happens". Yet the Government went ahead with NOMS. That is the ultimate conceit of such consultation.

A recent debate on 20 June in the other place highlighted that point. Baroness Harris said:

> "The difficulty is that the Minister says that her right honourable friend Dr. Reid and her honourable friend Mr McNulty are now exploring ways forward whereas, as we said earlier, yesterday, on the Floor of the House in another place, the Home Secretary made it clear that the destination stays the same. It is all very well listening; but if one will not change one's mind about where one goes, what does it matter?"

Baroness Scotland responded:

> "My right honourable friend the Home Secretary made it clear that on the basis of the information that we have, especially the HMIC advice, that road of travel is inevitable and the destination is absolutely secure. The question is how quickly can we go along that road and what do we need to do to ensure that that delivery eventually takes place?"—[*Official Report, House of Lords*, 20 June 2006; Vol. 683, c. 728.]

There has been a partial reprieve, perhaps because the Government are listening to arguments, but for all I know because Cleveland has taken the Government to the High Court for a judicial review of the process. That would have an impact on all forces in England and Wales. I know not what the precise reason is, but I am grateful that we at least have some time to talk at reasonable length. However, we still do not know the basic answers.

I refer to what Geraint Price-Thomas, the chair of the police authorities of Wales, said in a 27 April briefing to Members of Parliament:

> "Additionally, we have also stressed the need for clear and definitive information from the Home Office on a number of key issues, namely around finance, funding, precept equalisation, governance and accountability. It was due substantially to a lack of such information that the police authorities were not able to fully consider the issues around the submission of a preferred option at the end of December 2005. Unfortunately, the situation in respect of both timescales and a lack of necessary information continues."

That was at the end of April. He went on to talk about council tax and the impact of precept equalisation:

> "While the Home Office has indicated that it is prepared to make provision for phased precept equalisation, there has been no definitive decision by the Home Office on this nor a clear decision on the exact period of harmonisation."

On the cost of change, he said:

> "While the Home Office has tried to assure us that the cost of restructuring will not be borne by council tax payers, there is still much uncertainty regarding how the set-up and recurring costs of restructure will be met. The Home Office has stated that it would meet 100% of the net set-up costs. The exact levels of these costs, however, have yet to be determined between our Welsh project team and the Home Office. Significantly, the estimated cost of protective services submitted by the Wales project team has been reduced by 75% in the Home Office's assessment of our business case. This is an operational issue of grave concern to the chief constables and ourselves, as it strikes at the fundamental rationale behind restructuring."

He also commented on the funding formula and the sparsity element in funding of Welsh police forces.

Only a few months ago, Her Majesty's inspectorate of police gave all four Welsh police forces a glowing report. They had improved in many ways, and they were good previously. During the past 15 years, Dyfed-Powys and North Wales in particular have consistently been in the upper quartile of semi-rural forces in England and Wales.

[Mr. Elfyn Llwyd]

I pay tribute to Dyfed-Powys, for example, which at this moment is creatively opening police stations in villages throughout the area wherever there is an opportunity, even in the corners of chemist shops. It may be a volunteer who is involved, but a police contact is available. I went to Whitland not so long ago to see the situation for myself. The police are being as creative as they can about providing services locally, as they should be.

My late father was a police sergeant and my brother is a police chief inspector, so I have been versed in these issues for some time. In fact, I have lived in many police stations and I even had a train set in a jail cell at one time. Some people say that I should still be there, but that is another story.

North Wales police have made their points on the restructuring clear. They have canvassed widely throughout north Wales. All six unitary councils that were contacted responded and said that they were strongly against the proposed merger. Four of them said that there would be a loss of services in north Wales. The bottom line is that two thirds of the population of Wales live in the south and the south-east. That must be considered. We are worried that money and other valuable resources will be shifted to what the hon. Member for Preseli Pembrokeshire described as the hot spots and that rural and community policing will suffer. I am sure that that is the last thing anyone wants. Four of the councils were concerned about loss of accountability. Three said that the merger was not justified. Three were concerned about the cost. Three were concerned about loss of local knowledge, and three criticised the consultation process. Mention was also made of the threat to community policing and to Welsh language policy.

North Wales police also wrote to the town and community councils in north Wales. Ninety letters were received: 34 from the western division, 34 from the eastern division and 22 from the central division. Of the 90 letters, 89 were against the merger and one did not express a view. Again, 24 councils gave the cost of restructuring as a reason; 20 referred to the loss of services in north Wales; 14 mentioned the centralisation of resources in south Wales; 14 talked about the threat to community policing; 12 referred to the loss of accountability; and 12 criticised the consultation process. Points were also made about the loss of local knowledge and it was said that the merger was not necessary.

There has been an overwhelming response in the North Wales police area, and I venture to suggest that the response is not limited to that area. We have heard what the hon. Member for Preseli Pembrokeshire said about the Dyfed Powys area. We know that Gwent is very unhappy. In fact, all the police authorities in Wales remain desperately unhappy because they feel that they are still in the dark.

A submission was made this month by the clerk to the North Wales police authority. He wrote to the Home Secretary and made telling points. He referred to the geography of Wales and the fact that it is unfortunately very difficult to travel from north to south. He said that there would be huge problems with travelling for a single police authority. In fact, the travelling distance between Holyhead and Cardiff is slightly further than that from central London to Preston. That gives an idea of the likely problems. The clerk refers to the council tax equalisation problem and the likely capping criterion of 5 per cent., which will result in the black hole referred to by the hon. Member for Preseli Pembrokeshire. The clerk also refers to future funding and the annual deficit of £29.9 million in 2009, rising in 2012 to just over £50 million. We have to ask how that black hole will be filled.

The formula funding also concerns the hon. Gentleman, as do governance and the command structure. I remember asking the previous Home Secretary about the command structure when he made a statement about the matter, and he said that district councils would be the key to the command structure—the basic command unit. Unfortunately, we have not had district councils in Wales for many years, which goes to show that the merger has not taken any of the Welsh concerns into account.

I see that last week the other place passed an amendment that in effect says that the local police authorities will have to sanction any change. No doubt that will come back for further votes in this place, but I believe that it shows the great strength of feeling. In a fortnight from yesterday there will be a meeting with the Home Secretary attended by representatives of all the parliamentary parties in Wales. Clearly, when all parties in Wales come together round the table something is seriously wrong. I am sure that there will be further discussion, and I hope that we will get more information, because I have no doubt that the current situation is unhelpful. Proper decisions cannot be made because of the lack of basic information.

On 8 May, a letter from the chairmen of the police authorities representing Cheshire, Cleveland, Northamptonshire, North Wales and West Mercia was printed in *The Daily Telegraph*, *The Independent*, *The Guardian* and the *Financial Times*. It stated:

> "The current proposals are being rushed through amid growing concern that they will lead to a damaging reduction in performance, a collapse in neighbourhood policing, and a significant loss of accountability. Serious questions remain about the costs and financing of mergers, the impact on council tax, the timescales for transition and the governance arrangements. Opinion polls show overwhelming public opposition, only two police authorities have volunteered to proceed with mergers...and some have initiated legal proceedings to halt the process."

There is, I am afraid, a lack of rigorous analysis of the issue. Indeed, the recent report by Policy Exchange even goes as far as describing the document, "Closing the Gap", as another dodgy dossier. I will not go as far as that, but I echo what the hon. Member for Preseli Pembrokeshire has said and say that we are far from convinced of the need for restructuring. More to the point, we are far more convinced that it will impede the progress that all Welsh forces are making in all areas of policing.

Like the hon. Gentleman, I am not opposed to restructuring per se. My late father joined the old Caernarvonshire police force, and then went on to the North Wales police force. There had been two restructurings shortly before he joined. It is an ongoing process, as the hon. Gentleman says, and only a fool would say that it will be the same for ever. Of course, in human nature there is a tendency to doubt that changes will bring forth improvements. That, I think, is accepted. However,

on the evidence that we have before us at the moment, it is inevitable that people will say that there is no need for this change.

When senior police officers, all police authorities and many people who are in the know about policing in Wales speak with one voice and say that the restructuring will be detrimental, it is time to listen. It is time to consider whether another form of restructuring is possible, and I hope in the coming months that there will be a dialogue with the Minister and his colleagues, as I am sure that there will be. The strength of feeling in Wales is extremely high at the moment. There is a genuine feeling that community policing will go by the board and that the rural police forces, as they were, will be hammered. There is genuine concern that council tax payers will pay huge increases, only to be met at the end of the day with the effects of a £50 million black hole that will mean either incredibly high council tax increases or a cut in services.

This is not a semantic debate such as sometimes occurs if one party feels obliged to raise points because the other one disagrees. It is not at all like that. As I said, all the parties that have Welsh representatives in this Parliament will meet the Home Secretary a fortnight from yesterday. I hope that the Minister will be there as well.

A further concern is that the National Assembly for Wales was not consulted at the beginning of the process. Yet it contributes to the tune of £144 million per annum to the Welsh policing budget. Why was it not immediately consulted when points were first raised? I hasten to add that it has been brought into the consultation now, but rather late in the day, considering that the whole thing could have been over—done and dusted—had police authorities not stood their ground in the face of some dubious tactics along the way and helped bring about the latest volte face.

The Assembly's Social Justice and Regeneration Committee prepared a report which stated, in effect, that it preferred the status quo, but that if there was to be a change, a decent time frame for discussion and implementation was required. Its conclusions were that the merger process should be halted; that the consultation and time frame were inadequate, that everybody was in the dark on the finance and that regional police authorities might well be a way forward.

It is clear that the Committee was greatly concerned about local accountability. It stated that that was perhaps the essence of the exercise. It asked whether local authorities would be represented on an all-Wales strategic police authority, whether the authority would be restricted to elected representatives, whether the chief constable, the courts, the National Offender Management Service and the Police Federation should also be represented and what the constitution of regional boards should be.

The Committee was concerned about staff numbers and how the change would impact on community safety officers and so on. It stated that the effect on precepts and on Welsh language policy, and the size and geography of Wales required consideration. Also, it referred to co-terminosity and what it described as the failure of the Home Office to deliver. That was from an all-party Committee with a Labour majority.

The Committee said that the manner in which the consultation process was pushed through was extremely damaging. It was seriously concerned about co-terminosity issues and the fact that part of police responsibility had been devolved—as I said, the budget is £144 million per annum—yet the Assembly was not consulted at the beginning of the process.

The Minister is a reasonable man. I am sure that, having listened patiently to all the arguments, he understands that there are grave concerns. Even Labour Members have raised concerns, although they believe that they will be met in the coming 12 months. That may or may not be so—I do not know—but I stress that an all-Wales force is the last option that the people of Wales require.

There will undoubtedly—one hopes—be movement, and other options could be considered that could enable change to occur, but only with the support of the people of Wales, for we must also remember that policing is by consent. If that consent breaks down, policing breaks down. As the Minister will know, 90 per cent. of crimes are solved as a direct result of information from the public. If the public feel alienated from the police, that all-important source of information will dry up and the police's performance will be severely damaged.

The concerns that I have raised are bread-and butter-concerns about policing. I hope that the Minister will address some of them in responding.

Several hon. Members *rose—*

David Taylor (in the Chair): Order. Before I call the official spokespeople for the Liberal Democrats and the official Opposition, I ask that they bear in mind the amount of time available for this debate and ensure that the Minister has adequate time to respond to the many points that have been raised.

10.21 am

Mr. Roger Williams (Brecon and Radnorshire) (LD): I, too, congratulate the hon. Member for Preseli Pembrokeshire (Mr. Crabb) on securing this debate. A number of hon. Members had wanted to have a debate, either in this Chamber or on the Floor of the House, to unwind the developments in the Government's proposals. I congratulate him also on how he presented his case. He did not defend the status quo for its own sake, nor did he make party political points. I am sure that everyone here would want a police force that is fit for purpose and best designed to serve the people of Wales and its geography.

I also pay tribute to the work of the Welsh Affairs Committee on the issue, although opinions can sometimes change relatively rapidly. When I was a member of the Committee during the previous Parliament, we interviewed all the chief constables on antisocial behaviour. At that time, every one of them believed that amalgamation into a single police force was not the way forward for policing in Wales.

I also pay tribute to Labour Back Benchers, who are not here in numbers, although the Minister will understand that the Standing Committee that is considering the Commissioner for Older People (Wales) Bill is sitting now. I am sure that many more hon. Members from Wales would have attended this debate were it not for that unfortunate coincidence.

[Mr. Roger Williams]

The delay that the Home Secretary announced last week marked the latest chapter in a long-running farce that has typified the consultation process on policing in Wales. Last year saw story after story of Home Office incompetence, and the proposed merger of the four forces is no exception to that. It is a poor policy that is being hammered through at an impossible pace, after a meaningless consultation process.

It is interesting that on Thursday—30 June—two by-elections will take place in Blaenau Gwent, and the one thing that unites all the candidates is their opposition to the proposal. They are reflecting the concerns of communities in Wales about what is happening to their policing. Policing is fundamentally important to their quality of life. The hon. Member for Bridgend (Mrs. Moon) said that things were improving in her community. When we see those improvements, we are determined to ensure that they continue and are not lost.

The so-called consultation period lasted just under four months. I say "so-called consultation" because one month into it the Secretary of State said that there was only one option for Wales. That does not give people much confidence or enthusiasm about getting involved in the process. If the Government are to show a semblance of collective responsibility, when the Secretary of State says that there is only one option, it has presumably been agreed by the whole Cabinet, particularly the Home Secretary. It beggars belief that the consultation process, with all its expense and burdens on people to contribute and reply to it, and to attend meetings, was happening when it was fairly obvious that the decision had been taken already.

We need to think about the speed proposed for that process. The last reorganisation of the police force, in 1964—I think—took eight years to achieve, but before the inevitable delay announced last week, the Government had planned to complete the process this time within a year, and to appoint a new police authority by the end of August and a chief constable for Wales a month later. In such a rush of activity they did not give people enough confidence that they had suitably considered the best way forward.

That farcical process can only have a negative effect on police officers in Wales. Stability is vital in all walks of life, but particularly in high-risk jobs such as policing. Yet the Government have done nothing to aid stability in police forces. Instead, our police must contend with a whirlwind of Whitehall legislation and a dizzying number of missives, directives and law changes.

Last week, the chief constable of Dyfed-Powys said:

"It is impossible to work consistently coherently when every month, or every six weeks, there is a policy change...Most of my colleagues, certainly chief probation officers, across the country find it impossible to do their jobs."

That draws attention to the fact that if we had a radical change in the structure of policing in Wales, it would have to be reflected in other elements of the criminal justice system.

The Government's approach is introducing great uncertainty in Welsh policing. That is especially the case with their merger plans, which they have been trying to force through without giving anyone an accurate and realistic picture of how much it will cost, or of how many jobs will be lost. Already today, we have heard a number of different estimates of costs—both set-up costs and ongoing financial deficits. There does not seem to be any agreement on what those costs will be, or how they will develop.

The uncertainty surrounding the policy and the process can only have a negative effect on strategy and police morale. Every day, these people are on our streets making Wales as safe a place as possible, and they deserve better from their Government. How difficult must it be for them to do their job given the proposals, and the effects on jobs and personnel casting a shadow across the future of the organisation?

My constituents in mid-Wales are concerned about the continuing presence of the whole of the criminal justice system in rural areas, and worried that resources will be taken from rural areas and put into the more urban ones where there is a more obvious threat to people's quality of life.

I mention in passing the proposal to close the police cells in Llandrindod Wells—there has already been a proposal to close the magistrates court—which will leave the only police cells in that mid-Wales area in Brecon in the south and in Newtown in the north. We will have a 60-mile stretch of countryside without a single police cell in which to hold a potentially dangerous person, and the expense of solicitors travelling long distances to interview their clients. The people in that area in rural Wales are concerned that they are losing the security that they get from the police and the justice system, and that that process will accelerate if the proposal goes ahead.

I was present in the Welsh Grand Committee in which the then Secretary of State, the right hon. Member for Torfaen (Mr. Murphy), proposed a federated system, for which it seems that support is growing. The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) has already mentioned the Tarian operation that involved Somerset and Avon, Gwent and South Wales, in co-operation with Dyfed-Powys. It showed how police authorities can and will work together when they are given the right encouragement. A lot of crime in mid-Wales is carried out by travelling criminals—not that we do not have our own criminals as well. People come into the area and they think that it is so sparsely populated that their nefarious activities may go undetected. However, there is good co-operation between West Mercia and Dyfed-Powys, between Merseyside, Cheshire and North Wales, and between Somerset and Avon and Gwent. It happens, and we should encourage it.

A number of questions still remain unanswered. The council tax situation has already been mentioned—the precept convergence, as it is called. In a written statement on 11 May, Edwina Hart, the Minister for Social Justice and Regeneration, said:

"I am afraid I have little progress to report on the precept issue."

Will the Minister provide an update on whether any progress has been made since then, and could he enlighten the council tax payers in north and south Wales on whether they will pay more or less council tax if the merger goes ahead? The level of uncertainty

surrounding the cost of the merger is extraordinary, and is evidence of how badly thought through, and rushed, the policy is. The four chief constables told the Social Justice and Regeneration Committee of the National Assembly for Wales that by 2012, on current Government calculations, a single police force would have an annual deficit of £79 million. Different figures have been mentioned today, but it would be interesting for the Minister to tell us the most up-to-date one. Meeting the deficit that I have mentioned without additional Government funding would mean an extra £71 on the bill of the average band D council tax payer, or 1,800 fewer police officers on the streets. That is the scale of the financial black hole that some police forces and chief constables have predicted.

The Home Secretary announced last week that the merger process will be delayed, and that is welcome. However, he gave no detailed estimate of how long the delay would last, or what the new merger timetable would be. Will the Minister provide the Government's revised timetable?

There is enormous public opposition to the measure. The Welsh Liberal Democrats have conducted street polls in Wrexham, Merthyr, Cardiff, Newport, Maesteg and Llandrindod, all of which have shown overwhelming opposition to the Government's proposals. The hon. Member for Meirionnydd Nant Conwy has described how the consultation process produced exactly the same results on the streets of towns and villages in Wales. Many people throughout Wales—myself included—think that the merger will harm community policing, reduce local accountability and leach resources from low-crime areas. In short, it could seriously jeopardise the security of our communities, particularly in rural areas, and the largely excellent records of our four forces.

We urge the Minister really to engage on the issue with the people of Wales, with the stakeholders, and with the public. We are determined—as I am sure he is, in his own mind—that the solution we reach should not be the quickest fix but the best system for ensuring that the resources for policing in Wales are used most effectively, that communities in Wales have a level playing field of policing, and that some areas are not left out altogether. I ask him to ensure that the process is complete and not partial, and that the people of Wales get the police service that they so justly deserve.

10.35 am

Nick Herbert (Arundel and South Downs) (Con): I intend to be brief, because I want to give the Minister plenty of opportunity to respond to my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb), whom I congratulate on securing this debate and on making the case against the way in which amalgamations have been proposed and against amalgamations in Wales themselves so effectively.

I want to outline the Opposition's concerns about the process. I shall start by saying that we welcome the decision of the Home Secretary and the Minister to place a stay of execution on the wave 1 mergers, which would include the amalgamations in Wales. That seems to make sense. The speed of the proposals has been roundly criticised both in and out of this House. The chairman of the Cheshire police authority, Mr. Peter Nurse, described the timetable as "absurd". Mr. Steve Thomas of the Welsh Local Government Association, giving evidence to the Welsh Assembly's Social Justice Committee, described the consultation process as

"the best farce since 'Charley's Aunt'".

As hon. Members have pointed out, the Welsh Affairs Committee criticised the speed with which the process had been conducted. It was always unrealistic to expect that amalgamated forces could be in being by April next year. A pause for thought will be welcomed throughout the country, particularly by the police authorities who were facing impossible challenges in seeking to meet such a deadline. Part of the problem has been not just the speed of the process, but the lack of proper consultation, both with police authorities themselves and with the public who have largely felt shut out and who have expressed considerable concern about amalgamations. I welcome the fact that the Minister is now engaging in talks with Members and with the police authorities concerned, and the constructive nature of those meetings.

My second concern is about the absence of local accountability that would feature in larger forces. The arguments have been put powerfully before, but plainly in a force covering 8,000 square miles and serving 3 million people there is a grave danger that the leadership of policing will be much more remote from the communities that chief officers are meant to respond to and serve. There is also the danger of a democratic deficit, in that the formal representation on police authorities will be considerably diluted if there is a police authority in Wales of 23 members but there are already 22 unitary authorities in Wales, all of which should be represented if they are to have a stake in it.

There is a plainly a serious issue about the extent to which local people have any formal input in the direction of policing in Wales. That has not been sufficiently answered by the claim that neighbourhood policing will be developed or that basic command unit commanders will be responsive to local concerns. BCU commanders are responsible for tactical decisions, not strategic ones. Those will be set by the police authority and the chief constable jointly with the Home Office, which is exercising increasing control in the matter. It is influence over those strategic decisions that the community wants, not just good public relations on the part of their local police commanders or good neighbourhood policing, which they want too.

The democratic deficit, the absence of local accountability as a result of creating these larger forces, is one of the most powerful reasons why the Government should rethink. Another powerful reason, and my third concern, is the cost. Concerns about that and about the potential impact on neighbourhood policing have been expressed from all sides. The Home Office's own business case estimates that amalgamating the four forces will cost around £27 million, and any savings that will accrue—which are not quantified but are merely asserted—will take some years to come through.

There is the additional problem of precept equalisation, which could mean precepts rising by up to 15 per cent. in south Wales, for instance, according to the Association of Police Authorities. The Minister will doubtless have something to say about that.

[Nick Herbert]

The report of the Government's own strategy unit warned:

"Evidence from other sectors suggests that mergers can be a costly, protracted exercise which does not always deliver expected benefits and inevitably causes distraction for management and staff."

That warning should have been heeded better, and if he has not already done so I urge the Minister to read the report by Tim Brain, the head of the finance division of the Association of Chief Police Officers, whom I believe he has met. The Home Secretary said that he had not read the report, but it transpires that he has discussed it with the president of ACPO. I make the point seriously and constructively that the Minister should read the report, which points out that in three years' time, against the background of frozen Home Office budgets, the effect of amalgamations on finance that will already be in short supply will result in serious funding shortfalls for the police, equivalent to 25,000 police officers. In Wales that would amount to 1,350 officers. The fear expressed in the report and shared by police authorities, chief constables and members of the public, not least in Wales, is that the costs that will have to be met directly from existing police budgets against a background of tight finances will mean cuts in neighbourhood policing. Does the Minister think that the figures given in that serious report by ACPO's head of finance are correct? What proposals does he have to deal with the matter?

There is a stark contrast between the past few years—funding for police and community safety has increased by about 75 per cent. in real terms since 1997—and the situation at which we will arrive in 2007, when Home Office budgets are frozen. The contribution that £500 million of costs will make to that problem could be severe.

My fourth concern is that the Government have been reticent in considering alternatives. I hope that in the round of discussions that the Minister is having, he will be more open-minded about the alternative proposed by the APA that the Prime Minister himself seemed to endorse. That is the option of police authorities sharing services, which could yield savings that could be reinvested in protective services much more quickly than could any money through amalgamation, while preserving the local accountability that is so valuable.

The Home Secretary seems to be indicating that strategic forces are still the route that he wishes to take, albeit more slowly. I urge the Minister to consider not strategic forces but strategic capability: how it is possible to organise forces together more sensibly to close the gap, which we all agree must be done. I echo the point made by my hon. Friend the Member for Preseli Pembrokeshire that there is no dispute that there is a gap in protective services that will require closing. The question is how that can sensibly be done.

I emphasise the importance of public consent in the process. The last time decisions of an equivalent scale were taken, back in the 1960s, there was a royal commission and full public discussion, and the process took a number of years. ACPO and the APA have expressed alarm about the general direction of policy as expressed in the Police and Justice Bill and shown by the increasing centralisation of policing. They make the point:

"Effective policing is dependent on the consent and support of the public. This support is conditional on the demonstrable independence of policing from partisan political interests. It is essential that the local nature of policing is preserved, as it is here that policing has its roots, and that is why local accountability between police authorities and chief constables is crucially important and should not be undermined by greater central control."

Against a background of such increasing central control, developments such as the national policing plan, and the proposal, not yet formally announced in the House, to create a national policing board with the Home Secretary as chairman, concerns about the loss of local independence and accountability are particularly amplified. The Government should have pursued a different agenda, and I hope that the Home Secretary and the Minister will now pursue it. It is one of police reform, of ensuring that the police service is equipped to meet the challenges against the background of much tighter finance in the future, of work force modernisation, of driving forward the process of neighbourhood policing and of meeting the public demand for a visible police presence on the streets. Amalgamations will threaten that agenda and not meet public demand. That is why we have such concerns about amalgamations. I hope that the Minister responds constructively to all the points raised today.

10.45 am

The Minister for Policing, Security and Community Safety (Mr. Tony McNulty): I join those who congratulated the hon. Member for Preseli Pembrokeshire (Mr. Crabb) on securing the debate. I cast no aspersions on hon. Members because of the lack of attendance at the debate, not least because, as has been said, the Committee considering the Commissioner for Older People (Wales) Bill is sitting at the same time. Apparently, there are some minor attractions down in Blaenau Gwent, which will also have taken away some of our Welsh colleagues. I do not come to the room and think, "Phew, there are only four hon. Members present; the subject of the debate cannot be much of an issue." I do not take that view at all. I know that policing in Wales remains a very serious issue.

I also join those who congratulated the hon. Member for Preseli Pembrokeshire on the way he introduced the debate. I shall come later to the substance of the debate. According to my minor bits of research, the hon. Gentleman is clearly a born optimist. Apparently, he joined the Conservative party in 1997, which is almost a definition of optimism. He then became an officer in the Southwark and Bermondsey Conservative association. That is not, by any means, an area where there are rich pickings for Conservatives, so I am glad to see him in his place now as a Welsh Tory. Being a Welsh Tory is still, happily, a minority pursuit. I had to ask a colleague how many there were. I thought that the hon. Gentleman was on his own, but apparently there are three of them, which I am sure makes for good company.

Nick Herbert: Soon there will be more.

Mr. McNulty: Perhaps, but with the greatest respect I do not suspect that that will be the case after Thursday.

I commend the hon. Member for Preseli Pembrokeshire on the non-partisan way in which he introduced the debate. In making that point, I join the hon. Member

for Brecon and Radnorshire (Mr. Williams), who, having made it, went on to make some rather foolish partisan points, which detracted from our debate, about Blaenau Gwent and about the supposed incompetence of the Home Office.

It is clear to me—the hon. Member for Arundel and South Downs (Nick Herbert) finished his remarks with this point—that there is a serious and detailed debate to be had. I do not think that I will pre-empt where we are going if I say that my view and that of my right hon. Friend the Home Secretary remains that the destination should be a strategic force. That is not to throw it down people's throats, but it is our view. We have delayed things deliberately, in part because of the level of disquiet, but also because a range of issues remain to be answered fairly and because we want what I think everyone wants in the end—to render to Wales the policing and police force that it requires for the 21st century.

I am pleased that most if not all colleagues have not challenged the notion that there are serious gaps at level 2. We are really talking about how they should be filled. It should not be inferred that somehow we are moving to an all-Wales strategic force and then the border will go up, preventing any co-operation between that force and its English counterparts on the other side. To suggest that is rather foolish. I commend the progress, as outlined by Her Majesty's inspectorate of constabulary, by all four forces and their co-operation not only with one another and with immediate border forces but, on specific issues, beyond that.

The hon. Member for Preseli Pembrokeshire said at the start that this was an important matter, and I agree. He said also, which may be a reasonable criticism of where we have been for the past couple of months, that a proper, detailed and mature debate on policing in Wales for the 21st century should not get lost in administrative and bureaucratic arrangements. We should not be locked into existing arrangements for the sake of it—I cannot remember who said it, but someone said that only a fool would be wedded to those arrangements if they could see that they were not the main way forward. However, in our concerns about moving towards a strategic force, we have lost sight of the debate, the narrative and the argument on the relationship between neighbourhood policing, basic command units, strategic policing and how those elements serve our communities in Wales, as elsewhere.

The hon. Gentleman also agreed that there were a number of theoretical benefits. He was not opposed in principle and said that there was no credit in wedding oneself to certain structures, regardless of reality, and I agree. We have moved on. My right hon. Friend the Home Secretary said during Home Office questions that he would no longer be seeking to lay any Home Secretary-initiated amalgamation orders before Parliament before the summer recess. He also made it clear that we are still seeking to secure the voluntary merger between Lancashire and Cumbria constabularies, although that has not-dissimilar attendant issues that we are trying to deal with.

One minor point: Lancashire and Cumbria were the only two forces that voluntarily declared that they would merge with each other. It is not accurate to say that they were the only two forces that agreed to a voluntary merger—a pedantic point, but that claim is simply not true. For some of the others, three of the four forces in an area wanted to merge voluntarily but the fourth did not, whereas in another area two forces wanted to merge but the third did not. It is therefore not true to say that Lancashire and Cumbria were the only two forces in the country that sought voluntary merger.

My right hon. Friend the Home Secretary made his announcement because, in the few weeks that he and I have been in our new posts, we have been engaging with stakeholders and listening to concerns. As with the tone of this debate, time and time again people have said that, whatever the respective merits, there should be discussion about alternatives and more time in which to have those discussions, and we have responded to that.

If I may make a picky little comment about some of the remarks that we have heard today—rather like what my right hon. Friend said to the hon. Member for Arundel and South Downs—it is that half the speeches were written as though last Monday's announcement did not happen. However, I forgive people for that; they have their points to make and that is entirely fair.

The effect of the announcement is to extend the period for objection, thereby allowing us to work closely with the wider community on developing answers to some of the issues. If we are to have a proper and honest process, I cannot give a definitive response about what that will do to the time scale, because that would pre-empt all that we are seeking to do with that engagement. However, let me say in passing that, as I understand it, if whatever we end up with for each area is significantly different—that is an important phrase—from where we are now, there will have to be a new period of objection, consultation and all those assorted elements.

So I can say, with a degree of confidence, that the process is not about either kicking the proposal into the long grass for ever—"Closing the Gap" remains terribly important to level 2 services and other elements—or some sort of flim-flam to get ourselves out of a hole until September or October and then doing exactly what we said we were going to do now. I assure hon. Members that neither scenario is the reality that will prevail, but there is a lot of distance between those two points and that is why I want serious discussion.

I want those who suggest that a federated model might work in Wales to tell me, in substance and detail, how they think it will work. I want people whose main objection has been to the timetable to tell me what would be a better timetable for Wales. I freely admit that more work remains to be done—although most of it was laid out in the business case, save for the point about protected services. More work needs to be done on finance, council tax precepts and all the other elements. I freely admit that, but that is the work that we are seeking to engage in now.

I have already met the four Welsh chief constables and the relevant Minister from the Welsh Assembly to discuss those points. I have also met a group of north Wales Labour MPs—I was going to say "north London", so apologies for being metro-centric—and I extend the invitation to come and talk to me about the issue in detail to the Liberals, Plaid Cymru and the Tories. As was said, the Front-Bench spokespeople are going to see the Home Secretary to discuss the issue.

[Mr. McNulty]

and I am more than happy to pursue that. I will have the pleasure, I hope, of appearing before the Welsh Affairs Committee on 4 July to discuss my relative independence, rather than that of the Americans. That is as it should be, because the Committee has done good work on the matter.

On 13 July, I am going to Cardiff to meet the four police authority chairs, whom I have not yet met. I hope that the Under-Secretary of State for Wales, my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger), and our friend the Minister in the Welsh Assembly Government will accompany me, and that it will be more successful and productive than my last visit to Cardiff, which was entirely enjoyable until we lost on penalties and Gerrard scored that fantastic goal just as I was dozing off, waiting for the celebrations and for West Ham to lift the cup. None the less, it was an enjoyable day out. Because I popped in and out, I did not see all the glory of the development around Cardiff bay. I hope to see it, at least in passing, when I return.

We are serious about engagement and about the future of Wales. Let me scotch another conspiracy theory. It is not the case that the all-Wales force is the only thing on the agenda because we want in the end to devolve all policing matters to the Welsh Assembly Government. Policing is and should remain a national, UK matter, and as far as I know, it will do so for the foreseeable future. Of course we must engage with the Welsh Assembly Government—as hon. Members have suggested, they have a locus and a stake in the matter—but this is not some elaborate ruse to devolve all such matters to them in the end, and they know that.

We must give more consideration to how the national dimension—the hon. Member for Arundel and South Downs mentioned a national policing board—the strategic dimension of every part of the country, the basic command unit areas and the neighbourhood policing areas interact and relate to each other in terms of governance and accountability. Those points are entirely fair, and I am not a million miles away from what the hon. Gentleman said about work force modernisation, police reform and all the other elements that should perhaps be bundled up together.

The hon. Member for Preseli Pembrokeshire made three fair points about the questions that need to be answered. Is this destination the right one, or are there alternatives? I feel passionately that it is the right direction. There is time and scope to consider that now. He is right about not using it as a breathing space or a hiatus in which we do not think about the matter but hope that it goes away.

We need to engage properly. If there are alternatives, we should talk about them. The destination may well be the right one in the end, but to link to the hon. Gentleman's next point about the pace of reform, some kind of confederation on the way to a potential all-Wales force may be the way to go. I simply do not know, and everyone here gets nervous when people start speculating what the direction might be.

Is the destination the right one? That is an entirely fair point that we need to address now. The pace of reform is also a fair point. Another question is whether the merger will have consequences for policing in Wales which we have not thought through. That was an allusion to financing, policing and governance. There is also the point about council tax precept equalisation. All those points made by the hon. Gentleman were fair. Whether in the Welsh context or the wider context, we must consider them in some detail. However, I do not accept the point—it cannot be right—that all this is about is eradicating all the advances that have been made in policing in Wales and elsewhere at other levels.

The strategic policing model that we are discussing, rather than undermining neighbourhood policing, will root it far more readily in communities. We will not have, as people know that we do now, abstraction any time there is a major incident or issues that go wider that the locality, when people lose their community policing focus.

Everyone agrees that community policing and neighbourhood policing are the right way to go and should be our focus. We have found that in our campaign in Blaenau Gwent, and I am sure that, if they were honest, others would say that they find that too. We are not creating strategic police forces to destroy interaction between police and their local communities. Such interaction must be central to all that we seek to do in 21st-century policing in Wales and everywhere else. I repeat that I am serious about discussing such things in detail. Now that we have the time and space, let us talk.

Drought Order (London)

11 am

Harry Cohen (Leyton and Wanstead) (Lab): I demonstrated my credentials just before the debate when I turned off a fast-flowing leaky tap in the gents just down the corridor.

I thank Mr. Speaker for granting me this debate on the drought order for London. I oppose that order being granted, and the debate gives me the opportunity to explain why. The reason is Thames Water's poor record of stopping leaks in London and its intention to have a drought order imposed. I was angry that despite the wettest May on record, during which time a hosepipe ban was in place, just days into June Thames Water said that it would apply for a draconian drought order. Such an order would let it restrict water use as it sees fit. At its very worst, residents could be limited to standpipes for their supply. I can see the restrictions starting in August when Parliament is not sitting, so that the matter cannot be raised then, and so I wrote to the Leader of the House demanding a debate ahead of any decision on the drought order. I also wrote to Mr. Speaker, who allowed me this hour-and-a-half debate. I am grateful to him.

Thames Water is a privatised monopoly. It has been allowed by the regulator to put up its prices by 24 per cent. on top of inflation, a rise that was supposed to take place between 2005 and 2010. Thames took the opportunity to do that nearly all at once, with a 21 per cent. price rise last year and another 4.3 per cent. rise from April. Its profits have soared, up 31 per cent. to £346 million last year. A £270 million dividend went to its German parent company RWE, which has taken £1 billion in dividends out of Thames Water in its five and a half years of ownership. The *Evening Standard* reports that RWE's five-man board got £24 million remuneration last year, with them and other top executives also making multi-million pound share killings.

RWE bought Thames Water for £4.5 billion five and a half years ago and is looking to sell it for £8 billion, a tidy bit of speculation if it comes off. Despite those riches sloshing around, it failed to stop 894 million litres of water a day leaking from Thames Water's pipes. That is enough to fill 350 Olympic-size swimming pools every day. Thames Water has failed to meet the target level for leaks set for it by the water regulator for five years running, and despite the targets set last year for leak losses being far too great at 860 million litres a day, Thames Water leaked 894 million litres. To put that into perspective, 2.8 million homes could be supplied by the leaked amount.

Thames Water wrote to MPs on 6 June and had the cheek to say:

"We are doing everything we can to reduce leakage".

Quite frankly, that is a fib. Ofwat's chairman, Philip Fletcher, talking about leaks in *The Mail on Sunday* on 18 June, said:

"The worst company by far is Thames".

Ofwat also said that

"given its current leakage performance we are concerned that the company may not meet future leakage targets or its security of supply commitments".

That is an incredibly serious statement, and I do not believe that the Minister can ignore that warning. Ofwat also said:

"Customers are paying the higher prices that Thames Water has been allowed to charge without getting all the benefits that the company has promised to deliver. This is unacceptable".

Again from Ofwat:

"The company's poor leakage performance is not only inefficient, it is also contributing to water shortages that have led Thames Water to impose a hosepipe ban and seek a drought order".

So it is the main cause of the drought order for which it has applied.

When asked to comment, the Secretary of State for Environment, Food and Rural Affairs said:

"These leakage results from Thames Water are of real concern".

Dame Yve Buckland, Chairman of the Consumer Council for Water, which covers England and Wales, said:

"Thames' performance is unacceptable. Their customers have every right to question whether they are getting what they have paid for".

The Federation of Small Businesses called on the Secretary of State to deny the water company the drought order. John Holbrow, the FSB national environment chairman, said:

"The water companies' lack of understanding of the situation of small businesses is staggering and reeks of arrogance. If they invested more of their profits in fixing leaks there would not be a water shortage in the first place. The amount used by small firms is a drop in the ocean compared to the amount lost by the water companies through leakage. Yet small firms are threatened with closure while the water companies continue on in their inefficient ways".

As I said, Thames Water is the worst of those water companies.

I do not think that the Minister can claim that water leakage has got better over recent years. I shall share with him figures from a recent parliamentary answer on the amount in megalitres per day of Thames Water's leakage: in 1997-98, 906 megalitres, 1998-99, 770 megalitres, 1999-2000, 662 megalitres, 2000-01, 688 megalitres—so far so good. It looked like things were getting better, but then of course RWE purchased the company. After that the figures are: 2001-02, 865 megalitres, 2002-03, 943 megalitres, 2003-04, 946 megalitres, 2004-05, 915 megalitres. I say to him that that is not an improving situation.

Ofwat published future targets for Thames Water: 2004-05, 905 megalitres, 2005-06, 860 megalitres, 2006-07, 805 megalitres, 2007-08, 770 megalitres, 2008-09, 745 megalitres and in 2009-10, 725 megalitres. The targets are coming down, but I suggest that they are optimistic. How can there be confidence in the targets, when consistently they are not met by Thames Water?

Anyway, those figures are far too high. We should be looking to come down much further. Given global warming, Thames Water must urgently make progress in stopping leaks far beyond the regulator's targets. Thames Water says that by 2009 it hopes to have replaced 1,000 miles of London's 3,000 mile, 150-year-old Victorian network But only 135 miles of mains were replaced last year. Thames Water's excuses, such as blaming London's clay soil, are feeble. London has always had that type of soil, and certainly did in 2000

[Harry Cohen]

when RWE bought Thames Water. That is a greater reason to get on with the job and install more durable pipes.

Even if Thames Water was to meet its Victorian network replacement target, it would still leave another 2,000 miles of leaking pipes, and beyond that, whatever part of London's other 7,000 miles of mains is faulty. No date has been set to get the whole job done. I note with disgust that the Victorian pipe replacement programme is on hold in my Leyton and Wanstead constituency, as in neighbouring areas such as Walthamstow and parts of Ilford. There are great swathes on hold across the whole of London.

As I said, Thames Water is a privatised monopoly, which has been rapacious at its customers' expense since privatisation. The water regulator seems to think that his role as the protector of London's public interest in its water supply—supposedly his main purpose—is best served by letting Thames be a greedy business. He has got it wrong. He is trying to ride two horses at the same time and I am afraid that they have gone off in different directions. It is time to make the public interest primary. Londoners are beginning to lose faith in him doing that. His relationship with Thames Water is far too cosy. He is too easily conned by the Thames Water argument that what is good for its business is good for the public. That is plainly not so.

If the regulator cannot do his job, then London's public interest protection should be handed over to the London Mayor. He would certainly do it. Londoners will now look at the regulator closely. For a start, he should require that future price rises are restricted. Then he needs to set targets for leak stoppage that are considerably hiked from the current ones. He should fine Thames for such a poor performance, including—there should be legislation if needed—the directors. Any fine should be ring-fenced so as to be reapplied to stopping leaks; they should not just go to the Treasury for general use, as seems likely to be the case at present. Will the Minister pledge that a fine, if imposed, would be ring-fenced? Otherwise the fine is just a punishment and Londoners get punished along with Thames Water. Thames Water now has a credibility gap. This drought order should not be granted, because of the poor water management. If Thames Water cannot do the job, the company should brought back into public ownership.

I understand that an independent public inquiry has to consider the drought order application. Will the Minister explain the arrangements—how, where and when will it take place? How will the public be able to make their representations? Or will he be advising Thames Water to withdraw their drought order application? I hope that that will be the case.

There is a strong case for promoting water conservation. If the Government share that view, they should put their money where their mouth is, with tax incentives to consumers—for example, by subsidising water butts for people to use in their own garden or save-a-flush crystals. I am not impressed with "Don't wash your baby or yourself" exhortations. We have come a long way in improving individual hygiene over the last century and we want no deterioration in public health. In any case, drains and sewers need water flow to keep them safe. Some of the policies suggested risk that.

The Royal Society for the Protection of Birds has argued for an accelerated programme of mains and supply pipe replacement to tackle leakage. The supply pipe is the short section of pipe from the mains to a home and is the customer's responsibility. A great deal of leakage nationally is located there, although in London it is mainly Thames's own pipes that leak. That is a point that needs to be picked up nationally. Again I suggest to the Government that letting home owners fix those leaks for which they are responsible is a good purpose for a tax incentive.

There is a strong case for individuals to use water prudently, which I support. Water is a precious resource. However, demand-management measures are not the only issue, as presented by some Ministers, Thames Water and the water regulator. The high level of leaks by the water company has a negative impact on the public's attitude to sensible water use. The promotion of water efficiency is fatally undermined by the leaks. In the age of global warming and future water shortage, individuals have a responsibility, but the responsibility of leaky Thames Water is even greater.

One third of the water for which Thames Water is responsible—197 million gallons a day—is wasted. With global warming, that inefficient profligacy with vital supplies must end. It is crucial to get matters right. We want individuals to promote water efficiency, and there are many measures that can be introduced to assist that, but those measures will fail if Thames Water and all the other water companies do not get a grip on the high level of leaks, which are far more damaging. We cannot afford that failure in the age of global warming.

If we do not get it right, we shall have drought order restrictions in the lead-up to, and during, the 2012 Olympics. That will be to the detriment of the games, and although I know that the games are only one event, they are important, particularly to the prestige of the country. We do not want water restrictions at that time.

The Daily Telegraph carried a news bulletin yesterday entitled, "No. 10 leaks mean Whitehall fails to meet water targets." It said:

> "The Cabinet Office has come under fire from government advisers for wasting vast amounts of water at No. 10."

It said that the Cabinet Office

> "soaks up four times as much water as it should because leaky pipes have gone unrepaired."

It continued:

> "the Cabinet Office is using 6,614 gallons per person every year. This represent almost four times the official target of 1,694 gallons for every employee and is the worst performance of any government department."

I know that the people in the Cabinet Office and at No. 10 are the Minister's bosses, and that he must tread carefully, but he is the Minister responsible for water and I think that he should get the message across to his colleagues. It may risk his career, but he should make it clear that the repairs that are needed should be undertaken throughout Government offices.

Another matter on water management is the big row in London on the level of future investment. Thames Water wants to invest a lot of money, but in a

desalinisation plant that is strongly opposed by the London Mayor. I know that such plants can be of great use and that they are important in some third world countries, where they are needed to convert sea water to drinking water, and for agricultural use. The Mayor's argument, however, is that they are not appropriate here in London. His reason is their high energy use; he talks of the plant pumping out 25,000 tonnes of carbon dioxide into the atmosphere every year, thereby contributing to climate change. Nevertheless, there needs to be investment in future water supplies, so instead he favours effluent re-use.

That sounds awful, but it is far less harmful to the environment. It embraces high technology to clean water from sewage works to drinking water standard, instead of just pumping it into the River Thames as at present. Effluent re-use is supported by the Royal Society of the Protection for Birds. It would like to see that technology used in similar plants in many coastal areas around the country. I support that, and it should be the technology that the Government are looking in to invest in as well.

Ofwat has sadly supported Thames' desalinisation plans. It has not taken into account the carbon dioxide and climate change effects. Yet, they oppose a new reservoir near Abingdon in Oxfordshire. How can a reservoir be deemed harmful to the environment? We have many lovely reservoirs in this country and we need them.

The Minister made a statement, when the south-east drought order was granted, saying that we have plans for five new reservoirs and expansion of three others. I support that aspect of Government policy. Ofwat seems to have got it wrong on both counts. It is a matter of the leaks. The amount of leaks is at a totally unacceptable level and we urgently need improvement for Londoners.

Gregory Barker (Bexhill and Battle) (Con): I congratulate the hon. Gentleman wholeheartedly on securing this important debate. For my own clarity, am I right in thinking that he opposes the granting of a drought order?

Harry Cohen: Yes, indeed. I said that in the course of my speech and that was the final remark that I wanted to make. Leaks are at an unacceptable high level, and Thames must be told to get on with dealing with them. In those circumstances, it is not appropriate to grant the drought order.

Gregory Barker: We clearly face an urgent situation in London with the water shortages. Given its horrendous record in the past three years, will Thames Water be able to turn around the leakages situation quickly enough to abate the need for a drought order?

Harry Cohen: That is the case this year. I repeat the point that we had the wettest May on record. We will have to see what happens during the summer. If there is a long period without rainfall, the matter could be revisited. However, we could get through the summer with sensible public use, an expansion in the programme of proper public education—getting the public to use water efficiently—and an emergency programme to stop a number of the leaks. There have been reports of heavy leaks that have not been dealt with for weeks, certainly days, on end. Thames Water should be required to deal with those immediately—on the same day, or the next day—which would be far more effective than imposing a drought order.

There is still a hosepipe ban in place for Londoners. The case has not been made for a drought order for this year and I oppose it. It gives the wrong message to Londoners. In one of the by-elections, an independent candidate is going round turning all the taps on as a protest against Thames Water. That is appalling. I utterly condemn that. However, you will start to get that type of bloody-mindedness if Thames Water does not start dealing with the leaks. The leaks are appalling. The Government need to give a clear message that dealing with them is overwhelmingly the top priority. Not granting this drought order and not making it easy for Thames Water would also reinforce that message.

Susan Kramer (Richmond Park) (LD): I apologise for coming in late; I was in a Committee. Does the hon. Gentleman agree that the many Londoners—my constituents are a good example—trying to observe the hosepipe ban would do so in a far better spirit if at least a plan was put forward that gave them some assurance that Thames Water was going to respond to the crisis by changing the way it behaves and the speed with which it deals with leaks? Does he have—as I do—a constituent who on the one hand, is unable to use his hosepipe and on the other hand, cannot get a leak stopped? I have received one letter one week and the other letter the next from the very same constituent.

Harry Cohen: The hon. Lady makes an excellent point and reinforces the points that I am making about priorities. If the Minister is minded to grant a drought order, there will be incredible annoyance in London. Further, at the public inquiry about which I hope to hear, a lot of Londoners will want to make representations, to hear exactly what Thames's plan is and to learn what sort of improvements they can expect. I suspect there will be a lot of protests at that public inquiry against granting the drought order.

In conclusion, I advise against granting the order this year; it gives the wrong message. Certainly give other messages, such as one on prudent water use by the public, but also give a message to Thames and the regulator that they must get on and deal with this leak problem in a more serious way than they have done up to now; otherwise they will be punished.

11.26 am

Martin Horwood (Cheltenham) (LD): I pay tribute to the hon. Member for Leyton and Wanstead (Harry Cohen) for securing this important debate. For some of us here this is a little like Groundhog day, as we were in Westminster Hall on 13 June discussing the issues of water shortages, which included drawing attention to many of the matters surrounding not only water leakage but also efficient water management. As the hon. Gentleman rightly says, the failure to address these issues in combination is the reason for our responding to a drought with a drought order rather than being able to cope with it.

[Martin Horwood]

The hon. Gentleman is a little unfair in citing the wettest May of all time as a reason not to impose the drought order. This is an area of technical expertise far beyond me, but I am conscious of the fact that we have had, over a period dating back to November 2004, some of the lowest groundwater levels since the 1920s and some of the lowest river flows on record. There is clearly a serious drought, but he is exactly right to identify failures of water management as a contributory factor to the response to that—be it a drought order or even a hosepipe ban.

Thames Water is clearly in a league of its own. Ofwat's target for Thames Water by 2010 is that it be leaking only 205 litres per property per day. That is 30 litres per property per day more than the worst performance of any other current water company. There are historical reasons for that—the London water infrastructure is in a different state from that in other parts of the country. Nevertheless, the trend does not seem to be in the right direction. Again, from Ofwat's figures, we can see that Thames Water is leaking 200 million litres per day more than it was leaking in 1999-2000. So six years on, we are in a worse situation. There comes a point where we have to ask whether the current regulatory regime is tackling the issue.

Since the debate on 13 June, Ofwat issued a statement, on 21 June, which said:

"We view as very serious Thames Water's significant failure to achieve its leakage target"

for the past year. It said that the position was unacceptable, but did not say what it intended to do about it, and we await its proposed measures with interest. However, if the regulatory regime has not managed to turn around the position over six years, perhaps we need to start looking at different approaches.

The hon. Gentleman also mentioned the staggering price rises suffered by Thames Water customers, which were 21 per cent. in one year, an average of £44 per property. That is happening in a scenario in which £1 billion of dividends has been taken by RWE over five years and a £24 million remuneration package has been paid to the RWE board. If we look at Thames Water, let alone the parent company, we see that operating profits reported for the past financial year were up 6 per cent., at £385 million. Incredibly, directors' bonuses last year increased from £228,000 to £615,000, with the total remuneration of the four executive directors up 62 per cent., at £1.26 million. If their water leakage record were improving by similar percentages, the residents of London would be much happier. Bill Alexander, the chairman, was paid just under £800,000 and retiring managing director, John Sexton, received £415,000. Those accounts were revealed only three months after the staggering 21 per cent. price rise for Thames Water customers.

Wearing another hat, as secretary of the all-party group on corporate responsibility, I think that Thames Water is missing something. Its reputational risk in such a situation is high, and I do not believe that even its shareholders in the long term are being well served by such an appalling and obviously greedy record. The hon. Gentleman suggested that the relationship with Ofwat was somewhat cosy. I have sympathy with that view, but Ofwat's position paper on company profits states:

"We have no formal powers to control profits...as the economic regulator of the water and sewerage industry in England and Wales, we have a statutory duty to

'secure that companies...are able (in particular by securing a reasonable return on their capital) to finance the proper carrying out of their functions.'"

The hon. Gentleman will be interested to know that Ofwat says that it has

"no formal power to control dividends."

However, it follows the principles that

"the dividends declared or paid will not impair the ability of the company to finance the regulated water and sewerage business; and...under a system of incentive regulation dividends reward efficiency and the management of economic risk."

That is all very good. Those are economic and financial indicators designed to give the industry economic stability. Given the profits reported, however, Thames Water does not seem particularly at risk of economic instability. There is precious little in the paper about the environmental importance of water or the importance of customer care and the interests of residents in the Thames Water area.

Susan Kramer: Is my hon. Friend aware that, as well as the water distribution issues for Thames Water, there are many sewerage issues? I live in a part of London where, because we now have more violent weather, the discharge of untreated sewage into the River Thames happens virtually weekly, and from time to time to such an extreme level that there are dead fish in the river. Moreover, given the forthcoming Olympics, the demands on Thames Water to accommodate additional services in respect of both water and sewerage would be a huge challenge to an efficient company, let alone one that is failing in other ways.

Martin Horwood: I am grateful to my hon. Friend. I was not aware of that. I know that she has a reputation locally for tackling difficult issues, and she is clearly doing so with a vengeance.

Harry Cohen: The hon. Gentleman is making an excellent speech. I am enjoying it. He said that the environment was an important criterion for Ofwat, but it does not seem to be at the moment. Is there an argument for new legislation in respect of the protection and promotion of the environment, especially in respect of global warming? Water and global warming are crucially connected. Is not there a case for the regulator giving primacy to the environment and global warming?

Martin Horwood: The hon. Gentleman makes an extremely good point, and I believe that there is room for reviewing the regulatory regime. If primary legislation is required, perhaps we should start considering it. The importance of climate change is twofold. First, as he rightly said, there is the interconnection between water usage and general energy and resource use, which contribute to climate change, but there is also the impact that climate change will have on the situation. It is possible that the drought

that we are now experiencing is partly the result of climate change and that the situation will get worse as extremes of weather become the norm. He is right to address the interconnection between climate change and water usage.

Clearly, leakage is a key issue. The hon. Gentleman produced the astonishing statistic that the leaked water would be sufficient to supply 2.8 million homes. With proper water management and efficiency, perhaps we would not have to impose hosepipe bans and drought orders at all.

Part of the regulatory regime deals with what is called the "economic level of leakage", which appears to be an acceptable rate of leakage. An Ofwat report states:

"We believe that companies should compare the cost of reducing leakage and the value of the water saved...Operating at the ELL means that the total cost of supplying water is minimised and companies are operating efficiently. By setting leakage targets at an economic level, or a proxy for the economic level where this has not been adequately assessed, helps to ensure best value for customers."

In fact, it does not. The economic level of leakage indicator as the primary target for water companies is reaching the end of its useful life, as I said in a previous debate. On that occasion, the Minister did not take up my point, but perhaps he will today.

I asked the Minister a question about Thames Water's failure over time to improve its leakage position. He replied:

"It is Ofwat's responsibility as the economic regulator to take action, and it has powers under law to do so."

As we have seen, those powers are limited. It cannot, for instance, address issues such as profits and dividends, or redirect money to dealing with water leakages. He continued:

"Those powers are contained in the Water Act 2003, which the Conservatives inexplicably voted against."

I am sure that that will be explained in a moment. He went on:

"We will not pre-empt Ofwat's response, but we expect it thoroughly to examine the company's return and to take the appropriate action."—[*Official Report*, 22 June 2006; Vol. 447 c. 1448.]

Is the Minister able today to give us an update on what action he expects Ofwat to take and whether he will encourage it to take it? As has been said in this debate, there is a growing sense that the existing regulatory regime may not be delivering, and therefore his expectations of Ofwat are crucial.

The Minister's reply was somewhat complacent. How many years can this sort of thing go on? The Government's position contrasts with their approach in other areas of public service and public utilities. Turnaround teams go into failing NHS trusts. There is great intolerance of financial indicators being missed for more than one year at a time, and extreme action is taken. Such action is devastating my local NHS, which missed financial indicators. In education, special measures are taken for schools that are regarded as failing, and that is right.

When will Thames Water be put into special measures? When will it be given a turnaround team or be subject to some equally drastic action from the Government or the regulator? My sense is that, six years on, Ofwat is running out of tools with which to improve Thames Water. There may be room for new legislation—there certainly is a need for a new approach to the regulatory regime.

Then there is the broader issue of water efficiency. Thames Water is partly responsible for encouraging it, but it is also a Government responsibility—indeed, it is the responsibility of us all. What steps are being taken to reverse the worsening situation that Water UK has recorded in respect of demand management? It states in its latest report that between 2002-03 and 2003-04 domestic water demand went up from 1.56 litres per pound of gross domestic product to 1.59 litres. In other words, the situation was getting slightly worse. Water demand, both domestic and non-domestic, in litres per person per day rose from 149.1 to 150.3, again a slight worsening of the situation. Overall, demand management is failing.

What are we doing to promote dual flush loos, given that 33 per cent. of potable water is flushed down the toilet in this country? Is there a beneficial VAT regime as there is for energy efficient installations? Are there grants comparable to those for the Energy Saving Trust? We discussed that in the last debate. Such things do not seem to be available at the moment. What about sustainable drainage systems?

I have come across a list of recommendations from the Environment Agency that is as long as your arm. It suggests a whole range of measures that could be taken to promote sustainable systems that would encourage the proper drainage of water into the water table rather than out into rivers and the sea. It addresses issues such as the building regulations. The Department for Communities and Local Government is planning an enormous new house building programme, much of it in the south-east. What would the Minister do to encourage it to ensure that those houses will be entirely supported by sustainable drainage systems and not by hard standing that allows water simply to flow into the drains and out into the rivers and the sea?

What are we doing to support rainwater harvesting systems? Is there a beneficial rate of VAT for those as there is for energy-efficient materials? Are there grants comparable to the Energy Saving Trust grants for rainwater harvesting systems? I know that there are not, because I am trying to fit one in my house at the moment and it is extremely expensive—I was about to use unparliamentary language there. The capital costs of these schemes is not huge in the context of a whole house. If it were compulsory in the building regulations and if new house builders had to add that cost into the total building cost of a house it would not be a great burden on them, but it is quite a burden for a household to find that money on a one-off basis.

I should like to hear what the Government are doing to encourage those rainwater harvesting systems. Again, as the hon. Gentleman mentioned, there are grey water systems and even the euphemistically termed black water recycling and reuse systems that could be encouraged more. I should like the Minister to answer all those questions. Then perhaps we will start to get to a situation where drought orders like the one that is being proposed will not be necessary, even when there has been a natural drought and a shortage of water. That will be a service to Thames Water's customers, to its shareholders and to the environment too.

11.42 am

Gregory Barker (Bexhill and Battle) (Con): London's climate is changing, and we now have less rain in London than there is in Rome. That is a startling fact. As we all know, the south-east is one of the driest parts of Britain, yet while we are getting less rainfall—something that is reinforced every year—we are also, bizarrely, seeing an increase in flooding. The Thames barrier, which only 15 years ago was expected to be raised once every six years, is raised on average six times every year. Forecasts are that it will continue to be raised more frequently still.

Even if Thames Water was ahead of the game, it would still have a huge challenge to meet the problems that London will face in the coming years. Given that the forecasts are so challenging, it is extraordinary that of all the water companies in Great Britain, Thames Water has the most appalling record. To be fair, some water companies are responding well to these arid conditions. Some are efficient and provide a good service for their consumers and investors, but Thames Water is an exemplar of how water companies should not be running our water supply.

However, Thames Water alone is not responsible for this state of affairs—it is not a company operating in a free market in its purest sense and this is not something in which Government intervention is unknown. It is a company operating within a tightly controlled statutory framework in an extremely regulated environment.

Since the water companies were first privatised, the Labour party has been in control of that regulatory environment for the majority of the time. It has been in office for nine years—longer than the preceding period during which the water companies were first privatised. Back in 1997, when Labour came to power, it said in its manifesto:

> "Labour is determined to see significant improvements in the way the water industry serves local people, contributes to its communities and looks after the environment".

I would not disagree with a word of that, and I do not think that anyone who had a hand in the legislation that took the water companies into the private sector anticipated that the framework under which it was privatised would remain carved in stone for ever after—that there would not be some further adjustment.

Certainly since the early 1990s, we have known much more about climate change. We are much more aware of the effects of global warming and the urgent need to respond and change our habits in the face of that if we are to rise to its challenge. Therefore, Thames's record is totally unacceptable. According to its latest figures, the Thames Water daily leakage rate would cover 18,000 football pitches every day. That is colossal. We know that for three years running it has missed its leakage targets, which in themselves I do not believe to be that stretching or ambitious. I would like it to go further and faster, yet over the past three years the Government seem to have sat back.

I have to say that we had this debate only a week ago, as the hon. Member for Cheltenham (Martin Horwood) said, and it is the season for talking about water shortages and the response of the water companies, but nothing that I have heard in previous discussions and debates with Ministers or that I have read in the media gives me any indication that the Government have a clue how they are going to respond to the situation in the long term.

There is nothing to indicate the scale of the Government's ambition or their engagement with the industry. The hon. Gentleman also asked earlier what the Government are going to do: are they going to send in turnaround teams? It is a misunderstanding of the nature of the industry to say that the Government could or should send in turnaround teams, but they could and should be doing a great deal more.

Martin Horwood: The hon. Gentleman may have misunderstood. The idea of putting in a turnaround team is quite viable when we consider that some water companies such as Wessex Water and Dwr Cymru have an impressive record of tackling their leakage problems, and therefore they might be able to supply consultants to go in and support Thames Water in tackling its problems more efficiently.

Gregory Barker: Yes, but the notion that the turnaround teams are going to be sent in from the Department for Environment, Food and Rural Affairs or Whitehall is ludicrous. I hope that there will be a case for best practice being shared through the industry, but the water industry is not the NHS. It is not a wholly owned public service in that way, so it is dangerous to embark on inappropriate comparisons and parallels. Certainly there is a need for turnaround, which goes without saying, but it requires a private sector solution.

During our last debate here a few days ago, I challenged the Minister to tell us what the Government thought of Thames Water's repair rate. What discussions have the Government had with industry to take an independent view on whether Thames's repair rate and the excuses that it has consistently proffered for the last three years—if you will excuse the pun, Mr. Taylor—hold water?

It seems that the Government have no idea of what industry is capable of. Having sat down with the chief executive of a leading engineering company, I know that many in the private sector think that Thames has been wholly unambitious and could do much more if it embraced the latest technology and new management techniques to run its business more efficiently. But Thames has no incentive to do so if it can passport the dividends that are flowing back to Germany to pay its senior directors so well. Now that they can sell Thames at a significant profit, they also have no incentive to do so if their returns are fair.

A Lex column in the *Financial Times* commented on 3 June that investor returns in Thames Water for the past three years have been pretty good:

> "Drought-induced hosepipe bans, like queue-jumping, provoke outrage in many Britons. Investors in UK water companies remain serene. They have enjoyed outstanding total returns in the past 12 months of 20 to 30 per cent.
>
> Three factors explain this. First, the 2004 regulatory review heralded an investment splurge in the UK's decrepit pipes and sewers. Between 2005 and 2010 the industry's regulated asset base...will rise from £36 billion to £39 billion in real terms. Permitted profit levels are generous, premised on a real, post-tax cost of capital of 5.1 per cent. and in most cases a premium return to this. Real 10-year gilt yields have since fallen from about 2 per cent. in 2004 to a low of nearer 1 per cent this year.

Second, companies are reversing past efforts to diversify. This was fashionable in the 1990s but has produced mixed results...RWE's auction of Thames Water has attracted private equity interest although, so far, no conclusion.

Is this sustainable? The bounce-back in real gilt yields towards 2 per cent. is not helpful. Most companies now trade at premiums to RAB. However, they still enjoy a favourable balance of power with their regulator. In a recent paper, it suggested required investment of over £20 billion between 2010 and 2015, compared to £17 billion in 2005-10."

I do not think that when considering Ofwat, DEFRA has a clue about the investment framework in which water companies operate. It does not understand capital demands or the workings of the investor community, and therefore does not ask Ofwat the right questions. Ofwat is not getting the political direction from Ministers that it ought to have at the highest level of public policy, because Ministers simply do not know where they want to take the water industry.

Harry Cohen: The hon. Gentleman is making an impressive speech, and the points that he has made, including the last one, are important. I am a little concerned, however, about one phrase that he used—"private sector solution". I am worried about that because RWE is clearly looking to sell off Thames Water and make a killing out of it.

A lot of Londoners would be happy to see the back of RWE because of its management of their water supply, but then it would have to be asked, "Who's next?" Which other private sector solution is next, and will it do any better than RWE? Will it be required to do any better than RWE? It might involve more asset stripping.

David Taylor (in the Chair): Order. Interventions should be brief.

Gregory Barker: I entirely take the point and accept the hon. Gentleman's analysis to a certain extent, but ultimately the private sector is best placed to provide the solutions, within the context of robust public policy and sensible regulation that has vision and ambition. The missing parts of the equation in the Thames example are vision in public policy and the implementation of correct regulation.

Elsewhere in the country, the private sector has delivered higher investment, higher standards in water quality and a good deal for consumers. On balance, the overall framework is right; it is only here, right under our noses in our capital city, that we have the problems. A share of the blame for those problems ultimately falls to the Government, for failing to set the right tone from the regulator and show that political leadership.

Martin Horwood: I hope that the hon. Gentleman can forgive me for saying this, but he is in danger of issuing a lot of sound and fury but signifying nothing. He seems to be relying entirely on best practice and vision to deliver changes, but over six years they have led to a higher, not a lower, leakage level. Is he proposing any change to the regulatory regime at all?

Gregory Barker: I am saying that the Government should be engaging with the regulator. I want them to say what they propose to tell the regulator to do to put teeth in the system. I understand that the Secretary of State for Environment, Food and Rural Affairs, in responding to Thames, said that he was dismayed, but he should not be surprised—he should be on top of the job.

Ultimately, DEFRA has responsibility for the regulation of the water industry, if it is not being regulated sufficiently or changes are required to the statutory terms of the regulator to encourage more investment. There is concern out there about a mono-focus on price that is to the detriment of long-term investment. The investment that water companies can make is tightly controlled and set by the regulator, but I hear nothing from the Government about their view on whether those bands of investment are adequate to deal with the problem.

Likewise, I am not sure that the fines that have been handed out to Thames are sufficient. Our system of regulation anticipates fines for poor performers, but I see nothing in the overall weighting of fines versus returns to shareholders to indicate that they are a sufficient penalty to encourage Thames to get a grip. The hon. Member for Leyton and Wanstead (Harry Cohen) is right: after a number of years of taking the money and getting off lightly from the Government, RWE is thinking that it will sell the assets, move on and leave the situation to somebody else, now that the Government are finally waking up from their slumber. That is totally unacceptable.

I would like to hear the Minister say something about metering. Historically, the Labour party has been implacably opposed to it. I understand those who have concerns about the impact of metering on the poorest in society, particularly in urban areas. We cannot allow a situation in which someone is unable to pay for water, the most basic commodity for human life. However, metering undoubtedly plays a key role in encouraging more sensible, sustainable consumer use of water. I would therefore like to hear from the Minister where the Government are now, after nine years, in their thinking on metering, particularly in London.

I would also like to hear from the Minister about reservoirs, which the hon. Member for Leyton and Wanstead sensibly mentioned. Surely the Government ought to have a view on the long-term strategic reservoir building plan, yet we do not hear a great deal about that. I would also like to hear what the Government think about overall water consumption in London. Although we have the driest region in terms of rainfall in the United Kingdom, we also have the highest water consumption.

Will the Minister also give us an update on what has been happening in Downing street? According to the *Independent on Sunday*, Downing street's water wastage was revealed by official figures showing that the Cabinet Office uses 30.07 cu m of water per person every year. That is almost four times the official target of 7.7 cu m per person and the worst performance of any Department.

The Sustainable Development Commission said on Saturday that it wants an explanation for such continued poor performance and expects steps to address that. How can the Government berate Thames Water for its poor performance, bringing forward, with a straight face, drought orders, whereas at Downing

[Gregory Barker]

street and the Cabinet Office there is the ridiculous farce of totally unsustainable use of water. What on earth is going on in Downing street? Does the Minister not think it incumbent on the Government to set an example?

In closing, I will raise two more points. First, with Thames Water applying for a drought order, I do not share the view of the hon. Member for Leyton and Wanstead that it should be resisted. The order is a necessary evil. It is very sad that we have got to this situation, but now we are there we have to look for strategic and long-term planning. However, in considering a drought order, has the Minister assessed the impact that this will have on small businesses?

The Federation of Small Businesses has sought legal advice and believes that about 250,000 workers in 25,000 businesses across the area could be affected by a drought order. What assessment has the Minister made of that impact and of the effect on London tourism, which is worth a huge amount of money to the country?

Finally, is the Minister still absolutely certain that building 120,000 new homes in the Thames Gateway is the right response to yet another summer of drought? Is it right to tell Londoners that they have to save more water, turn off their hosepipes and even face the threat of standpipes, but at the same time to increase overall demand for water by building more housing in the Thames Gateway? We want more housing, but we have to have housing that is sustainable. We have to prove to existing residents that there is enough water to go round.

The Minister has a lot on his plate and I look forward to hearing the response.

12.3 pm

The Minister for Climate Change and the Environment (Ian Pearson): It is a pleasure to serve under your chairmanship, Mr. Caton, and that of Mr. Taylor. I begin by congratulating my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) on securing the Adjournment debate.

Consecutive below-average monthly rainfall for a year and a half, including two dry winters, has brought about a drought situation in large parts of the south-east. May's rainfall has helped to fill reservoirs, but has not and was not expected to affect groundwater levels significantly. Much of the south-east depends on groundwater. All droughts are different in terms of their duration, severity and extent, but when a drought affects the capital city it inevitably attracts a great deal of attention.

For the record, London's water is supplied by four water companies—Thames Water, Sutton and East Surrey Water, Three Valleys Water and Essex and Suffolk Water. Sutton and East Surrey Water was granted drought order powers in May, enabling the company to limit or prohibit non-essential uses of water. The powers are being implemented in those London boroughs supplied by the company. In granting Sutton and East Surrey such powers, I emphasised that I expected the company to use them responsibly and proportionately. I said that I wanted to see the powers used in a way that maximised water savings while minimising the economic and social impacts on people and small businesses that relied on water for their livelihood.

Yesterday we received an application from Thames Water for a drought order to restrict non-essential uses of water in its London supply zone. That zone includes most London boroughs and parts of surrounding counties, including Hertfordshire, Essex, Kent and Surrey. I wanted to make those points, because the concept of a London drought order is not entirely accurate. Each company supplying London will take the steps that it needs to, according to its drought plan and its water resources position.

Clearly, we cannot stop droughts occurring, but we can and do plan for them. We ensure that water companies plan rigorously and thoroughly for drought, although not to the extent that they can meet all demands at all times. That would carry a formidable cost burden for customers and a high price for the environment. Water companies produce both water resources plans and drought plans. Water resources plans look ahead 25 years, with the aim of reconciling anticipated demand with supply. Drought plans balance a water company's duty to maintain public water supplies with the need to avoid or minimise any potential damage to the environment. They contain various actions that the company can deploy, depending on the length and severity of the drought. Hosepipe bans are the first step to curb non-essential uses of water. When a drought intensifies, companies may seek powers to restrict further water use through drought orders, as we are seeing this year. The ratcheting up of drought measures is designed to avoid supply restrictions at a later date if rainfall continues to be deficient.

I should like to answer as fully as possible all the contributions made in what has been a very interesting debate, but let me tackle the issue of leakage generally before talking about Thames Water. Overall, water companies have made some good progress in reducing leakage from its peak in 1995-96. Leakage rates are down by about 20 per cent., and leakage levels from the pipe network are comparable to the lowest levels achieved in Europe and America. That has been achieved through a combination of mains repair and, where appropriate, mains renewal programmes.

I have said in a previous debate and on other occasions that Thames Water's leakage levels are unacceptably high. That is still the case, and the Government are very disappointed by the company's performance. In the first instance, that is a matter for Ofwat, the economic regulator. It has said that it views the matter as very serious and that it will scrutinise carefully the company's annual return before deciding on regulatory action. As hon. Members know, Ofwat has responsibility for setting leakage targets and has powers to deal with poor performance. It would not be appropriate for me to pre-empt Ofwat's response on that issue.

My hon. Friend referred to profit levels. I have to make the point back to him that, since privatisation, water companies have invested £55 billion in water and sewerage assets. The figure was £3.6 billion in 2004-05 alone. Capital investment on that scale has been possible only because of funds from shareholders and borrowing in the markets. The Government recognise that companies

have to make a return on their capital—that profits are necessary—but it is for Ofwat, in setting the price limits, to strike a balance between the needs of customers and the needs of investors, and that is what Ofwat does under the statutory obligations imposed on it.

Gregory Barker: Without pre-empting Ofwat's specific response to Thames, will the Minister tell us whether he believes that Ofwat, in the light of the challenges of climate change and the developments in the industry, is—I am trying to avoid saying it—"fit for purpose"? Does he believe that Ofwat has exactly the right terms of statutory obligation to allow it to regulate the water industry in a way that is appropriate, given the way in which we would like the industry to develop in the 21st century?

Ian Pearson: Ofwat has substantial statutory powers in this regard, and we expect it to give full and appropriate consideration to Thames missing its leakage targets and to come up with a balanced decision on what should be done. Those powers, including the power to fine a company up to 10 per cent. of turnover, were included in the Water Act 2003. We believe that that was an important measure. It was something that the Opposition party voted against.

Harry Cohen: I note my hon. Friend's point about shareholders and companies investing those billions. However, they would not be able to do that if not for the price rises. Therefore, I would make the case that, to a large extent, it is Londoners who have put that money in. I want to ask him about the fines—the concern that I expressed in my speech; it must be a matter that will colour Ofwat's opinion. Will they go directly to the Treasury for general use and not for sorting out the water problems in London? If that is the case, is change envisaged?

Ian Pearson: I was coming on to that very point. Before I do, let me complete my train of thought on leaks. Ofwat has set targets that require Thames further to reduce its leakage rates by 7.6 per cent. by 2010. It is important to mention that Thames continues to be set demanding leakage targets by the regulator.

As for the powers that Ofwat has in respect of leakage, it can initiate enforcement action under section 18 and progress an enforcement order requiring that specific steps be taken. As my hon. Friend is aware, since 1 April 2005, under the powers of the 2003 Act, it has the power to impose financial penalties of up to 10 per cent. of company turnover. If in future Ofwat wishes to impose financial penalties based on leakage targets, it would have to undertake consultation on the proposal to set leakage targets as standards of performance. As I said, it has the power to initiate enforcement action and progress an enforcement order which would require a company to take specific steps.

In the first instance, Ofwat has to make a choice of action. My hon. Friend is right to say that the proceeds of fines are surrendered to the Treasury. However, Ofwat does have that other enforcement action option. For example, it could direct a company to carry out a specified programme of leakage repair or pipe replacement, if necessary, backed by fines. I do not want to pre-empt the decisions that Ofwat, as regulator, will want to take.

Gregory Barker: The Minister has spoken comprehensively about the powers of Ofwat. My question was not only about its powers but about its remit. Does he believe that the remit is appropriate and fit for the challenges going forward? Can he tell us something about the remit? The 2003 Act was a gigantic piece of legislation. I cannot recall the detail, but I do not think that we had a particular problem with this aspect of the Bill. The Minister will recall that fluoridation was the most controversial element and the reason why we were unable to support the Bill on Third Reading.

Ian Pearson: I shall talk about the remit in a moment. First, let me say a few words about climate change and some of the comments made by hon. Members during the debate about that. I emphasise that all companies have to make an assessment of the impact of climate change as part of their 25-year water resources plans. They will continue regularly to update those plans on the basis of different views on climate change.

Let me just correct my hon. Friend the Member for Leyton and Wanstead in one of the comments that he made about Thames applying for a drought order that could allow for standpipes. That is not the case. A drought order restricts non-essential usage, and it is an emergency drought order application that would allow the use of standpipes. In a modern age, I would not expect any water company to move down the route of standpipes.

My hon. Friend also talked about supply pipe leakage. Water companies already operate schemes to assist with the repair and replacement of consumers' own supply pipes that leak. This makes up a significant proportion—around 30 per cent.—of the total amount of leakage in all water companies. They are already carrying out work in this area. My hon. Friend and the hon. Member for Richmond Park (Susan Kramer) mentioned the prospect of drought orders in the run-up to the Olympics. I emphasise that water companies, including Thames Water, are preparing a 25-year water resources plan. These aim to balance supply and demand and to improve security of supply ready for 2012.

The hon. Member for Bexhill and Battle (Gregory Barker) made a point about tourism, but I see no reason why tourists who want to come to London for the summer should be worried about water supplies. The drought order that Thames is currently applying for should not affect the tourist industry and a clear message should go out to tourists, "Please come to London, have a great summer here and do not worry about the water."

My hon. Friend referred to Thames's desalination proposal and the issue of effluent re-use. He will be aware that an appeal is currently under way on the desalination proposal, so it would not be appropriate for me to comment. Effluent re-use is a method already used by other water companies, particularly by Essex and Suffolk. The Government are supporting water re-use technologies such as rainwater harvesting, grey water use and the recovery of effluent in appropriate circumstances. The code for sustainable homes will promote the use of alternative water sources. The hon. Member for Cheltenham (Martin Horwood) referred

[Ian Pearson]

to that and to tax breaks. The Government's scheme of enhanced capital allowances providing tax relief for businesses investing in sustainable water technologies including rainwater harvesting is, I believe, an important initiative.

Martin Horwood: Will the Minister put any pressure on the Department for Communities and Local Government to make the case for sustainable building compulsory rather than voluntary?

Ian Pearson: We are currently considering that issue. The hon. Gentleman also raised a general point about what he seems to see as the failure of water management and the overall regime. This is a point also alluded to by the hon. Member for Bexhill and Battle. I want to assure everyone that the Government are not complacent in this matter, but we do believe that we have a well-defined regulatory regime with clear responsibilities. We have an economic regulator in Ofwat and an environmental regulator in the Environment Agency. We do not have a command and control structure. My hon. Friend the Member for Leyton and Wanstead would perhaps prefer that we did and that we had direct control of the water industry, but that has not been the case since privatisation. That is why the concept of turnaround teams is not appropriate. Thames Water or another water company are independent water companies in a different position from a school or hospital. I hope that the hon. Member for Cheltenham appreciates that difference.

Martin Horwood: I thought that the Minister was in favour of the independence of schools and hospitals. On the regulatory regime, I asked a specific question about whether the concept of economic levels of leakage had reached the end of its useful life as an indicator that was driving the area of target setting. Will he comment on that?

Ian Pearson: Economic levels of leakage is a concept that has stood the test of time and is currently adopted by Ofwat. We discussed leakage rates and targets at the water meeting that the Secretary of State and I had with water companies, Ofwat, the Environment Agency, CCWater and others on 1 June. We agreed then that we want to review leakage rates and the leakage process. It is right that we have a look at that given the overall level of public concern, but I would not want the hon. Member to think that we do not think that there is utility in the current system. We believe that looking at costs and benefits to consumers is important and Ofwat has statutory responsibilities to ensure that the consumer receives a fair deal from the water industry.

I was also questioned on the overall regime more broadly by the hon. Member for Bexhill and Battle. I emphasise again that under a Labour Government we have moved away from what was an ad hoc planning regime prior to 1997 to a regime whereby companies produce drought plans and 25-year water resource management plans that will be placed on a statutory basis from 1 April 2007. That will give greater opportunities for the Secretary of State and DEFRA to be able to influence plans and it will ensure greater public accountability of the planning system.

Gregory Barker: Will the Minister give way?

Ian Pearson: It would be helpful to move on and answer some of the hon. Gentleman's questions before we run out of time. The hon. Member for Richmond Park referred to discharges of sewage into the Thames. There is an issue with storm water discharges including sewage overflows into the Thames. As she will be aware, a major study by a joint group including Thames Water, the regulators and the Government has looked at solutions including their cost to customers. We are working towards an early decision on the matter.

I will move on to the comments directly raised by the hon. Member for Bexhill and Battle. First, I will address metering. Recent suggestions in the press that national compulsory water metering is being considered are completely unfounded. As my right hon. Friend the Secretary of State and I said at the meeting with the water industry on 1 June, the water savings group is looking at accelerating metering in areas of water stress. Retaining regional variation is essential to any proposals, as are the need for proper public scrutiny and the protection of vulnerable groups.

The water savings group, which I chair and which includes representatives of the environmental and economic regulators—the water industry and the Consumer Council for Water—will report further in the summer on its metering proposals for water-stressed areas, and it will do so fully and publicly.

The hon. Member for Bexhill and Battle on one hand criticises the Government for having a lack of vision and, on the other, says that on balance the overall framework is right. He acknowledged in his quote from the article in the *Financial Times* that £17 billion of investment is going into the water industry in the period 2005 to 2010. He also said that fines are not sufficient, but I must point out that he voted against the Water Act 2003, which introduced the system of fines to give that option.

The hon. Gentleman said that there are no incentives in the system for Thames Water or others to run their businesses efficiently, but I cannot see how he can say that and then say that on balance the overall framework is right. The price cap regime provides strong incentives to companies to improve their efficiency, as does shareholder pressure. As I said to him when we last debated the issue, if expertise from other sectors can usefully be applied to the water industry we are certainly prepared to examine it and encourage the dissemination of new technologies to the industry.

I answered the hon. Gentleman's questions on the powers of the regulator when referring to other questions asked. He also raised the issue of reservoirs. The Government have a twin-track approach to water supply, which requires demand-side management options, such as helping to encourage behavioural change, alongside the use of new technologies to control leakage. Such options need to be fully deployed before new supply measures are adopted, because new and enlarged reservoirs are potentially costly and have long lead times. There are proposals in the industry's 25-year water resources plans for five new and three extended reservoirs. Four of the new reservoirs are planned for the south-east. The 25-year plan is rightly

intended to balance supply and demand and ensure that water efficiency and leakage rates are examined seriously and appropriately before we consider introducing extra supply measures.

I shall finish by outlining the process for the Thames Water drought order application, as my hon. Friend the hon. Member for Leyton and Wanstead asked me to do. The statutory process requires the company to advertise its proposals in the area in which the restrictions would apply. People will have seven days from the date of advertisement to object to the Secretary of State, which they may do by e-mail or letter. From his speech, it is clear that when he sees the advertisements he will know what to do.

As with the other recent drought order applications, we will arrange for the company's proposals and the arguments of objectors to be aired at a hearing presided over by an independent inspector. The inspector will examine whether the legal criteria have been met, which is a prerequisite for recommending that a drought order should be made. In addition to the objections made, the hearing will address other issues, such as whether the best use has been made of the resources available to the company, both service and groundwater, and the matter of leakage. The inspector will produce a report with recommendations, which will be considered by my officials. It will then be up to the Government to make a decision.

Mr. Martin Caton (in the Chair): We must now move on to our next debate.

Jeanette Crizzle

12.30 pm

Mr. Philip Hollobone (Kettering) (Con): May I place on record my thanks to Mr. Speaker for granting me permission for the debate today on Mrs. Jeanette Crizzle and the wider issue of bone marrow donation? I also welcome the Health Minister to her place.

Mrs. Jeanette Crizzle is a Kettering resident who, in October 2005, was diagnosed with acute myeloid leukaemia. That is obviously tragic news for her and for her wonderful family: her husband, Adam, and her two teenage children, Emily and Nicholas. Jeanette is an English teacher at Bedford preparatory school and she has been in the teaching profession for the best part of 30 years. In the initial fight to combat her condition, there was a desperate need to find a suitable donor who would enable her to have a bone marrow transplant.

The complication in Jeanette's case is that she comes from a mixed Mediterranean and English background. She is 75 per cent. Mediterranean and 25 per cent. English. Her mother was Greek, so she gets 50 per cent. of her background from Greece, and her father was 50 per cent. Italian and 50 per cent. English. It has been extremely difficult to find suitable bone marrow to match her heritage. Indeed, it has sadly proved impossible thus far.

When the Crizzle family was advised in January this year that it was unlikely that a suitable bone marrow donor would be found, Jeanette's husband, Adam, decided to give up his job not only to care for her but to launch an international campaign to try to find a suitable donor. The purpose of today's debate is not only to highlight the unusual plight that Jeanette finds herself in, given her unusual background, but to praise Adam for the tremendous campaign that he has launched and to prompt the Government to take further action to try to encourage wider bone marrow donation.

Adam gave up his job and launched an international campaign, starting with e-mails and internet activity among his friends and acquaintances. The school where Jeanette worked, Bedford preparatory school, has swung in behind the campaign, as has the Anthony Nolan Trust. Mobile clinics have been established in Bedford, Kettering and elsewhere to try to encourage people of Mediterranean origin to become bone marrow donors. An extensive media campaign has been launched that has achieved terrific coverage, not only in the regional media but further afield. Initiatives included publicity on London's Greek radio and trying to tap into communities in Greece, Italy, the United States and Australia, all in a search to find a suitable donor.

It has been a remarkable effort, reflecting Adam's positive philosophy on the dilemma in which he and his family have found themselves. To quote from one of the many e-mails that he has launched as part of his campaign:

> "I have had a few people contact me to ask if I would join them in a demonstration with placards outside No. 10 Downing Street, to highlight the lack of funding and support for cancer research in general. Having reflected upon this suggestion, I found the words of Marcus Aurelius coming into my mind: 'How much more grievous are the consequences of anger than the causes of it.'

[Mr. Philip Hollobone]

> Even though I sincerely appreciate the sentiment of people wanting to highlight this cause, I would prefer another approach. Ultimately, I believe that the way forward for a campaign of this nature is not through protest but by debating in a courteous and effective manner."

That is the tremendously impressive and positive approach that has coloured Adam's campaign throughout.

The highlight of the campaign so far has been a meeting with the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton), on 19 April, which was held at the Department. At that meeting, Adam was able to present a report to encourage the Government to undertake an initiative to promote the benefits of bone marrow donation among 16 to 18-year-olds. I am pleased that the Department has decided to take up that initiative and I praise the Department and the Minister for so doing.

The Government's positive response was confirmed in a letter from the Minister to me on 12 May, and on 8 June Adam Crizzle was invited to an important meeting with NHS Blood and Transplant to plan the details of how such an education initiative could be launched. I understand that an educational pack—with a website alternative—is to be launched in September 2007, which will be targeted particularly at sixth formers.

Mr. Peter Bone (Wellingborough) (Con): I congratulate my hon. Friend on securing this important debate; I also attended the meeting with the Minister. On the point about education, does he agree that because of the difficulty in filling donor places in the Asian community, it would be good to concentrate initially on areas where there are ethnic minorities?

Mr. Hollobone: I am grateful for that intervention and I appreciate my hon. Friend's attendance at the meeting in the Department. I share his concern that there are too few donors from ethnic minority communities. There is also a wider issue, which is that there are too few donors, full stop, from any community. I shall develop that point later.

An important part of any debate about bone marrow donation is the general misconception among the population about how easy it is to become a bone marrow donor. Since Jeanette was diagnosed with myeloid leukaemia in October 2005, it has become obvious to Adam that there is a terrible misunderstanding of what is involved in being such a donor. Most people assume that being a donor involves a major operation, and that is one of the chief reasons why people are not offering themselves as donors, and why the suffering of so many cancer patients continues. One of the main purposes of Adam's campaign is to change people's conceptions of how difficult it is to be a donor. Initially, donors have to give only a 4 ml blood sample. After that, there are two methods of bone marrow donation: the traditional bone marrow harvest and the newer, increasingly used, peripheral blood stem cell donation.

The former is a medical procedure that involves a hospital stay and a general anaesthetic. The newer method provides an alternative collection that many donors find simpler. The donor has some injections in the week before donation, to encourage blood stem cells to move from the bone marrow—where they are first created—out to the circulating bloodstream. They are then collected on a blood separator machine in a collection lasting for up to five hours.

Mr. Mark Satchell, a UK donor in June 2004, recently said:

> "There's not much to say about the actual process except how easy it was. It was really no different to giving blood, except it lasted for four hours—but there was no discomfort or pain. To anyone thinking of becoming a donor, who may be put off by the thought of the procedures you need to go through, I would say it's much easier than you would believe".

If the general UK population understood that point, far more people would come forward to be donors.

That was confirmed by an exercise conducted at a school in Bedford by Mike Mallalieu, the head of science, who undertook a presentation and two questionnaires for sixth-formers in the school. Before the exercise, the first questionnaire found that 25 per cent. were prepared to be a donor, and 65 per cent. were not sure. After the presentation, when it was made clear how easy it is, 89 per cent. said that they were prepared to be bone marrow donors, and only 3 per cent. were not sure. Those findings so impressed the Department of Health that it has decided to take up Adam's initiative.

There are 9 million bone marrow donors on registers worldwide, and their details can be accessed through Bone Marrow Donors Worldwide. However, in the UK there are only 371,000 donors on the Anthony Nolan Trust register, and 2.1 million blood donors on the NHS blood and transplant and British bone marrow registers. During the last three years, however, there has been an increase of only 100,000 blood donors coming forward to be bone marrow donors as well. I am one of those: last month I signed on to the British bone marrow register at my regular blood donation session.

The problem is that a person cannot become a bone marrow donor on the Anthony Nolan Trust register if they are over 40, or on the British bone marrow register if over 44. I would like urgent attempts to be made to raise those age limits, because I think that hundreds of thousands of people over the age of 40 or 44 in this country would come forward to be donors if they understood how easy it is.

Of course most people on the register are never required actually to donate their bone marrow. For example, of the 371,000 on the Anthony Nolan Trust register, only about 300 a year are called on to be donors.

My hon. Friend the Member for Wellingborough (Mr. Bone) made an excellent point. In this country, most donors are white and caucasian. There is a particular lack of donors coming forward from mixed-heritage backgrounds, and Jeanette's case sadly illustrates that. Any efforts that can be made to encourage donors from ethnic minority communities would be welcome.

We must not lose sight of the fact, however, that there are not enough bone marrow donors, full stop. Indeed, on the British bone marrow register, there are 273,000 donors, which is only 1.2 per cent. of the 22.5 million people in this country aged between 18 and 44.

In conclusion, I would like genuinely to thank the Government for their positive response to the initiative of Adam Crizzle, but there is much more to do. My fundamental point is that the Government need to get across how easy it is to donate bone marrow, and if they can do that, hundreds of thousands more people will come forward.

I know that Adam would want me to use this debate to thank the many people who have helped his campaign and offered assistance to Jeanette, not least those at Kettering general hospital and other health practitioners; the Anthony Nolan trust; the Leukaemia Society; Chris Godwin, the head teacher at Bedford preparatory school; Mike Mallalieu, the head of science at Bedford high school; the shadow Minister for health, my hon. Friend the Member for Billericay (Mr. Baron); Mrs. Liz Reynolds at the NHS Blood and Transplant service; and, of course, the Health Minister and her officials.

I shall conclude my remarks with a quotation that Adam provided. The American writer, Norman Vincent Peale, said:

"You must never conclude, even though everything else goes wrong, that you cannot succeed. Even at the worst there is a way out, a hidden secret that can turn failure into success and despair into happiness. No situation is so dark that there is not a ray of light."

12.46 pm

The Minister of State, Department of Health (Caroline Flint): I congratulate the hon. Member for Kettering (Mr. Hollobone) on securing the debate and welcome the hon. Member for Wellingborough (Mr. Bone). They both attended a meeting earlier this year with the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), to discuss awareness of the need for donors of bone marrow and what is involved, which was covered by the hon. Member for Kettering. That is an important part of how we can encourage an increasing number of people to come forward.

I shall talk later about the opportunity presented by the work that is being undertaken with the valuable input from Mr. Crizzle in respect of a school pack aimed at 16 to 18-year-olds, which will deal with bone narrow donation and the range of possibilities whereby young people, as they become adults, can perhaps regard that as part of their citizenship and that of their families and communities. One thing for sure is that none of us know when we or our families will need a donation of some sort, whether in relation to bone marrow, blood or organs.

Over the past few years, my hon. Friend the Member for Doncaster, Central has contributed greatly to raising the awareness of such issues and the ways that health professionals can broach them with their patients, as well as how we can get the message across more widely. It is important to use multi-media opportunities, an area that we need to know more about. The issue is particularly important, as was pointed out by the hon. Member for Kettering, for people from black and minority ethnic backgrounds. We live in a more diverse society and our blood is a mix of all sorts of genetic heritages and international links in one way or another.

The British Bone Marrow Registry is managed by NHS Blood and Transplant. It also operates on behalf of blood services in Northern Ireland and Scotland. Furthermore, I am talking about what we must do not nationally, but internationally. We must raise consciousness in other countries through Bone Marrow Donors Worldwide, an internet-based organisation with more than 10 million registered potential donors. I am pleased to say that we are one of the largest contributors to that internet registry of opportunities for people to receive donations.

The BBMR contains details of potential stem cell donors and donors of stored cord blood units. It recruits stem cell donors from active blood donors between the ages of 18 and 44. I shall touch again on the point raised by the hon. Gentleman about the age thresholds within the area. Cord blood units are collected from the placenta of new-born babies in National Blood Service partner hospitals. The NHS cord blood bank, which is run by NHSBT, was established in Edgware in 1996. It is one of 10 internationally accredited cord blood banks to date.

I understand that 122 cord blood units have been issued for transplantation. Some 37 per cent. of cord blood units issued came from BME donors, and 44 per cent. of the patients receiving cord blood came from BME communities. That shows how science gives us another opportunity to supply demand in areas in which, 10 to 20 years ago, the chances of success using that sort of donation were not as great as they are today, with advances in technology and skills.

The BBMR works closely with other registers, including the Anthony Nolan Trust and the Welsh Bone Marrow Donor Registry. They can make reciprocal arrangements when seeking matches, which is important in terms of what is happening in our island and around the world.

The BBMR is directly funded by a grant from the Department of Health. During the past three years, it has received £10 million in revenue to fund the addition of 120,000 potential stem cell donors to the registry. At least 4,500 of those donors come from black or minority ethnic communities. Funding for 2006-07 has recently been agreed, and £1.82 million in revenue has been allocated to support the register and increase donations from BME donors.

As a result of Government funding, the BBMR has one of the best-quality registries in the world, although that is not to say that more cannot be done. We must examine how and where we need to increase donor numbers, particularly from communities that are not as well represented as they should be. At the same time, it is fair to recognise the achievements that have been made, and the fact that our register has such a high and internationally trusted reputation.

Two primary concerns guide the BBMR's strategy. The view at a recent World Marrow Donor Association meeting was that the majority of non-BME patients may find some type of donor, as there are several valid ways to make transplants more widely available. However, a higher proportion of BME patients and patients of mixed race have less chance of finding a perfect match. In this diverse world in which diverse families live, we need to address that. As the BBMR grows, the chance of a newly recruited donor adding a new phenotype or individual characteristic to the registry falls. The more that we can do to increase take-up, the more opportunities there will be.

[Caroline Flint]

Mr. Crizzle's report on the availability of bone marrow donors for UK leukaemia sufferers of Mediterranean origin was important, because it rightly focused on the need to recruit more donors to the UK registries—the Anthony Nolan Trust, the BBMR and the Welsh Bone Marrow Donor Registry. He concluded, and we agree, that that can best be done by raising awareness of bone marrow donation.

We can make more treatment available and put more money into cancer research, but if we do not have the donations, which are the complementary part of the process, in some respects it will not matter how much we have in those areas. We need that important part of the jigsaw.

Experience tells us that raising awareness increases take-up. Analysis shows that the register has recruited 8 per cent. of active blood donors to join the BBMR in the past three years, and the BBMR represents more than 20 per cent. of our active blood donor base. That is quite important, because it was felt that if we could get people to donate blood, the next step—this follows on from the hon. Gentleman's example from his own experience—would be for them to explore the opportunities of making even more of a contribution to their fellow citizens.

For that reason, NHSBT deliberately recruits to the BBMR from the active blood donor base. Because donors are already fully screened and have made a commitment to give blood, they are more likely to donate bone marrow.

During the calendar year 2005, 195 donors were matched to patients. Of those matches, 166 went ahead, 10 donors were deferred for medical reasons, five withdrew and 14 were cancelled for patient reasons. However, we need to focus on recruiting people from black and minority ethnic backgrounds and to expand the number of phenotypes present on the BBMR. Awareness, education and working directly with those involved are part of that.

A point was made about age limits. Although donors will remain on the BBMR until the age of 60, clinical evidence from the national marrow donor programme shows that the best outcomes are achieved using male bone marrow donors between the ages of 25 and 40. Although the BBMR's policy is to accept anyone who is eligible to join the register, it is considering how to use that evidence to target specific groups of donors.

I understand that discussions are taking place between the UK bone marrow registries on the possibility of raising the age at which bone marrow donors can be recruited. Consensus between the registries has not yet been reached, but NHSBT continues to look at that area. Given where we are, it is important to target and focus where we can.

NHSBT invites all 17-year-olds in England and north Wales to become blood donors and concentrates on promoting to active blood donors the idea of bone marrow donation. It also works closely with other organisations to increase donations from black and minority ethnic groups.

As part of the "One Blood" campaign, working with organisations such as the African Caribbean Leukaemia Trust has produced good results. Through the scheme under section 64 of the Health Services and Public Health Act 1968, the Department of Health makes funding available to the African Caribbean Leukaemia Trust. I understand that in 2005-06 it organised 43 clinics and registered nearly 4,000 people with the Anthony Nolan Trust and the BBMR. That shows that our involvement with voluntary organisations is helpful, because often they have more reach, particularly if there are faith or cultural issues to overcome or, as the hon. Gentleman rightly pointed out, misconceptions about what bone marrow donation means.

We are looking forward to how we can develop the concept of the education pack. Work is going on to develop the pack, and Adam Crizzle is involved in that process, for which we are thankful. It is hoped that in 2007—probably in September, the start of the academic year—the pack will be launched. In the meantime, it will be developing and we will be thinking about ways in which we may be able to use some of the information that we have learned from the process. We may want to consider ways in which we can reach young people, particularly in other environments that they might be tuned into, to take the pack further and not have it just as a school-based policy.

Mr. Bone: Can the Minister help on this point? The Government have just passed regulations relating to transplants. Unfortunately, the issue of bone marrow has been caught up in those regulations, which means that anyone under 18 who wants to donate bone marrow must now be approved by a separate registrar, which is a hurdle. Will she consider that point?

Caroline Flint: I am happy to look at the point further and to write to the hon. Gentleman; I know that there are issues in terms of donations. I do not know whether this issue is appropriate in this case, but there are concerns about the question of adults as opposed to children and limited capacity in terms of donations being taken from them.

The situation has clearly been difficult for Adam, Jeanette and her children. I wish her and her family all the best and I hope that she is getting the best care possible at this time. I pay credit to the fact that, in that difficult situation, the family has taken the opportunity to be positive and constructive about what they can contribute to ensure that, for Jeanette and others, there are more possibilities of donation in the future. They should be very proud of that.

Recruitment Agencies

12.58 pm

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): My constituency is not altogether unique, although I believe firmly that it is the centre of the universe. It contains two major towns that are both linked and divided by their history. There is nothing quite as short as the collective memory of the people of the United Kingdom, but it is useful, when thinking about the problems of employment, to look back and see where we came from.

Crewe, for example, exists entirely because of the economic and political demands of the early 1800s and the railway industry. The developments of the not only turbulent but energetic Victorian engineers meant that the expansion of the railway required not only depots but provisions and a work force. At that time we manufactured our own trains; would that we returned to that in the present century, but that is another story for another day. However, Crewe was built between the early 1830s and the early 1890s precisely to provide a work force, a set of skills and a set of provisions for a burgeoning industrial situation. Indeed, large numbers of people in my constituency at that time would have been Liverpudlians, attracted by the wages and permanency of a job in the railway industry.

Nantwich, on the other hand, although it considers itself distinctly a cut above Crewe, owes its existence to a different industrial scheme. It provided salt, originally to the Roman army and probably to work forces across the county even before that. In other words, the United Kingdom has developed largely because of the economic demands of its population and the geographical results of that pressure.

When we consider employment, particularly the attraction of the United Kingdom for overseas workers, we sometimes forget that such migration has been going on not for years but for centuries. I suspect that the reason my hon. Friend the Minister does not have—if he will forgive my saying so—a southern English accent is that, like my parents and grandparents, he was attracted to the south-east of England largely out of political and economic necessity. That continues to this day. However, I have become increasingly concerned about the safeguards that are in place.

In the 21st century, the United Kingdom ought routinely to be able to protect its work force, particularly under a Labour Government, even a new Labour Government. We ought to be able to point to rules that can be defended in any court in the land as providing equity of treatment and safety in the workplace. Yet it has become increasingly clear, even in a stable backwater—whoops, wrong word—such as Crewe, that we still have the capacity to attract an entire work force who, on the face of it, have little in common with Cheshire.

In the past five years, we have incorporated within our numbers large groups of workers from eastern Europe. Those groups are largely Polish workers, but there are also people from other eastern European countries. Those workers are from a variety of professions and have a variety of skills. I have mentioned before my horror when I discovered that we had a neurosurgeon working in a yoghurt factory which has difficulty finding a full work force because many of my constituents do not particularly want to work there. It is a non-unionised establishment, which is not exactly indicative of the very best of what British industry can offer its workers.

I have had occasion in the past five years to notice not only the silent growth of the eastern European work force but the way in which they have been exploited. I have raised the matter in the House before because I was enormously concerned about not just the influx of workers who were facing real social problems but the behaviour of employment agencies in my constituency. At the risk of being boring and going over the same territory again, I say to my hon. Friend the Minister that employment agencies are growing fat in this land. In a society that thinks it can cheerfully move from having stable work forces to contracting out, employing temporary workers and attracting anybody who wants to come in and do the job without a long-term or permanent guarantee of protection, the middleman—it is always a middle man—will inevitably begin not only to supply workers but to dictate the terms and conditions under which they work.

I became concerned about the matter because as soon as a nation entered the European Union, agencies would quite legitimately go into an area to advertise for workers, making it clear that, in their view, there was a constant stream of employment, and thus attracting large numbers of people to Cheshire. There is nothing wrong with that, so long as the terms and conditions associated with the work that has attracted those workers are spelled out for them and the workers are at least guaranteed some equality of treatment.

What is the point of a society that insists on fair treatment and equal pay—at long last, dear Lord, it is accepted that we should have a minimum wage, which is something that I have long waited for—yet which manages, by avoiding many of our legal qualifications, to pay some people under the rates that are acceptable for everybody else? What is the point of a society that manages frequently to exploit—I use the word advisedly—the work force it has attracted?

I hardly need point out to my colleague the Minister that one easy way in which employment agencies can get round many of our laws is to declare that their workers are self-employed. That is an absolute abuse. Agencies advertise for people, bring them in, get them to sign contracts—now in the language of their origin, thanks to a grant from Her Majesty's Government—charge them for transport, put them into their own property, much of which is overcrowded, dictate to them what work is available, provide the transport to take them to that work, bring them back if no work is available and manage to charge them for those services at rates that leave many of them virtually penniless at the end of the week.

Those agencies are, quite legitimately, waxing wealthy. One can see large numbers of people waiting outside their doors at the end of the week for some kind of settlement and know that they continue to encourage people to come not just to Cheshire but to the United Kingdom generally, because of the way our work laws are being interpreted. One also knows from the refusal—it is a genuine refusal—to allow the trade unions to get into contact with many such workers that the conditions under which the workers are employed are not those that most of us would find acceptable.

[Mrs. Gwyneth Dunwoody]

There has been a targeted effort in my constituency to recruit a lot of foreign workers, but it is extremely difficult to get in touch with those who have sufficient command of the English language, and the problems that have been experienced in recruitment have been greater than with a normal work force. There is a growing feeling that our employment laws are being at best exploited, if not broken, that the protection offered to such workers is minimal and that local authorities are increasingly faced with problems, but also that only in some cases are Her Majesty's Government taking active measures to assist.

The first thing that happens is that a local authority finds itself with the social problems associated with large numbers of workers, many of whom do not speak the language or understand what is available for them. Social services have then had problems involving migrant groups that have occasionally been reported for difficulties with small children and which, when inspected, have been found to be living in extraordinary conditions that are not conducive to a good home life. The numbers have grown in my constituency. I hesitate to point that out, because one London Member to whom I said that I thought I had well over 3,000 people pointed out that he thought he had nearly 30,000 people of different nationalities, which is rather a different size of problem. To me, however, it does not matter whether it is one worker or 30 workers being exploited; I have a responsibility to ensure that the situation is changed.

Crewe and Nantwich has responded well. It has not only designated individual officers, but done its best to deal with some of the social problems. However, the problems are now becoming bigger—there are problems of accommodation, language and inclusion in schools. In a county that is eternally seeking to shut down its primary and secondary schools on the assumption that we have fewer children, it is bizarre suddenly to find an influx of Polish children completely changing the numbers in a school almost overnight. All the careful planning and commitment of, in many cases, fraught negotiations between the local education authority and the parents are thrown completely to the winds when a large group of immigrant children appear out of the blue and need to be not only accommodated but integrated into the school stream, putting considerable pressure on the teachers concerned.

Today I want specifically to follow up the points I raised in my original Adjournment debate. I recently questioned my good friend, my right hon. Friend the Member for Norwich, South (Mr. Clarke), who has recently been in the news as a most vocal and intelligent contributor to the discussion of our political future. When I asked him what was happening between the Home Office and the Department for Work and Pensions about employment agencies and their recruitment policies, he said it was an urgent need that had to be addressed and:

> "It was a central theme of the five-year strategy on this that we published last year."

He also mentioned the gangmaster legislation which we all welcome, but in the particular instance I am outlining it does not apply because, although people in my constituency are involved in agriculture, they are not operating in gangs. My right hon. Friend also said:

> "We"—

in this case, the Home Office—

> "have published proposals jointly with the Department of Trade and Industry, the TUC and the CBI. The system is working better now...there is still a long way to go."—[*Official Report*, 7 March 2006; Vol. 443, c. 727.]

I have a series of short and, I am sure, simple and easily answered questions for my hon. Friend the Minister. If it is true that at present migrant workers comprise at least 10 per cent. of the UK's work force, and the Health and Safety Commission has set up, so far as I can see, five work streams to look at the evidence that is available, the numbers and the way in which people are being treated—so there is research and analysis, an action programme, a multi-agency joint enforcement pilot, work with the local authorities and the Gangmasters (Licensing) Act 2004—that is admirable, but I want to know what is happening. It is all very well having these working parties, but what are they doing to report back to the Government? How much joint working is there? Where is it happening and what are the results?

I am told that the particular joint workplace enforcement pilot mentioned in my previous Adjournment debate by the Minister concerned, was set up, operated for a fortnight and was then—I use this phrase advisedly—stood down temporarily. How long is a temporary stand down? What does it mean? Who is involved in that decision and why? If there is some point in getting Departments to work together—and I am sure there is—then why on earth, having set up something that looked as though it was going to come up with some answers, have we allowed it to be temporarily pushed into recess?

Just as important is the fact that the Government's interest in these issues must include illegal and migrant working, because both of those are relevant. How many such workers are there here? Which of them are legal or illegal? To what extent are we getting accurate information from the various sectors concerned? Because of the appalling deaths of the young Chinese workers in Morecambe bay, agriculture and the food sector received a degree of inspection that they more than warranted, but they are not the only sectors that need to be investigated. What is happening in the health sector in a country that is encouraging large amounts of private health care? Many people working in that sector are low paid and inadequately trained, and increasingly they are foreign workers. This is almost inevitable, but what controls are there over their background, their training, their essential health, safety and welfare information and their ability to talk to the people they are supposedly looking after?

We know that there are large numbers of foreign workers in construction. One only has to go into my local supermarket to discover that whatever the language is that is spoken at the tills, it is not even the idiosyncratic English of south London. The construction groups which are making an effort to communicate basic principles of construction health and safety, targeting Polish and Turkish workers, ought to be asked to increase that work. They should also be asked whether their actions have been successful and how far they cover the work force.

I could happily go on, but the multi-agency joint enforcement pilot is an example of the sort of things that should concern us. Perhaps the Minister will tell us today what the Government really want to do. If we are to continue to attract workers, we have a responsibility for them. We also have a responsibility to our own work force. We have a responsibility to our local authorities and to the people of this country to explain how our views of the economy are governed by our constant need to attract those people who previously came only from other parts of the United Kingdom, but who now come from all over the world. I hope that we will do that on a balanced, sensible and responsible basis and I want the Government to assure me of that today.

1.17 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Jim Fitzpatrick): It is a pleasure to see you in the Chair, Mr. Caton, and I congratulate my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) on securing the debate. As she said, she had a similar debate on employment agencies 364 days ago. She raised a number of issues then, which the Department has or is about to address, and I will update her on aspects of that in a moment. I took the opportunity to read that speech this morning and I hope I can reassure her about some of the progress, giving due acknowledgement to the seriousness of the matter. If we have further information and if I do not respond to all her points, I will write to her. However, I hope that I can cover most of them.

I start by stating clearly that the Government condemn any abuse or mistreatment of workers, whether UK nationals or migrant workers. We take very seriously such issues, and have and will mobilise the resources of the various enforcement agencies that have been established to tackle such illegal practices. I will say a little more about the enforcement agencies later.

I want to make it clear that the Government are keen to ensure that all workers, including agency temporary workers, have appropriate protections. We aim to do that by effective implementation and enforcement of the existing legislation and rights for the benefit of workers and companies.

We set out our plans in more detail—in particular, our intention to do more to protect vulnerable workers, crack down on the rogues and support good employers—in our recently published policy paper "Success at Work", which I will discuss in more detail in a moment. However, it is important to remember that agency workers in the UK are already protected by specific legislation governing agency work and also share a number of key employment rights with permanent employees. All are covered by the national minimum wage, working time and health and safety legislation, and social security provisions such as maternity and sick pay.

In the UK, the Employment Agencies Act 1973 and associated regulations set the standards for the conduct of the industry. The current regulations came into force in April 2004 and include updated versions of pre-existing requirements and new protections, appropriate for today's flexible recruitment market.

The Department of Trade and Industry's employment agency standards inspectorate is responsible for enforcing the legislation and follows up every relevant complaint it receives that indicates a possible breach. Inspectors also undertake targeted visits in those areas where infringements are considered most likely to occur.

Mrs. Dunwoody: Can my hon. Friend tell me how many inspectors there are in the north-west?

Jim Fitzpatrick: If my hon. Friend will give me a moment or two, I will come to that statistic.

In "Success at Work", the Government announced proposals for a package of measures specifically targeted on those agencies that are most likely to mistreat those vulnerable workers and take advantage of them. We aim to do that so that the vast majority of agencies, which comply with their legal and moral requirements and would not dream of undertaking such practices, are not adversely affected. We want to target practices pursued by the rogue element of the industry, not the normal conduct of reputable agencies, so we will consult with a wide range of stakeholders to produce a package of proposals.

We propose action in five key areas. We are aware that some agencies mistreat workers in effect by making it a condition of offering them work that they pay for additional services such as accommodation and transport, often at exorbitant rates. Some agencies try to evade existing controls by providing services through associated companies in which they have a financial interest.

It is already an offence to make an offer of a job conditional on a worker paying for other services. However, we have promised to consider whether we should strengthen that by including a right of withdrawal, subject to an appropriate notice period, from any service after a work seeker has taken a job. We will also explore whether it would be possible to deal with associated companies without making it impossible for legitimate agencies to offer the option of services that we know workers value.

We also want to tackle cases in which vulnerable workers, especially those from overseas, are given loans to help them to take up temporary employment, with repayments at high levels of interest, which are deducted from their wages without the workers' consent.

We already require that in the case of a loan provided by a UK agency to a work seeker to enable him or her to take up a position with a hirer, the work seeker cannot be required to repay a greater sum than the money loaned. While we are unable to control situations in which a work seeker takes loans at high levels of interest outside the UK, we will consider whether we could strengthen existing legislation—for example, by preventing loan repayments from being deducted from wages by a UK agency without the express consent of the work seeker.

We have noticed cases of heavy goods vehicle drivers without proper driving qualifications trying to gain employment and seeking to work longer driving hours than is legal. In a very few cases, we have evidence that agency staff colluded with workers to evade the law. Existing legislation already covers those issues, and legitimate agencies ensure that workers have appropriate qualifications and do not ask them to drive for an excessive number of hours.

[Jim Fitzpatrick]

Although it is very difficult to deal with a situation in which a worker deliberately chooses to lie to several employers about their driving patterns, we will consider whether we should require all agencies placing drivers to make all reasonable checks in this area. We plan to explore the issue further in discussion with stakeholders and Government colleagues, as we would not want to place additional heavy burdens on legitimate firms. In particular, we want to be sure before making any changes that any action would make an appreciable difference to our ability to prevent or crack down on rogue agencies and drivers.

My hon. Friend asked about the number of enforcements. Joint work enforcement pilots are up and running, and there were 22 visits under JWEP up to the end of May. She also asked about false self-employed status. Where agency workers are falsely described as self-employed, we obviously share her concerns. We would advise agency workers in that position to contact the employment agency standards helpline, through ACAS—the telephone number is 08457-474747—where advice can be obtained.

On JWEP progress since the launch in September, we have protocol agreements with all Departments represented on JWEP in respect of intelligence and information sharing. There are regular team meetings looking to expand the intelligence pool by including local government. As I said, there were 22 visits to the end of May.

Mrs. Dunwoody: What does that mean, exactly? Is the project working? What conclusions has it come to? How often does it meet? How many inspectors are there?

Jim Fitzpatrick: There are 12 inspectors, and four helpline teams and head office staff who support the inspecting agency. As I mentioned to my hon. Friend, every complaint is investigated. If she has any information or details, we will be happy to receive them, and we can protect the anonymity of individuals who may feel that they are vulnerable from the agency that placed them or the employer that is employing them.

Finally, we are planning a deregulatory measure, looking at how we can simplify the provision of information requirements on agencies that supply workers for short-term tasks. We will address those improper practices through a combination of better guidance for workers in agencies, and closer working with other Departments and agencies, as well as legal and other measures.

In the debate last year, my hon. Friend was told by the previous Minister, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), that we supply leaflets in other languages in accession countries, and they appear to have been successful.

In summary, I would emphasise the Government's continuing commitment to ending the abuse and mistreatment of all temporary workers, in line with the aspirations of the campaign that has been run by my hon. Friend the Member for Crewe and Nantwich.

Where there are serious criminal offences, it is clearly more appropriate to tell the police to investigate in the first instance, and take action if necessary. If there are serious breaches of employment legislation, the appropriate Government enforcement agency will investigate. Workers or third parties, or even hon. Members, who are uncertain about whom they can turn to for advice in confidence, if they wish it, can contact the ACAS helpline, as I mentioned.

I should point out, however, that the vast majority of employment agencies carry out their functions with professionalism and integrity. We want to bear down and focus on those who do not.

In relation to employment agencies, I am pleased to say that the Department of Trade and Industry can take complaints about the conduct of any employment agency from workers, hirers or any other third party. I understand that some workers might be concerned about repercussions if the agency becomes aware of the identity of the person who makes a complaint, but inspectors will not disclose the name of any complainant during their investigation unless the complainant has confirmed otherwise in writing.

We will take forward any relevant complaint, and can do so in confidence without ever disclosing the name of the concerned worker. As I mentioned, if my hon. Friend or any other hon. Member lets the Department have details of any agency or workers, or areas about which they are concerned, I will certainly ask officials to look into them as a matter of urgency.

I hope that I have offered my hon. Friend some reassurance. I know that she will continue to campaign on the issue, and I will certainly be happy to see her doing that. She knows that my door, and that of the Department, is open to receive any concerns, details or information, because we want to join up with the good agencies whose reputations have been damaged by the rogue agencies and those who are abusing workers to ensure that the industry has a good reputation.

Millions of people choose to work through employment agencies. They do a good job, and it would be wholly inappropriate if they were tarnished as a result of the activities of a small minority. We will, I assure my hon. Friend, continue to look at the issues and move on them where appropriate.

Residential Boat Owners

1.28 pm

Dr. Vincent Cable (Twickenham) (LD): I am grateful for the opportunity to introduce this debate, partly because it is of intrinsic importance to many of my constituents, and because when I first came into the House in 1997, this was the subject of the first Adjournment debate that I initiated. I have had 40 since then, but the subject has a certain sentimental appeal and, more than that, it is possible to say that although the problem about which I am concerned—security of tenure—has not been solved, there has been at least a growing awareness of the issue.

When I first raised the subject, in connection with a dispute involving residential boat owners and the Port of London Authority, and the underpinning problem of lack of security of tenure, it was clear that the Government were not aware that there was an issue, and correspondingly, they did not respond sympathetically.

Recently, the issue has made it on to the map, and there has been a Government consultation paper, "Security of Tenure for Residential Boats", to which I am sure the Minister will refer, which accepts in many ways at least the fundamentals of the argument. It sets out the issues involved very fairly, and there has been subsequent consultation.

Frankly, I am disappointed that the Government have not gone as far in response to the consultation as I think they should have done on the issue of security of tenure, but, none the less, there is clearly an awareness of the problem and a willingness to do something about it.

Perhaps I might locate this general issue in my constituency. I have the names and addresses of approximately 150 residential boats, housing about 250 adults, in the Twickenham constituency. They are scattered along the Thames on the Middlesex bank from Isleworth opposite Kew gardens, along the Twickenham bank through Hampton Court, right across the south of Hampton. There are five main communities, the largest being Taggs island, and such exotic places as Swan island, Burgoyne quay, Thistlewaite marina and others. There are probably 100 smaller moorings that I have not captured in those figures. My guess is that there are some 250 residential boats in my constituency, and possibly 400 people who are directly affected.

Of course, Britain is a country of boats. An estimate is that there are some 450,000 boats in the UK, but only a small proportion are used for residential purposes. There are disputes as to how big the population is. The Government's paper cites a figure of some 10,000 to 15,000 based on statistics that they acquired through one of the regulatory agencies. The Residential Boat Owners Association, with which I have discussed the issue, thinks that there are about 15,000 residential boat owners.

The British Marine Federation—the industry, if I can use that term—uses a much smaller number. It says that about 2,000 are recognised, but of course that is part of the problem. Many boats are not recognised because their tenure is not secure. Their owners operate in a grey economy. Indeed, the fact that the official estimate is so low palpably illustrates the problem.

British Waterways, which deals mainly with canals, came up with a figure of 6,000, but that did not include the boats in the Port of London Authority, which governs the waterway up to Teddington lock in my constituency. To give a rough idea of the magnitude involved, there are probably about 10,000 boats.

The population is diverse. On the Twickenham stretch, we have what some people call floating palaces—very well upholstered boats—but there are many that provide modest and low-cost accommodation. There are different types of tenancy arrangement—leases, licences and renting arrangements—and two navigation bodies: the Port of London Authority for the tidal waters below Teddington lock and the Environment Agency for those above it. My constituency does not have canals, which are covered by British Waterways, nor does it have Crown Estate properties. Four different navigation authorities are involved, so this is not a simple issue.

To give more of a human flavour, I have come to know many of the boat owners. It is increasingly apparent that what 10 years ago was primarily a lifestyle choice is now becoming an important form of tenure for people on low incomes who are trying to get established in an expensive part of London. I went to one quay recently where the majority of residents are young professionals. There are teachers and social workers who are unable to afford commercial rents in south-west London. As providing a £250,000 mortgage on a salary of £25,000 is absolutely hopeless, they got together a bank loan and some savings to buy a boat. That is the only kind of home they can afford.

The Government acknowledge in their White Paper that residential boats are becoming a small but significant—I believe that that is the phrase the housing Minister used—part of the housing market. The Mayor of London has also taken up the issue, because he recognises that it is important.

That was brought home to me some time ago when a boat sank. The owners survived, but lost all their possessions. Because their boat sank, they became homeless, which was quite a problem for the local authority, which had not previously realised that people who live on boats have homes and could therefore become homeless. It fought the homelessness claim, but eventually the couple were rehoused.

The case underlined the fact that if those 250 families, or whatever the number is, had to be rehoused in some other way, that would bring considerable pressure to bear on social housing in the area. Residential boat ownership provides an important social function as well as an economic one.

The people who live on residential boats have a big problem that is preventing that sector of the housing market from expanding: lack of security. It is recognised—the Government acknowledge this in the White Paper—that this is the last segment of the housing market to enjoy no security of tenure. Park homes and mobile homes are now covered, and Travellers are protected, but this segment enjoys no security. The practical implication is that residents are exposed to the risk of summary eviction. Of course, eviction must follow the course of law, and there are contractual arrangements of varying quality, but many residents are subject to eviction at short notice. I have something of a quarrel with how the Government have dealt with that.

[Dr. Vincent Cable]

In the White Paper, the Government appear to have bought the argument from people in the industry who provide moorings that existing law—the Protection from Eviction Act 1977 and the Unfair Terms in Consumer Contracts Regulations 1999—is largely sufficient to provide security. The people with whom I have discussed that, at federation and individual boat-owner level, argue that it is completely inadequate.

I do not know whether the Government are keeping up with the case law, but we had a recent case in my area where four boat owners were evicted. The case went to Kingston county court and the judge took the view that although he was highly sympathetic to the individuals concerned and felt that they had not been properly treated, the law providing security of tenure was sufficiently weak that he could not, under the law, protect their position. He allowed the eviction to proceed.

I note that in some of the literature there is a certain sarcastic tone in some of the industrial side's contribution to the debate, questioning whether boat owners have ever had such problems with the law. I can cite a specific case, and I am sure that there are many others. That lack of security and the exposure to the risk of eviction create secondary problems, as boat owners are often exposed to arbitrary, large and sometimes capricious increases in rent. I have seen cases where the rent was increased by 200 or 300 per cent. and the occupiers had little power to resist it.

The problems do not simply relate to the companies that provide the moorings, which argue that they are often intermediaries against the navigation authorities. The Environment Agency and the Port of London Authority have a mandate from the Government to pursue sound finance, increase their income and reduce Government subsidy, and one way they do that is by trying to squeeze a bit more rent out of people who have moorings, which often manifests itself in large rent increases.

The practical problem for boat owners is that they have little bargaining power when such demands are made. Boat owners do not have a forum within which they can negotiate. Many of them feel harassed. When I tried to get a bit of publicity for the issue, I was struck by how many were reluctant to appear in local newspaper pictures. They did not want to be identified and were afraid that in some way their landlord, or the owner of the mooring, might take action against them. They did not necessarily think that they would, but there was apprehension as well as lack of security and of the ability to stick up for themselves, which was rather worrying.

A further consequence of the lack of security is that there is no pressure on the operators to improve their facilities. On one quay in my constituency, there is one toilet and shower between 17 boats. That is not quite as disastrous as it might appear, since there are chemical toilets on the boats, but none the less the provision is poor and the boat owners have little leverage or bargaining power with which to strengthen their position.

Perhaps the most fundamental point is that expanding the sector is very difficult. If people are going to invest in a boat, we are talking about quite large sums of money. They would like to get a mortgage, but they cannot because they are on short-term lease or letting arrangements. In any event, banks will not provide a conventional mortgage-type arrangement, so it is very difficult for people who want to move into the sector to do so.

I recognise that there is another side to the story. I have read the submissions of British Waterways and the British Marine Federation, which speak for the owners of the moorings. They have a case, which we need to understand. The commercial side of the business is saying that if security of tenure is given, the provision of commercial moorings will be inhibited. The owners have a choice. They can, in certain circumstances, provide residential or recreational boating facilities. If they are going to have a lot of hassle from the residential boat owners, they will simply switch.

If the Government succumbed to the pressure for security of tenure, all they would do is reduce supply. Basic economics suggest that we cannot disregard that argument. However, the conclusion that I would draw is that any action to improve security of tenure must be accompanied by planning provision—in other words, to safeguard moorings for residential boat ownership—otherwise it will operate in the way that the pessimists predict.

My final comments—I will try to draw to a conclusion rather quickly—turn to the Government's proposals and the reactions to them. The Government have offered four options, from the status quo to full security of tenure, with two intermediate possibilities that involve what effectively amounts to self-regulation through best practice or model agreements—variants of the same general idea.

The argument for security is provided by residential boat owners, who believe that they should have treatment consistent with that of other forms of house tenure. They believe that they need the security to invest and because they need to be protected from harassment and a weak bargaining position.

Very striking in the Government's summary of their consultation is the fact that the debate has become worryingly polarised. Of the 77 residential boat owners who were consulted, 72 opted for the fourth option, security of tenure. Every single one of the residential boat owners that I have consulted came to the same conclusion, which is that without security of tenure, they can do little. On the other hand, on the commercial side, there was complete polarisation too. I think that only one of the 39 respondents thought security of tenure acceptable.

There is a schism between the different sides of the industry, which is worrying if we want to achieve consensus. I can understand why the Government are attracted by the two voluntary regulatory options—the second and third ones. I think that the Government wish to proceed that way. Since the Minister appears to be moving in the direction of model agreements and best practice, perhaps she will tell us how that will be disseminated.

We are dealing with a fragmented activity, which takes place all over the country and involves small moorings. If the process is to be initiated by the Government, how will they spread it? Are they going to take responsibility? How will they ensure that, beyond purely token initiatives, best practice will spread?

I have two final points. One of the positive things to come out of the Government's exercise is the recognition that we are dealing with a wider problem than merely security of tenure. I read of two Government initiatives in the White Paper and welcome them. First is the acknowledgement that we are not simply dealing with tenure arrangements, but that there is also a shortage of moorings. That must be addressed partly through planning.

I would welcome some indication from the Minister that the Government plan to produce planning guidance to encourage local councils—indeed, strengthening their position—to provide residential boat-owning accommodation.

The second, and perhaps in the long term most important, point is that the key players are the quangos, the regulatory bodies and navigation authorities—the Port of London Authority, the Environment Agency and the waterways agency—which, from the tone of their comments, are rather hostile to residential boat owners.

At best, the authorities tolerate the residential boat owners, but they certainly do not see them as an integral part of canal conservation; they regard them as a bit of a nuisance. The Government response says that they intend to write to them, or at least contact them, and discuss with them how they can improve their practices to make residential boat owning a more secure and viable form of living.

I hope that the Minister will confirm that that is an exercise she intends to undertake and give us some indication of how she intends to do it.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con) *rose—*

Mr. Martin Caton (in the Chair): Order. In a half-hour debate, I can call the right hon. and learned Gentleman only with the agreement of both the initiator of the debate and the Minister.

Dr. Cable: I am happy for the right hon. and learned Gentleman to speak.

The Parliamentary Under-Secretary of State for Communities and Local Government (Angela E. Smith): So am I, but it will eat into my time to respond.

1.45 pm

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): I am grateful for being allowed to speak, and I shall be brief because I understand the constraints. I congratulate the hon. Member for Twickenham (Dr. Cable) on raising the matter. I speak because of the interests of the Chelsea Reach Association, which has similar interests to those of the hon. Gentleman.

I want to make two brief points. First, the Government themselves have acknowledged in their document that residential boat owners represent the only tenure type in the United Kingdom without legislative protection. Therefore, the onus has to be on those who would deny legislative protection to explain why that group should be the only one not have it.

The only reason given both in the documents and by the operators themselves is that if legislation were introduced to give security of tenure and other protection, the consequence would be fewer available lettings. That may be true, but it is the argument that landlords have used over the past 100 years to try to prevent protection for tenants.

As Governments—particularly the Labour Governments—have never been persuaded by those arguments in the past, I am interested to know why they seem to be so willing to be persuaded by them now. Is there evidence in support of that view or is it an assertion that the Government appear to be endorsing?

The final point—it is on the final page of the Government's document—is what they say in rejecting legislation at this stage:

"In the longer term...we will only look at implementing legislation if deemed necessary by increasing levels of complaint and no redress."

The responses to the Government's own consultative document—72 residents opting for option 4 and a small number going in any other direction—show that there is real concern that is not being addressed. If that response is not considered sufficient, it would be helpful if the Minister said what type of complaint is required in response.

I conclude by saying that this is an important matter. Not just Twickenham and Chelsea, but many other parts of the country, have a similar interest. I hope that the Government do not feel themselves too committed to refusing the legislative route at this early stage.

1.48 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Angela E. Smith): I thank the hon. Member for Twickenham (Dr. Cable) for raising the matter in debate and the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) for making his comments. I will do my best in the time available to respond to the points that have been made.

I understand that the hon. Member for Twickenham has raised these issues on a number of occasions, and he said in his second such Adjournment debate that he remembered the first fondly. I thank him for his comments, and say that his points and the issue are taken seriously. The Government's response has moved along in line with responses that he and others have made on this matter.

Some of us might recall that the issue of security of tenure for the boat owners was raised during the passage of the Housing Act 2004, as well as before that in relation to a number of matters, which the hon. Gentleman's questions and debates on the matter show.

At that time, the problem centred around harassment and terms of contract. There were other issues that also concerned boat owners, and some of those are outlined in the document that we spoke about during the consultation. As a result of those issues being raised, and following an undertaking given in another place during the 2004 Act's progression through Parliament, the Government undertook to investigate those matters further.

[Angela E. Smith]

There was a considerable correspondence from all sides, which helped to inform our consideration. The consultation, which the right hon. and learned Member for Kensington and Chelsea referred to, proceeded following discussion with stakeholders.

A full public consultation was published in November and, as has been said by Opposition Members, we have posed four options to address the problems identified. They range from maintaining the status quo to introducing legislation. I have to correct the right hon. and learned Gentleman, who says that the Government have ruled out the legislative option. That is not true. That is kept under review; *and I will* come on to it in a moment. It is important that we look at the matter in the round. Security of tenure would be a significant step, and one that the Government could consider in line with other options.

We received 135 responses to the consultation exercise, including many from the constituency of the hon. Member for Twickenham. As he said, and as was expected, there was no overall consensus on the way forward. Indeed, he referred to the issue becoming increasingly polarised. There was little common ground between responses from residents and those from mooring operators.

The response did show helpfully a number of similar contractual disagreements between residential boat owners and the mooring operators. They indicated to the Department that the situation was further complicated because not all parties were sure of the role played by the navigation authorities—the hon. Gentleman referred to them—in enforcing controls. I can confirm that we will be making contact with the navigation authorities to discuss that matter.

The responses suggested also that although contractual problems are not widespread, there does need to be far better communication between the parties concerned. There is a misunderstanding of the rights and responsibilities of each party.

The hon. Gentleman was a bit dismissive of some current legislation. Perhaps it is worth touching on some of it. He said that the Government have "bought" the argument that existing legislation is sufficient. That question was asked in the consultation document. It is unfair to say that the Government "bought" the argument. When posing questions and asking for responses, the Government must consider all arguments put to them.

The occupants of residential boats have the benefit of protection under the Protection from Eviction Act 1977. I appreciate that that Act does not cover all the areas about which the hon. Gentleman is concerned. However, under the Act, "acts likely to interfere" with peace or comfort are classified as harassment. That has been raised before, and it is worth noting that that Act covers that concern.

The 1977 Act also covers illegal eviction. If residents believe that they have been harassed or subject to an illegal eviction, they should contact their local authority for help, guidance and assistance. The Department might be able to improve contact with local authorities to assist.

In addition, the Office of Fair Trading, local trading standards departments and other regulators are responsible for enforcing consumer protection legislation, in particular the Unfair Terms in Consumer Contracts Regulations 1999. Those apply to written agreements, and either party can go to court if they feel that unfair terms exist, so as to rectify the situation.

Consultation raised some general concerns about the working of the OFT and protection from eviction legislation, but no evidence was produced to show that they are not working in regard to residential boat owners. The hon. Gentleman gave specific examples. If he lets me have them, I shall pass them on to my colleague in another place, who will look at the issues *raised*.

From the consultation, it seems to us that many residents are not aware of the existence of relevant legislation or of the involvement of the OFT. We need to consider whether the problem is with the existing legislation or with its implementation and residents' understanding of what is available to them.

The issue of the number of moorings was also raised in consultation. As has been indicated by the hon. Gentleman and the right hon. and learned Gentleman, the demand for existing moorings is high, and there needs to be an increase. It also became clear that new legislation further to control the activities of mooring operators for residential moorings could lead to a short and medium-term reduction in the number of available residential moorings. The majority of mooring operators made it clear that new legislation would make it harder for them effectively to manage their businesses and the surrounding environment.

Along with all the other responses to the consultation, we took note of those concerns because residential moorings constitute only a small part of many operators' businesses. The concern is that those moorings could be removed or the number reduced, and holiday and pleasure moorings increased. So, there would be reduction in the number of such moorings, even though we need an increase. There is concern that legislation could exacerbate, rather than address, some of the issues before us. We might be able to deal with some of the concerns raised by increasing the number of moorings.

As we have only recently realised this ourselves, I am not sure whether the hon. Gentleman is aware that the Department for Environment, Food and Rural Affairs has set up a working party on the issue of moorings. My Department has worked closely with DEFRA on this issue.

There was consensus over the issue of planning permission for new moorings or marinas, or the continued use of existing sites. The existing planning policy guidance note 3 on housing requires assessments of housing need to underpin local plan policies. PPG3 is clear that local authorities should consider the needs of specific groups, but does not identify them separately. We are currently undertaking extensive reform of the planning system, which will give local authorities the opportunity to take into account community participation at a local level and will mean that the needs of residential boaters can be identified more easily by the authority.

I would encourage the hon. Gentleman to talk to the local authority and residential boat owners in his constituency in order to urge them to engage with their local planning authority. By bringing both sides together, a greater awareness should be created within local authorities of the concerns, demands and needs of residential boat owners.

The responses received highlighted the need for better communication between parties; a clearer understanding of the rights and responsibilities of the parties involved; and the need for an outline of the responsibilities for enforcing authorities. Where do we go from here? Our concern is whether legislation would resolve the issues or create an overall better deal for residential boat owners. I am not 100 per cent. convinced that that is the case at present. Consequently, we have decided that these issues are best addressed not in legislation but in guidance. In our response to the consultation process, published in May, we made a commitment to develop best practice guidance and a model agreement for mooring operators to use.

Together, these will set out our expectations and show mooring operators that our plans are not intended to be detrimental to their business, but that high regard needs to be given to residential boat owners. That is in line with the Government's better regulation agenda. In addition, we will continue with the ongoing planning reform so that additional suitable moorings can be developed, and we will include the planning aspects of residential houseboats in the best practice guidance.

We have to recognise that those operating moorings are managing a business. Like all businesses, they need to set targets for ensuring there are reductions in the number of complaints; that they improve their performance on resolving disputes; and that greater importance is attached to resolving matters in a timely manner. We want to help them achieve that. The next step for us is to begin work on the best practice guidance. We have had indications from a number of organisations of their willingness to be involved in developing that guidance, including the Swan Island Residents Association based in the hon. Gentleman's constituency. A number of organisations have suggested what should be included in the guidance, and we welcome this and look forward to working with them and other stakeholders.

We are now seeking to bring together a working group, including other Departments with an interest in this area, later in the year. I would be happy to keep hon. Members informed of progress. We will be writing to all interested parties in the coming months to set the process in motion and engage with them.

We will be looking for the working group to take a view on the scope of the guidance and ensure that it addresses the needs identified through the consultation. If we can bring together stakeholders to agree the guidance, that will carry far greater weight in the sector and will give boat owners the protection that they need.

I accept that action in this area has been sought for a number of years. We are now making progress, but the priority must be getting the document right. I trust that it will then strike the right balance between protecting houseboat residents and ensuring that mooring operators can run their business in a way that is fair to residents.

I am not able to give a date at present, but I can assure the hon. Gentleman that this is not something that we want to delay. I have asked officials that among the early issues for agreement of the working group should be the scope and framework of the document, and we will place copies in the Library of the House.

The Government are committed to ensuring that what we introduce will provide a more secure footing for the owners of residential boats, and I thank the hon. Gentleman for raising this issue today.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 28 June 2006

[FRANK COOK *in the Chair*]

Antisocial Behaviour

Motion made, and Question proposed, That the sitting be now adjourned.—*[Steve McCabe.]*

9.30 am

Ann Coffey (Stockport) (Lab): I thank Mr. Speaker for granting this debate on the important issue of antisocial behaviour, which continues to affect the lives of many of our constituents up and down the country. The Government are to be congratulated on making it clear from the start, in 1997, that antisocial behaviour would be tackled with the utmost determination. My concern—

Frank Cook (in the Chair): Order. I apologise for interrupting the hon. Lady, but I gave a commitment before the start of proceedings that I would alert hon. Members to the fact that Mr. Speaker has given a dispensation for male Members to remove their outer garments while sitting in this Chamber during this term of Parliament. That dispensation will be annulled once we return to the original Chamber for these proceedings after the summer recess. Those who wish to divest themselves of their outer garments may do so now. I apologise again to the hon. Lady. Perhaps she should start her speech again.

Ann Coffey: Thank you very much, Mr. Cook. I am pleased to see evidence of the relentless progress of modernisation.

My concern is to examine how we can take preventive action to tackle the root causes and how to use antisocial behaviour orders most effectively. We need not only to be tough on antisocial behaviour but to address its causes.

My right hon. Friend the Prime Minister, in his lecture in Bristol last Friday, rightly emphasised the importance of putting rehabilitation at the heart of the law and order system. He said that offenders should be "given not just a sentence but an appropriate process for sorting their life out".

The earlier that process begins, the better. It is much better to prevent someone from entering the criminal justice system in the first place.

Effective intervention at an early stage to change the behavioural patterns of some of our young people and prevent their behaviour from escalating into a life of crime is essential. An integrated approach to the problem—a mix of care and control, carrot and stick—to improve the outcomes for both the young person and the community in which they live is necessary. Before I was elected as an MP in 1992, I worked as a social worker with children and families. Agencies have always taken that dual approach to the behaviour of dysfunctional families. There have always been, and there always will be, debates about how much care and how much control there should be, but both are essential.

I fully support antisocial behaviour orders as a method of controlling persistent antisocial behaviour, which can have a devastating effect on the lives of communities and put young people themselves at risk. As my hon. Friend the Minister will be aware, most ASBOs—54 per cent.—are applied for and issued on criminal conviction. At that point, a pattern of criminal behaviour has often been well established. Criminal behaviour such as taking and driving cars and burglary is almost always accompanied by antisocial behaviour, so applying for and issuing ASBOs at that point is the right course of action.

Today, however, I shall concentrate on stand-alone ASBOs—the other 46 per cent. Those applications are made specifically to deal with antisocial behaviour, although the offenders may already have previous criminal convictions. With proper intervention accompanying the control offered through an ASBO, there is an opportunity to prevent young people from embarking on a life of crime.

Bob Spink (Castle Point) (Con): The hon. Lady raises an issue that is important to all MPs, so I congratulate her on securing the debate. She has talked about identifying the causes of antisocial behaviour and about early intervention and prevention so that the kids do not go down the line of hard criminal activity. Alcohol is a major cause of antisocial behaviour on the streets and bad behaviour in children. Police can use the under-age drinking laws introduced in 1997 to take the alcohol from the children, but those laws also allow the police to involve the parents at that stage, so that they know what behaviour the children are getting involved in and can intervene if possible. We know that some kids do not have two parents, and that is a problem. Would the hon. Lady encourage police forces not only to take the alcohol from the children but always to bring the parents in, make it uncomfortable for them and ensure that they know about their responsibility to take early action so that their children do not get into the criminal justice section in the first place?

Ann Coffey: I entirely agree. The hon. Gentleman makes a good point about the earliest possible intervention. Of course, if the first agency to become involved in cases of alcohol misuse is the police, it is important that they then involve other agencies to stop that alcohol misuse from becoming a persistent problem.

If we go beyond the informal intervention that the hon. Gentleman was talking about, I would argue that intervention should also be by the use of individual support orders—ISOs—which are designed to tackle the underlying causes of a young person's antisocial behaviour before they begin to offend or to offend persistently. ISOs have the authority of the court, agencies have to provide the intervention detailed in the order, and the young person is aware that there are penalties for non-co-operation, unlike with the informal acceptable behaviour contracts.

ISOs were created under section 322 of the Criminal Justice Act 2003 for 10 to 17-year-olds who are subject to ASBOs. They are civil orders and became available on 1 May 2004. They can be attached only to stand-alone ASBOs, not to ASBOs that are applied for and issued on criminal conviction. ISOs are intended to

[Ann Coffey]

supplement the prohibitions of ASBOs with targeted positive requirements. For example, the order can require counselling for substance misuse or behavioural problems. Orders may last up to six months and can require a young person to attend up to two sessions a week. Breach of the order without reasonable excuse is a criminal offence.

David Taylor (North-West Leicestershire) (Lab/Co-op): I must declare an interest as a member of the supplemental list of Coalville magistrates court. I congratulate my hon. Friend on securing this debate. Is she a little disappointed by the number of individual support orders that have been used since May 2004, given that courts have a duty to use them in appropriate cases if they believe that they will head off further antisocial behaviour? That might be related to training, and I am pleased that the Judicial Studies Board is reviewing the training of magistrates to ensure that they are aware of their powers. When I was on the bench, people used to criticise the magistrates, and would ask why they did not do x, y and z. The training was not always up to date. Does my hon. Friend acknowledge that, and does she hope to see the wider use of ISOs as the months and years roll by?

Ann Coffey: I entirely agree that for the take-up of ISOs to improve we must make all agencies aware at a local level of their value, but we must also, when a civil ASBO is applied for, encourage magistrates to consider carefully whether an ISO should also be attached. I hope that the Minister will encourage that when he responds, and will suggest how he will make magistrates more aware of the orders and how that will be incorporated in their training.

The making of an ISO is mandatory when the court considers that the criteria for doing so are met. The criteria are that an ISO would be desirable in the interests of preventing further antisocial behaviour, that the defendant is not already subject to an ISO and that arrangements to implement ISOs are available in the local area. There is no formal procedure for applying for an ISO. The court can decide to impose one, or the complainant might request one in conjunction with an ASBO. It is disappointing that of the 789 stand-alone ASBOs issued on application between May 2004 and the end of September 2005, only 31 had an ISO attached—that is only 4 per cent. Given that the ISO is a constructive measure, imposing on a young person positive conditions that tackle the underlying causes of their antisocial behaviour, it is difficult to see how the conditions for making an ISO were met in only 31 of the 789 cases. I will be interested to hear the Minister's views on why ISOs are not being applied for more frequently, when the making of an order is mandatory.

When talking to people about this, I have received the impression that there is some confusion about the criteria for an ISO. Some believe that it cannot be applied for if a young person is already the subject of another order, which might explain the low numbers. Many of those subject to an application for a stand-alone ASBO might already have existing orders, such as a referral order, as a result of criminal convictions. Will the Minister confirm that the existence of another order does not mean that an ISO cannot be made?

It is interesting to examine where ISOs have been issued and how they have been used. In great swathes of the country, including major cities such as Bristol and Birmingham, no ISOs have been attached to ASBOs. Of the 146 stand-alone ASBOs issued in Greater Manchester to children aged between 10 and 17 between May 2004 and September 2005, only four ISOs were attached. In London there have been only four: two in Camden, one in Newham and one in Southwark. The area that has issued the largest number of ISOs is Great Yarmouth, where there have been six.

Examining one of the case studies from Great Yarmouth gives some idea of the positive value of ISOs. It involved five unruly boys from two families, who constantly disrupted neighbours by screaming, shouting and playing football on the balconies of their flats. They shouted at neighbours when challenged and banged sticks on neighbours' windows and doors. Residents endured that for a year, and the boys were eventually given ASBOs with ISOs attached. The local council's housing department, the police and Norfolk youth offending team, which devised and administered the ISO, worked together. The order was successful and consisted of four two-hour sessions with the group of boys, held over the course of a month. The aims were to develop listening skills and victim empathy to help the boys understand the impact of their constant shouting and banging on them, their immediate family and their neighbours. The sessions also included social skills games, and discussions on leisure time activities and contact with youth groups. The Norfolk team was pleased with the result, and the situation has improved. Some of the boys took up recreational activities and found new ways to be active and entertain themselves. I am sure that, having heard that case study, hon. Members can understand the implication for resources.

I am not alone in being perturbed at the low take-up of ISOs. Both the social exclusion unit and the Home Affairs Committee have expressed concern, and many other organisations have called for ISOs to be used more readily. In November last year the social exclusion unit produced a report entitled "Transitions: Young Adults with Complex Needs", which stated that

"the use of ISOs has been severely limited"

despite the fact that courts are obliged to grant one

"if they take the view that it would help prevent further anti-social behaviour."

The next section of the report is worth quoting in full, as it raises the idea of making ISOs automatic in order to overcome that poor take-up.

David Taylor: Are there not three other reasons for the low take-up? One is the that the length of ISOs is capped at six months, and some aspects of diversionary training and support need longer. Secondly, local authority social services departments do not always provide sufficient resources to contribute towards the funding. Thirdly, there is the attitude of the middle-market tabloids towards anger management or communication skills courses, which are dismissed as soft options and as the creation of social workers, without any understanding of their potential. Does my hon. Friend agree with those points?

Ann Coffey: I very much agree with my hon. Friend, and in particular with his point about tabloids not understanding the value of anger management courses and counselling in overcoming dysfunctional behaviour patterns that affect the person concerned and everybody with whom they come in contact. In fact, I sometimes think when I read the papers that anger is held up as something to be admired, rather than something that in many ways is a negative quality if used inappropriately.

The next section of the report says:

"More needs to be done to publicise and use ISOs as a means of addressing the underlying causes of anti-social behaviour, and consideration needs to be given to making the attachment of ISOs to ASBOs more automatic for young people. They are not a 'soft option'—they sit alongside an ASBO and help to make sure that it works. Compelling the individual who is subject to an ASBO to attend services that can address the underlying causes of their anti-social behaviour will give the ASBO more of a chance of succeeding and provide a more sustainable solution to the anti-social behaviour.

An additional benefit of making sure that ASBOs are more often associated with preventative work would be to engage more local voluntary and community sector bodies in helping to support the drive against anti-social behaviour."

Michael Fabricant (Lichfield) (Con): I have been listening to the hon. Lady with considerable interest. I congratulate her not only on securing this debate but on the manner in which she is presenting her arguments. Does she agree that it is important not only to get volunteers to assist in the retraining—if that is the word—of people who are offending in the ways that she described but to have an audit afterwards to ensure that they have not regressed to the same bad old ways? She gave the example of the children on the balcony. I wonder whether six months later she would receive the same complaints again if she were the MP for the area.

Ann Coffey: I entirely agree that it is important to evaluate the outcomes of ISOs. I hope that the Minister will touch on that in his reply. It is important to know that legislation is successful in its intention, otherwise why bother?

The Home Affairs Committee report on antisocial behaviour published in April 2005 welcomed the introduction of ISOs and said that they usefully complemented the aims of ASBOs in preventing antisocial behaviour. The Committee was disappointed that take-up was not matching expectations.

Many organisations said that ISOs were potentially of great benefit. For example, the Magistrates Association said that they should be granted as a matter of course if magistrates are satisfied that they will help prevent repetition of the behaviour. The Local Government Association "warmly welcomed" them, arguing that the approach

"fits firmly with the LGA vision to reducing anti-social behaviour."

The Committee expressed disappointment that social services departments and other key players such as local education authorities, the child and adolescent mental heath services and youth services were often not fully committed to antisocial behaviour strategies. It stated:

"Given the concerns expressed by the ADSS"—

the Association of Directors of Social Services—

"amongst others that the Government's ASB strategy is too punitive, we are somewhat disappointed that social services are not making greater efforts to...support measures such as ISOs and Parenting Orders."

I hope that the directors of the new children's services that are being set up by local authorities will have a more positive approach.

Funding is a key issue. There was no initial funding for ISOs, and many organisations, including the Home Affairs Committee, complained that lack of cash was a barrier to take-up. A ring-fenced £500,000 was eventually made available in June 2005, more than a year after ISOs were introduced. I understand that the take-up was poor, but that could have been for a variety of reasons. The money came late, and often it takes time for knowledge about funding streams to spread. The ISO is new and we must remember that the use of ASBOs was slow to begin with, but has sped up in the past two years as their value has become fully appreciated.

In view of the criticisms of funding that the ring-fenced money for ISOs addressed, I am disappointed that it has proved short-lived and that the funding arrangements have changed. Funding for this financial year, and from now on, will be available through the £45 million uplift given to the Youth Justice Board as part of its prevention budget. That means that it now comes from a general pot of cash. Youth offending teams have been asked to submit plans to the Youth Justice Board for how they will spend their allocations from the preventive money.

I believe that the latest funding arrangements for ISOs will not help to increase their use. Because the money is not ring-fenced, ISO money will be in competition with other preventive work, much of which is informal and does not have the force of a court order behind it.

Given, I believe, that youth offending teams have not fully appreciated the value of ISOs as a preventive measure, it is likely that they will not see it as one of their preventive tools and will prefer to use the money on other projects. That seems to be borne out by the fact that of the 156 YOTs in the country only six have applied for specific money to resource ISOs.

If, for example, a court decided that it was appropriate to have an ISO that involved one-to-one counselling sessions with a trained therapist on an aspect of a young person's behaviour, and funds had not been set aside, the resources would have to come from another part of the budget. That might not be a serious barrier to an ISO, if it cost about £1,500 to £2,500, especially at the beginning of a financial year. However, it might become a barrier as funds are used for other purposes.

Of course, nobody is happy about applying for orders that carry no resources, and indeed take from existing ones, be it those of the YOTs, the children's service or the local primary care trust. Indeed, that argument, between local and national Government, is well-worn and has gone on down the years.

Furthermore, housing associations and other social landlords can apply for stand-alone ASBOs, to which courts can attach an ISO. It is likely that those applications will increase from social landlords under pressure from tenants to deal with antisocial neighbours and behaviour

[Ann Coffey]

on their estates. If one of the criteria for granting an ISO is that the magistrate be satisfied that arrangements for implementing the order are available locally, how can he or she be satisfied if specific money has not been set aside and there is no transparency in the availability of that money?

David Taylor: This will be my final intervention.

My hon. Friend mentioned housing associations and registered social landlords. She might be interested to know that a very successful positive futures programme has been developed in North-West Leicestershire on the Agar Nook estate, a housing association area, and on the Greenhill estate, formerly a local authority area. Could courts not be obliged to divert young people in front of them on to those programmes, which are not always used by those young people who are at the greatest risk of antisocial behaviour? That is the problem. We need to make the two work together more closely.

Ann Coffey: My hon. Friend makes a very good point. One of the barriers to that is that the housing associations do not have specific resources and rely on those provided by other agencies. That is one of my arguments for how valuable ISOs are, because they mean that the other agencies have to provide the resources to support good projects such as those that he mentioned. Ring-fenced money nationally would have made that simpler, in the absence of ring-fenced money locally. I understand the arguments about local flexibility, but I am not very sympathetic when local flexibility creates a barrier to the implementation of excellent policies such as ISOs.

In each area of the country, there is a minority of young people who are the cause of most of the problems for themselves and others. Significant improvements could be brought about by changing the behaviour of that small number. That is where properly funded ISOs could play a far greater role. The impact of antisocial behaviour should not be underestimated. I receive many complaints from constituents, and only yesterday received an e-mail that said:

"How sad is it that our twins now ask us on a regular basis if 'the yobs' came last night. In actual fact they know that they have been on many occasions due to the large amount of beer bottles and cans that they see littering the area in a morning and are on some occasions woken up by the noise from the gangs of youths.

I know I speak on behalf of all the local residents when I say that we approach the Summer months with some considerable degree of trepidation (although the issues are by no means confined to the Summer months), knowing that to some degree or other we are going to experience this anti-social behaviour.

Our quality of life has been significantly eroded by what we are experiencing."

Bob Spink: I am sure that, having read out that e-mail, the hon. Lady will none the less accept that the vast majority of children in our constituencies are good kids, honourable and dignified children, with a great future, and the picture is spoiled by a small minority of yobs.

Ann Coffey: Of course the hon. Gentleman is right. It is also true that the small minority of youngsters who cause the problems are also at risk of being drawn into drugs and crime by other young people who prey on those more vulnerable than themselves. When we talk about antisocial behaviour, we should not forget that it is often caused by some young people against other young people. We should be aware that the problem is not an age thing. All of us who bring up children worry about who they will meet outside when they get to a certain age and start to be more independent. That is one of the reasons we want to make the community as safe as possible for everybody.

The children's charity Barnardo's has written to me to say it believes that the guidance for magistrates should be strengthened, with a presumption that an ISO should always be made. Barnardo's says that courts should have to state specifically why an ISO would not be applicable. That is an attractive proposition. The charity also wants a legal requirement that any application for an ASBO on a child should be preceded by an assessment of their circumstances and needs that would be conducted by either a YOT or the relevant children's services department. Barnardo's has said:

"Of course we would rather see preventative measures used where possible to ensure that children do not go through a court process. However currently this is not always possible, and where supportive measures are available, such as the ISO, we would like to see them used."

The Government are already doing much to support and protect the most vulnerable families. I recently visited the new children's centre in Adswood and Bridgehall in my constituency and was impressed by the huge range of interventions that are being made by all agencies to improve the life chances of children in one of the most deprived areas in Stockport. For those young people in the area who have not received such early interventions and are at risk of becoming the prison population of the future, it is even more essential that preventive measures such as ISOs are used to their fullest potential.

I would therefore urge my hon. Friend the Minister to do all in his power to encourage the use of ISOs, including reviewing guidance to magistrates and local authorities and, if necessary, sending a special letter to the YOTs to remind them of the value of ISOs. I would also like consideration to be given to making the ordering of an ISO automatic, which is an idea that Barnardo's and the social exclusion unit have floated in the past. I would like close monitoring of the new funding arrangements to evaluate their effectiveness in encouraging a better take-up of ISOs. In particular, there should be evaluation of the difference in use in areas with and without specifically earmarked funds for ISOs in their current business plans.

If the take-up of ISOs is still disappointing next year, I would like the Minister to consider making some ring-fenced money available nationally. This is an excellent initiative and policy widely welcomed by a range of organisations that have both community safety and the interests of children at their heart. Let us work together to do all we can to support it.

10 am

Mark Hunter (Cheadle) (LD): I congratulate the hon. Member for Stockport (Ann Coffey) on securing this morning's debate. I shall be speaking as one of my party's spokespersons on home affairs, but I also speak as a neighbouring Member of Parliament to the hon. Lady and a fellow Stockport borough MP.

I also compliment the hon. Lady on what we probably all thought was the thoughtful and considered approach she took in the speech while outlining her concerns. I do not think she will find much substantive difference between us as I support her general contention. I sympathise with her concerns over the issue for various reasons.

First, I am all too aware that in the hon. Lady's constituency and in mine issues relating to antisocial behaviour are a key quality-of-life factor and local people care passionately about them throughout the borough of Stockport, which in addition to the her constituency includes both the Cheadle and the Hazel Grove constituencies and, indeed, part of the Denton and Reddish constituency. It is true to say that although the borough itself is a relatively safe place in which to live and work, we still have some way to go before any of us can be totally satisfied that we have the problems fully under control.

Secondly, I sympathise with the hon. Lady because, in her efforts to find and promote better ways of dealing with antisocial behaviour and people who participate in those activities, she has tacitly recognised the limitation of many Government policies in that area. Although ASBOs, around which so much Government policy and rhetoric seem to be based, have their place, it is clear that there is a problem with the huge failure rate—just under 50 per cent.—and continuing public concerns that they are at best a limited weapon in the fight against the nuisance of antisocial behaviour.

Bob Spink: Does the hon. Gentleman agree that dealing with antisocial behaviour both starts and ends with the parents?

Mark Hunter: I thank the hon. Gentleman for his intervention and agree with that comment. We all need to do what we can to support parents to take more responsibility for and interest in the activities of the children when the children are not at home.

I shall take this opportunity to clear up an urban myth that has been cultivated in certain places, namely that the Liberal Democrats have never supported and still do not support ASBOs in principle. As I have said, they have their place and the hon. Member for Stockport will be aware that if we did not support them the local Liberal Democrat-controlled council in her area would not have issued more than 40 in recent times.

We have argued consistently as a party that ASBOs should always be used selectively and in conjunction with other methods of intervention to tackle the causes of the offenders' behaviour. I fully support the hon. Lady's position and support orders and the theory and rationale behind them. My party and I have been arguing for some years that Government policy has not adequately addressed the underlying causes of antisocial behaviour and that it has not dealt with the long-term issues. That is precisely why we have advocated, and indeed used, alternatives to stand-alone ASBOs, in particular acceptable behaviour contracts, commonly known as ABCs.

The hon. Lady will know that her local council has issued well over 100 ABCs, and in Stockport and beyond they are proven to have a higher success rate than ASBOs. I believe this success is down to the fact that they address, or at least attempt to address, the causes of antisocial behaviour. They are a more genuine attempt at rehabilitation than ASBOs and that is why they are more effective in dealing with offenders' patterns of behaviour.

Ann Coffey: Does the hon. Gentleman accept that ABCs are usually a contract with young people who do not have such an extensive history of antisocial behaviour, while ASBOs tend to be served on people after intervention with an ABC has been attempted? It is not a question of either/or but of having them all as tools that can be used to intervene at every level. ABCs are a good way of dealing with things, but, sometimes, with a small minority of young people they are not successful.

Mark Hunter: Yes indeed. It is important that the full range of these measures is utilised as and when appropriate. My point is simply that all these measures have a place, including ISOs, which I support. I am also talking about the attitude that prevails in certain councils—happily, not the one encompassed by my constituency and that of the hon. Lady—where there is almost an instinctive reaction to reach for ASBOs as the first measure to introduce in these situations. That probably is not terribly helpful.

It is in that respect that I believe Stockport has succeeded—at least partially—in tackling these issues. Indeed, the key reason that our local council has not applied for funding for ISOs is because it never issues an ASBO without also putting in place measures to deal with the underlying causes of an offender's behaviour. I would, however, welcome the opportunity to join the hon. Lady in a campaign to try to ensure extra funding for Stockport's community safety unit so that it can put into practice an even more comprehensive package of measures to intervene with offenders, particularly young people, to deal with the root causes of these problems.

I appreciate that this debate has not been called solely for us to discuss local, Stockport issues although I could happily do that for the remainder of the time available.

Ann Coffey: Before the hon. Gentleman finishes talking about Stockport, I have to say that I do not want to get into a discussion about whose responsibility it is, but I could equally argue that one of the issues locally may be that there needs to be increased awareness of the value of ISOs. Stockport made the decision about the resources it could allocate to them. I agree with the hon. Gentleman that the YOT in Stockport does an excellent job. I should also like to congratulate Steve Brown, the community safety officer, on his very good work.

Mark Hunter: Indeed, I would be pleased to pass on the hon. Lady's congratulations to my constituent for his good work in Stockport and I accept her points entirely.

It is both interesting and sobering to note that only around 30 ISOs have been issued nationwide so far, despite being launched with the usual Government

[Mark Hunter]

fanfare. The hon. Lady has probed the reasons why take-up has been relatively poor and she is right to do so. All the evidence I have seen, though, points to the fact that for ISOs to be more widely used, they should be applied to all types of ASBOs. Again, we are in substantive agreement there.

Early intervention is absolutely crucial and I support efforts being made to that end. In addition to early intervention, it must be clear to all agencies involved in the process that ISOs are an option that should be seriously considered and I would welcome any ministerial assurances this morning that magistrates, police, local authorities and social services are all aware of the possibility of putting orders like this in place.

However, we should not confine ourselves either to ASBOs or ISOs. Schemes associated with mentoring, involving members of the wider community in some sentencing, and more effective ways to combat bullying and truancy are all vital if we are serious about making a difference to our communities

Bob Spink: Will the hon. Gentleman add to that list the need to provide facilities for young people of all age groups? Borough and local councils have a responsibility to ensure that there is a decent range of facilities for youngsters to enjoy so that they do not have to gather in massive groups on street corners at night, as happens in Canvey Island in my constituency.

Mark Hunter: I agree with the hon. Gentleman's point. In fact, I shall move on to that issue swiftly.

If we are serious about dealing with antisocial behaviour and social exclusion, it is vital to tackle all the issues I have mentioned. By offering a less prescriptive minimum curriculum entitlement, as my party has suggested, schools could develop more imaginative programmes for young people, who would then remain within the school system, rather than being excluded from it and thus being tempted by antisocial and, in some cases, criminal activities.

For too long, youth services in local authorities have been treated as Cinderella services. We are now reaping the results of that neglect. We need to work more closely with young people to develop the right services for them and not concentrate solely on excluding them, as the Government sometimes appear to do.

Ann Coffey: Is the hon. Gentleman, like me, pleased that, as part of the youth matters agenda, money is being made available to each local authority in the land—including, I think, £500,000 to Stockport—over the next two years so that projects are developed that young people want? That work will be very much from a young person's perspective; young people will be asked what projects they want to develop. It will help to provide an alternative for young people who say that there is nothing to do.

Mark Hunter: The hon. Lady again makes a reasonable point. She will know, as a fellow MP for the area, that Stockport borough council welcomes any extra grant it can get its hands on, and I am sure that it will put the money to good use.

If we are serious about reducing the fear of crime in our communities, we need a greater commitment to visible policing and more police officers on the beat. The hon. Lady will be all too aware of the funding crisis afflicting Greater Manchester police. According to the chief constable, we face the prospect of losing front-line officers. Our local situation highlights the fact that all the legislation in the world, including positive schemes such as the one we are talking about, is meaningless without the officers to enforce the laws.

Ann Coffey: It is important also to put on the record the fact that the overall strength of the police force in Greater Manchester has increased and an increasing number of community support officers are being employed. Brinnington is about to have four extra community support officers. I would not like the hon. Gentleman to give the impression that police officers are being taken off the streets when in fact the overall strength of the police force is being increased. Community support officers have been widely welcomed because they provide visible policing.

Mark Hunter: I again welcome the hon. Lady's intervention. She made her point in her usual effective way, but I note that she did not contradict my point that the chief constable of Greater Manchester police says that he faces the prospect of having to cut front-line services.

Bob Spink: I would like to confirm the hon. Lady's point. I had grave reservations about CSOs when they were introduced, but I accept entirely that I have been proved wrong. I am delighted with the effectiveness of those officers in my community. I am also delighted with the neighbourhood policing moves and the fact that we now see policemen back on bicycles. That is fantastic. However, I am still deeply concerned about the fall in the number of special constables. The Government should take more action to recruit more specials. The numbers have been halved over the past few years. We should make a particular effort in that respect, too. Does the hon. Gentleman agree?

Mark Hunter: I welcome the hon. Gentleman's intervention and I agree with his point. I have not referred to PCSOs, but as the subject has been raised I will say that I recognise their valuable role. It is only one part of the core debate, but I say to the Minister that in the eyes of the community at large there is a credibility issue about PCSOs compared with straightforward police constables whom people know and recognise in the traditional sense. The Government need to do a little more—

Ann Coffey: Will the hon. Gentleman give way?

Mark Hunter: I will give way to the hon. Lady for the last time, as I am close to finishing what I have to say.

Ann Coffey: It may be more of an internal issue within the police force, as I know that some police officers did not welcome PCSOs. It was very much a professional matter. From the community's point of view, it is difficult to see the difference on the street

between a police officer and a community police officer, because they are both in uniform. One has to look very carefully to see whether someone is a community police officer or a police officer.

Mark Hunter: I again welcome the hon. Lady's intervention, but in my constituency residents seem to have no problem distinguishing between traditional police constables and PCSOs, as they wear distinctive badges on their uniforms. The frequent cry of some local residents is, "Well, we might see those"—PCSOs—"but we never see proper policemen." As I am sure other hon. Members do, I try to explain that PCSOs are proper and legitimate officers making a valuable contribution.

Ann Coffey: I would be very happy if the PCSOs whom the hon. Gentleman's constituents do not welcome were transferred to my constituency, where people do welcome them.

Mark Hunter: The hon. Lady makes her final intervention in a humorous fashion. I must make it absolutely clear that my constituents did not say that they saw them very often; nor do they ever see them on bicycles.

I reiterate my support for the hon. Lady's cause. She displays a more thoughtful approach on these issues than some of her colleagues in the Government. All the evidence points to early intervention and support as key factors in ending the destructive patterns of behaviour in young people. ISOs can play an important role in that respect and I wholeheartedly welcome moves to extend their use.

10.17 am

Michael Fabricant (Lichfield) (Con): On the whole, this has been a pretty consensual debate, with only one or two little controversial elements, which put this Chamber in an excitable mood.

I congratulate the hon. Member for Stockport (Ann Coffey) on initiating the debate on the subject of ISOs, which we all agree are a very good idea. She wants the Government to take up initiatives to ensure that ISOs are effective, which is particularly important. I wait with considerable interest to see how the Minister responds in that respect.

The hon. Member for Stockport mentioned the Prime Minister's Bristol speech. Once again, it was a fine example of good intentions, but delivery is all-important and this debate is about the delivery of ISOs. They are a very good idea, but how can we make them work?

As we heard, ISOs were introduced under the Criminal Justice Act 2003. They allow positive conditions to be attached to ASBOs for 10 to 17-year-olds for up to six months, and they are designed to help to address the underlying causes of unacceptable and damaging behaviour by imposing preventive conditions on troubled young people.

As my hon. Friend the Member for Castle Point (Bob Spink) said, we are talking about a minority of young people. Years ago, I worked with the BBC in Northern Ireland during the troubles and it struck me then that only about 4 to 5 per cent. caused the troubles. The vast majority of people wanted a quiet life, which demonstrates what a thin veneer society can be. It needs just a few troublemakers—whether those involved in gangsterism or terrorism in Northern Ireland, or children causing a noise on an estate, as the hon. Member for Stockport described—to ruin the lives of many.

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): At this stage, I would like to make a general point. We are talking about ISOs this morning, but, in talking about antisocial behaviour, which we have been doing in a general sense, we should try not to demonise young people and remember that more than half of all ASBOs have been granted to adults. They are responsible for antisocial behaviour as well.

Michael Fabricant: The Minister makes an important and interesting point that I hope people will note. It is indeed not just young people who are involved, but older people too. Again, however, it is a minority of adults and younger people who do not wish to ensure that society remains calm and do not have the respect for others that we expect. The other point, which my hon. Friend the Member for Castle Point made, is that parents also have a responsibility, and we should never forget that. He made that point in a number of telling interventions.

The principle behind ISOs is valuable. We should be tackling the root causes of disorderly behaviour, not just the symptoms. Both sides of the debate will agree with that principle, and we have heard that today. With that in mind, I would like to be able to say that the Government have made good use of ISOs since their introduction. However, as we have heard, that has not been the case.

As the hon. Member for Stockport said, only 31 ISOs have been issued since May 2004. That point was also made by the hon. Member for North-West Leicestershire (David Taylor). Over the same period, 789 ASBOs were issued to persons aged between 10 and 17. That means that ISOs were issued in only 4 per cent. of cases, which is a startlingly low take-up.

We have again heard some reasons for that, and the hon. Member for Stockport made some good suggestions on how to deal with the problem. I note, too, that she has been consistent on the issue, which she raised during Home Office questions last month. Following the somewhat lacklustre response from the Minister for Policing, Security and Community Safety, she said:

> "It is disappointing...that so few applications have been made for stand-alone civil antisocial behaviour orders with individual support orders attached."—[*Official Report*, 15 May 2006; Vol. 446, c. 688.]

Today, she has repeated that view, which gets to the heart of the matter. Until now, the take-up rate has been too low and too slow.

Under the guidance that the Youth Justice Board has produced since May 2004, a magistrates court making a stand-alone ASBO is obliged to impose an ISO where three conditions are met. The first is that doing so is

> "desirable in the interests of preventing any repetition of the kind of behaviour which led to the making of the anti-social behaviour order".

[Michael Fabricant]

The second is purely technical, but the third, which is quite interesting, is

"that the court has been notified by the Secretary of State that arrangements for implementing individual support orders are available in the area".

In other words, it is up to the Government to give the support that the courts need to make a difference.

Ann Coffey: I really cannot have the Government being blamed for that. As the hon. Gentleman will be aware, all the YOTs in the country were asked to bid for the prevention money. What they bid for was down to them. Although I have issues with the Government for not ring-fencing the money, I do not argue that it was not made available. I query the use to which some of the YOTs have put that money.

Michael Fabricant: The hon. Lady makes an important and interesting point. I would say that the amount of money available was finite, but it is like the lottery—people often complain that they have not had lottery money in their area, but it turns out that they never applied for it, so that has to be done first.

One cannot help wondering whether it is the lack of support from the Government that is responsible for the low take-up of ISOs. I take the hon. Lady's point: the number of ASBOs has increased over recent years, so why have we not seen an increase in the number of ISOs? I know that the Minister will address that point when he replies.

The issue has not merely come out of the blue. A report was issued in November last year by the social exclusion unit that warned that although ASBOs are common, little use is being made of ISOs, which are intended to address the causes of poor behaviour. I do not want to pick on the poor Minister, but what has his Department been doing since the social exclusion unit made its report?

It is not all doom and gloom. The Home Office recently increased the funding available in 2005-06 to the Youth Justice Board to fund ISOs. That is a welcome step. There will also be a new training programme for magistrates this year—about time, too—which will include the important issue of ISOs. That, too, is a step in the right direction.

I worry that there is broader story behind all this. There is little point in having such measures if they are not taken up and used by the courts and the authorities on the ground. We have had not only an avalanche of law and order legislation since 1997, but countless headline-grabbing initiatives and quick fixes. The Government propose gimmicks and then abandon them with alarming regularity. ISOs are pretty good; I hope they will not abandon them. Cash point fines for yobs and night courts are two prominent examples of gimmicks that were brought in and then abandoned. ISOs are worth while. They are worth pursuing, and I hope that the Government will do that.

If the Home Office carries on with quick gimmicks, we will run the danger that measures such as ISOs, which try to address the real causes, will get lost in the storm. It is not only me who believes that; I am afraid that the former Home Secretary seems to believe it too.

Bob Spink: I have listened carefully to the debate and I note that one area has not yet been fully addressed. May I encourage my hon. Friend and the Minister to comment on it?

When the terms of ISOs and ASBOs are breached, that needs to be taken extremely seriously by the courts, otherwise those instruments will fall into disrepute and become ineffective very quickly. Are the Government interested in issuing clearer instructions to the Crown Prosecution Service and the Courts Service so that breaches of ISOs and ASBOs are taken extremely seriously?

Michael Fabricant: My hon. Friend makes a powerful point that chimes with my intervention on the hon. Member for Stockport, when I said that it is important that we monitor the effectiveness of ISOs. We do not want a great deal of resources to be put into the training, or re-training, of offenders only to find that within six months or a year they have relaxed back into the same bad old ways.

Mr. Coaker: I was going to make this point in my remarks, but given the question asked by the hon. Member for Castle Point (Bob Spink), it is opportune to do so now: 58 per cent. of ASBOs are not breached, which means that 42 per cent. are. Of that 42 per cent. of people who breach their ASBO on one or more occasion, 55 per cent. received immediate custody on the first or a later occasion, and of the young people, 46 per cent. received immediate custody. Those are important figures, because they show that there is a criminal sanction for people who break an ASBO and that that is treated severely by the courts.

Michael Fabricant: I thank the Minister for that helpful intervention, which shows not only that our courts exercise their authority, but that there is good monitoring of people's behaviour so that the breaking of ASBOs is noted. In some instances—not in the example of ASBOs, but in others—courts have a power, but do not know when an offence is committed. The Minister's point is reassuring and I am grateful to him for making it.

To conclude, underlying problems—family breakdown, hard drug use, binge drinking, domestic violence, teenage pregnancy—cannot be addressed with top-down national initiatives. If I may quote the leader of my party, we need "patient, personal support" to get at the causes of disorder and antisocial behaviour.

ISOs offer a really good step in the right direction, and it is time for the Government to make proper use of them. I look forward to hearing the Minister's response to my points and, perhaps even more importantly, those made by the hon. Member for Stockport.

10.31 am

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): I thank all the hon. Members who have taken part in the debate. I congratulate my hon. Friend the Member for Stockport (Ann Coffey) on her speech, which a number of us have said was a thoughtful, measured contribution to an important subject, about which I know she feels passionate. She has spent much of her time in Parliament contributing

to the debate on what to do about antisocial behaviour, calling for tough enforcement of the law alongside measures that support young people and communities. I congratulate her not only on her work in her constituency but on her contribution to the national debate.

Antisocial behaviour is a major issue for the Government and in many of our communities. It is clear that where the law is enforced effectively alongside neighbourhood policing, including police community support officers working with residents' associations and local voluntary organisations, and where people work together and stand together, joining in to try to make a difference, real progress is made in communities up and down the country. That is one of the most important messages to be taken from the debate. The tools and the laws are there, and they should be used to make a difference in our communities. People should not abandon hope; they should be optimistic and challenge what is going on, and things can improve.

I do not want to get into party political banter, but there are record numbers of police officers on the street, and police community support officers have been extremely effective in contributing to efforts to tackle antisocial behaviour. The hon. Member for Castle Point (Bob Spink) raised the matter of specials. Only last week I was at an awards ceremony giving awards to special constables who had made a particular contribution in their communities. Again, that demonstrates the fact that the Government have tried to ensure that the valuable role of specials is recognised. We have also ensured that the number of specials recorded on the books is that of active specials. In some cases that has meant that the number of specials has gone down, but the number who are actually active and on the streets has increased. That has happened in my area and, I am sure, in many others. Specials do a fantastic job.

Bob Spink: I am reassured to some extent by what the Minister has said about specials. However, the fact is that the number of specials has halved in the past eight years or so. Will the Government have a campaign to increase their number back to the number that were in place when they took power in 1997?

Mr. Coaker: We run recruitment campaigns for specials all the time—there are poster campaigns and adverts all over the place because we are trying to increase their numbers. However, we are determined to have active specials on the books, instead of there being just a number on paper, because specials make a great contribution to policing in our communities.

Individual support orders were introduced under section 322 of the Criminal Justice Act 2003 and have been available since May 2004. They are civil orders that can be attached to antisocial behaviour orders made against young people aged between 10 and 17. They can last for up to six months and they impose positive conditions on young people. They are designed to tackle the underlying causes of antisocial behaviour.

ISOs are available for stand-alone ASBOs, which are made only in magistrates courts. Legislation sets out that when a magistrates court makes an ASBO against a young person, the court must also make an ISO if it considers that an ISO would help to prevent further antisocial behaviour. ISOs are not available for orders on conviction if it is expected that sentencing will address the underlying causes of the criminal offence. If a court declines to make an ISO, it must give reasons why it considers that it is inappropriate to do so. That point was made by my hon. Friend the Member for North-West Leicestershire (David Taylor), and perhaps when he reads my response, he will be reassured.

ISOs contain positive requirements that are tailor-made to suit the individual needs of each young person. They are based on a needs assessment of the young person in question. Examples of such requirements include treatment for alcohol and substance misuse, attendance at counselling sessions for anger management, and extra support in school. ISOs are not mandatory, although we want to see many more being used by the courts. To clarify an point of confusion, an ISO can be made even if another order is in place.

I should like to mention an example from Norfolk that shows the value of ISOs—I believe in using practical examples to show how policies can make a difference. The example shows how an ISO has been used to turn around the behaviour of a group of boys who had brought misery to residents for more than a year. The police and the housing office worked together closely on the case and discovered a pattern of nuisance, largely based on the playing of rowdy games on a shared landing between two flats. PCSOs and the estate manager mediated between the families and their neighbours. When mediation failed, joint visits were made to warn the families of their continued antisocial behaviour. The boys were given formal warnings that spelled out the consequences of their actions in terms of potential ASBOs and possible loss of their parents' tenancy. When all the warnings had failed, a multi-agency team obtained an interim ASBO against the five boys to put an immediate stop to the nuisance. Evidence provided by the PCSOs and by the estate manager was used at the hearing, and interim orders were granted.

Minor breaches during the Christmas period were reported by witnesses between the interim and the full hearings, which strengthened the case for the ASBOs at the full hearing. Witnesses who were previously fearful of giving evidence were willing to testify at the full hearing when the ASBOs were granted. Importantly, an ISO was attached to each ASBO to tackle some of the underlying causes of the behaviour. If that can be done in one area, it can be done in many other areas too.

The main benefit of the ASBOs was the relief brought to the neighbours, who felt that they had been supported through the process by the police and the housing office. The ISO that was devised and facilitated by the north Norfolk youth offending team consisted of sessions aimed at helping the boys to develop an understanding of how their antisocial behaviour—their constant shouting and banging—impacted on themselves as a group, on their immediate family, and on their neighbours. The advantage of the ISO was that it gave the boys an opportunity to understand the effects of their rowdy behaviour on themselves and on others. As a result of the order and the interventions of the youth worker, the boys took up recreational activities and found constructive ways to spend their spare time.

Michael Fabricant: I am interested in that example. I believe that it is the same as the one given by the hon. Member for Stockport, but fair enough. I do not know when those events happened, but I am curious to know whether three months, six months or a year on, the boys have relapsed, or is the situation still okay? Does the Minister know?

Mr. Coaker: So far as we are aware, things are still okay. I repeated the example that my hon. Friend gave to emphasise that if it is possible for Norfolk YOT to do something, it is perfectly possible for other YOTs throughout the country to do exactly the same thing. We use such examples as a good practice guide to show people what they can do and what they can use. I shall certainly be talking to my local YOT about it. It is something that I have become more aware of, and sometimes it is a matter of raising awareness and informing people of what is possible. What the example shows is that if all the agencies take action and work together, the community rediscovers a sense of purpose, a sense of hope and a belief that something can be done—and in fact, something is done. The message must be to work together and stand together. We do not have to put up with such behaviour and we can make a difference. Overall, the intervention package was a great success for that community and for the families themselves. It is an excellent example of the effective use not only of ISOs, but of all the tools available to tackle antisocial behaviour.

As we are focusing mainly on young people, let me reiterate an important point, which is that other young people also want something to be done about antisocial behaviour by groups of young people who are causing problems. When I meet young people, they tell me that they do not want to feel threatened on their street, that they do not want yobs—or whatever we want to call them—hanging around, threatening them and making them feel unsafe. Young people demand that something is done about the problem as well. It is not just old fogeys in council offices or in Parliament who want something done. The majority of decent young people in our communities also want something to be done, and they often contribute to the solution by coming up with examples of what the council should do to help—perhaps by providing services, additional drop-in facilities, and so on. They suggest the sorts of things that could be done to tackle antisocial behaviour. We should involve young people in the solution and not just brand them as the problem. As the hon. Members for Castle Point and for Cheadle (Mark Hunter) and my hon. Friend the Member for Stockport said, it is only a minority who are causing the problem. It is up to us to deal with it through effective use of the laws that we have.

As has been mentioned, 31 ISOs were made between their introduction in May 2004 and the end of September 2005. We analysed the cohort of potential recipients, and although we accept that interventions might already be in place for many young people, the figures remain much lower than we would have expected. The low take-up by antisocial behaviour practitioners is disappointing. I am therefore grateful to my hon. Friend the Member for Stockport for highlighting the issue and providing the opportunity of this debate, which I hope will challenge people to make more use of ISOs.

We carried out investigations of local areas for blockages in the system but they proved inconclusive. They suggested that a more strategic approach was needed to unpick and resolve a range of minor problems. We therefore identified four areas where we would expect higher use of ISOs, based on the current use of stand-alone ASBOs for juveniles. Those areas are Manchester, Lancashire, Leeds and London. YOT and court representatives from those areas have been engaged in round table discussions over the past three months with the Home Office, the Youth Justice Board and Her Majesty's Courts Service, which is part of the Department for Constitutional Affairs, to establish where the problems lie and what needs to be done to overcome them. As my hon. Friends the Members for Stockport and for North-West Leicestershire said, part of the solution must and will include training for magistrates, and that is in process.

When we first examined the reasons for low take-up, we were told that YOTs' reluctance to use ISOs stemmed from their misgivings about the affordability of the programme. We responded promptly to those concerns by giving £500,000 to the Youth Justice Board in June 2005; the Youth Justice Board then wrote to all YOT managers to notify them about the extra funding and a subsequent letter was sent from Rod Morgan, chairman of the Youth Justice Board. Unfortunately, that has failed to generate many more ISO applications. Of the £500,000 made available, only £62,000 was spent. When funding is made available, it is not always used, but given how worthwhile the orders are, we expected greater take-up. The Youth Justice Board analysed the small number of applications that it received and found that in 29 out of the 31 recorded cases the risk of the young people reoffending was reduced. That is evidence of the value of the orders.

We know that YOTs have concerns about future funding and we have responded to make the longer-term position more secure by including it in the Youth Justice Board's £45 million uplift for preventive measures. Seven YOTs have included specific ISO intervention schemes in their plans for the use of that prevention budget for the period up to March 2008. All YOTs are required to support ISO intervention, whether or not there is a specific scheme. Such support might be delivered through another programme funded by an allocation from that budget, such as youth inclusion programmes or youth inclusion and support panels, or through an existing programme.

It is clear that money is available to maintain and increase the ISO programme. We will review and monitor the programme where necessary; it will be an ongoing process. We agreed with the Youth Justice Board and the Department for Constitutional Affairs a joint action plan to boost take-up with a strong focus on communication. Many hon. Members made that point during the debate. That joint action plan is based on providing information and encouragement to sentencers, court staff, YOT managers and antisocial behaviour practitioners. We publicised ISOs in relevant publications, on websites and at events and conferences. For example, we ensured that the TOGETHER ActionLine promotes ISOs when giving advice about ASBOs and updates its website with appropriate prompts to ISOs from the ASBO pages.

The Youth Justice Board website also carries information on ISOs for practitioners. In addition to the joint Home Office, Youth Justice Board and Association of Chief Police Officers guidance to YOTs on their role in dealing with antisocial behaviour, the forthcoming "Bigger, Better, Bolder" guidance on ASBOs contains advice on issuing ISOs and promotes a success story.

Our aim is to guide YOTs to ask for and provide ISOs, and to request the courts to order them in appropriate cases. Again, I say to my hon. Friend the Member for Stockport that we intend to write to all YOTs to inform them of our desire for progress. Other Members raised the importance of pressuring YOTs to look at why the measure is not being used as much as it should be. I assure my hon. Friend that a letter will go out to all YOTs, including those in Stockport.

The practitioners in the areas visited when research on low take-up was conducted spoke enthusiastically about ISOs. In Manchester, YOTs, courts and antisocial behaviour practitioners have set an example to others by working in partnership. They promote good communication between themselves, and the YOT has even been proactive in preparing a leaflet for its local courts to advise them on their ISO procedures.

Practitioners attending the respect academies currently in progress are also very positive, although, unfortunately, we continue to experience difficulties in shifting negative perceptions in some quarters. We still hear anecdotally that sentencers have insufficient knowledge of ISOs. I hope that my hon. Friend's debate helps to raise the profile of ISOs so that we can start to address the issue.

Anecdotal evidence suggests that in some cases there was confusion about how ISOs were supposed to be used when they were introduced. Now the YOTs, ASB practitioners and courts have all the necessary guidance and funding in place to make them work. There is no reason for not using them where they are needed.

In other areas, however, blockages remain and, despite the best efforts of the Youth Justice Board to inform local YOTs, there is a continuing misconception that ISOs are centrally underfunded. We intend to maintain a strong momentum in delivering the positive messages to practitioners on ISOs to step up their use. Every hon. Member who has spoken in the debate said how important they think the use of ISOs is. I hope that message is heard loud and clear throughout the country.

We are in a position to take stock of the information gleaned from the nationwide meetings and some of the useful discussions with practitioners at the respect academies, and we are considering further proposals for the future. We must ensure that young people get all the support they need to tackle their antisocial behaviour. The Government want tough enforcement of the law and appropriate action taken against people who are causing problems, but alongside that we want the necessary support.

Again, we always get into the debate about either/or, but in a modern social policy there should be both. My hon. Friend the Member for Stockport is one of the toughest proponents of enforcing the law on the streets, but she also recognises the need for support alongside that tough approach. In my own communities, people want a tough approach, but they want young people to be supported too. The Government are very keen to do that.

We are continuing to have meetings at official level between the Home Office, the Youth Justice Board and the Department for Constitutional Affairs to consider short, medium and long-term actions. In the longer term, that includes considering the prospect of making legislative changes to strengthen the use of ISOs. In the medium term, we need the best efforts of the Youth Justice Board to monitor and provide guidance on their use, and we are discussing with it how best to do that. Of course, we would rather not be having this dialogue at all. We are looking at legislative change, but no decision has been made about that yet.

As I said earlier, all YOTs in England and Wales have recently received additional funding until March 2008 to establish or enhance local prevention programmes. We know that many YOTs linked new and existing prevention services directly to ISOs. The delivery of 110 youth inclusion programmes, 220 youth inclusion and support panels, and expenditure of £9.5 million on parenting initiatives with that funding is designed to tackle the underlying causes of antisocial behaviour.

The hon. Member for Castle Point will be pleased to note the parenting initiatives, which will try to make some parents more responsible for the actions of their children. As we know, the vast majority of parents are responsible. We have a problem with a minority and we need, where possible, to see these parenting initiatives alongside greater use of parenting orders.

Bob Spink: The Minister has been more than generous in giving way. I am sure that he will accept that alcohol is a key driver in antisocial behaviour among young people, and he knows that the police are using their powers under the Confiscation of Alcohol (Young Persons) Act 1997 in every constituency virtually every day of the week.

Where the police are falling down is the fact that they are not following the law through to its conclusion. The law gives them not just the ability but the duty to involve the parents on every occasion when the alcohol is removed from the young person. Officers should not simply take the alcohol and pour it down the drain, but ensure that the young person's parents are involved and informed so that they can intervene at an early stage. Will the Minister consider giving further instructions to the Association of Chief Police Officers and other bodies to ensure that the police understand their duty in that respect?

Mr. Coaker: We are working closely with the police and with trading standards departments to tackle the problem of under-age drinking. If the hon. Gentleman looks at the figures, he will see a huge increase in the number of test purchases made through trading standards to tackle the problem. There has also been a big increase in work with schools to try to educate on alcohol. Of course there is a problem, but the Government are taking major steps to tackle it. Discussions on what more we can do are ongoing and will continue over the next few months.

[Mr. Coaker]

The funding provided by the Youth Justice Board has generated local partnership funding in excess of £30 million. All YOTs are required to support interventions using ISOs whether or not there is a specific scheme in operation. Such support may be delivered through a programme funded by an allocation from the prevention budget or through an existing programme.

As an example, youth inclusion and support panels aim to prevent the committing of offending and antisocial behaviour by children referred to them. Such panels are made up of representatives from a variety of organisations, which can include YOTs, the police, social services, housing services, probation, education, Connexions, the voluntary sector, antisocial behaviour units and the fire service. That is not an exhaustive list—it can be tailored to local circumstances. The panels meet regularly to consider referrals made to them and devise an integrated support plan, which I shall explain.

Each young person referred to a YISP is given a comprehensive assessment, which highlights such things as risk factors, a history of offending and antisocial behaviour, and protective measures that need to be maintained or built upon. From the information gained, an integrated support plan is tailored to, and agreed by, the young person in question and their family.

Inclusion and support panels seek to ensure that children have access to mainstream services, identify the extent of key worker involvement and direct service delivery needed, and inform the extent to which the panel will have a commissioning role. Panels regularly review each inclusion and support programme, which is expected to last between three and six months, to ensure its effectiveness. Any involvement with a YISP is voluntary and therefore requires the written consent of both a young person and their parents, which again shows the crucial role that parents can play. If parents evade their responsibility, we need to take measures to ensure that they do not continue to do so.

The respect drive is a cross-Government strategy to tackle bad behaviour and nurture good, helping to create a modern culture of respect. It builds on strong progress in tackling antisocial behaviour, but goes further and deeper to prevent the next generation from becoming involved in such behaviour. It does so through action on poor parenting, problem families and bad behaviour in schools.

An action plan was published in January 2006, setting out a comprehensive programme to promote positive behaviour and bear down uncompromisingly on antisocial behaviour, tackling its causes and strengthening the local accountability of public services. Programmes will be targeted in the most deprived areas to ensure that help goes where antisocial behaviour and lack of respect are experienced most.

The key priorities are a new approach to tackling problem families, a wide-ranging programme to address poor parenting, strengthening communities through more responsive public services, improving behaviour and attendance in schools, and constructive activities for young people. Significant progress has already been made since January; the pace of delivery is being maintained across those Departments responsible.

As hon. Members will know, the respect agenda is an important part of the Government's drive to tackle antisocial behaviour. We all know that such behaviour is a problem and that tackling it is about not just passing laws, but changing the culture and attitudes. The Government are working hard to deal with the problem.

ISOs are playing their part in the wider battle to combat antisocial behaviour and promote positive behaviour. They have proven potential to help young people to turn around their lives and move away from antisocial behaviour and offending. I share the enthusiasm for ISOs of my hon. Friend the Member for Stockport, and I hope that she and other hon. Members will encourage local agencies to make more use of such a highly effective intervention tool.

In the few seconds remaining, I say to hon. Members—

Frank Cook (in the Chair): Order. We must redirect our attention to the next debate.

Men's Health

11 am

Dr. Howard Stoate (Dartford) (Lab): The evidence of men's and boy's poor mental well-being is all around us. Some 75 per cent. of people who kill themselves are men, most of them young men, among whom suicide is the commonest cause of death. One man in eight is dependent on alcohol and 72 per cent. of male prisoners suffer from two or more mental disorders, while boys are five times more likely to be diagnosed with attention deficit hyperactivity disorder than girls.

Alarming numbers of men are unhappy, anxious, stressed and depressed. The results of a recent YouGov survey for the Men's Health Forum show that more than 18 million men in the UK could be affected by common mental health problems. The survey found that men in the UK experience very high stress levels, with nearly half—46 per cent.—suffering from moderate or extreme stress in a normal week. Just over half—51 per cent.—said that they felt down, stressed, depressed or anxious at least once a month, while one in 10 felt that way a few times a week or even every day. Up to 76 per cent. of men have experienced depression or anxiety in their lives. The study also shows that while mental health is a major problem, nearly one fifth of men suffer in silence and do not turn to anyone for help.

What causes such men to feel stressed, depressed and down? Some 48 per cent. of men blame work or study as the key trigger for mental health problems, while 44 per cent. blame financial worries. Fast-paced living was mentioned as the cause by 27 per cent. of men, and relationship problems by 25 per cent.

Earlier this month, during national men's health week, the all-party group on men's health, which I chair, held a meeting with the all-party group on mental health. We heard from experts in the field of men's and boys' mental well-being. David Wilkins, from the Men's Health Forum, presented a new report on the issue, "Mind Your Head: Men, boys and mental well-being", which argues that although women are more likely to be diagnosed with a mental disorder, problems in men are massively under-diagnosed.

According to the report, in many cases that is simply because we do not fully understand the differences between how mental health problems manifest themselves in men and women. The report concludes that

"men's mental well-being as a whole is poorly understood and seriously undervalued."

That conclusion is at odds with the importance given to mental well-being by the general public. The publication of the White Paper, "Our health, our care, our say", followed an extensive consultation programme, in which a focus on mental well-being was ranked second on the general public's list of priorities for the NHS. Only regular preventive health checks were considered more of a priority.

Specialists recognise that importance too. The National Institute for Mental Health in England is explicit about the benefits to the nation of working to enhance mental well-being. In "Making it possible: improving mental health and well-being in England", the institute wrote:

"The skills and attributes associated with positive mental health lead to improved physical health, better quality of life, reduced crime, higher educational attainment, economic well-being and personal dignity."

At the meeting of the all-party groups, we also heard from Dr. Phil Timms of the Royal College of Psychiatrists, who told us that men tend to like being in control, which can prevent them from seeking help. However, if that can be turned around so that men see that they are taking control of their own health, it might be positive.

Men's mental health problems are often missed by GPs and friends because they are covered up. Dr. Timms also spoke about a friend of his who committed suicide while at medical school and had not spoken to anyone about his feelings. He also noted that that is not uncommon. Instead, men start drinking, take risks and become angry or complain of headaches, rather than admitting that they are feeling distressed or depressed.

National men's health week looked at men's mental well-being. At national level, the Men's Health Forum worked closely with 40 other organisations to make the week a success and to show what can be done to improve men's mental well-being. I shall not list all 40 organisations, but partners in the week included the Royal Mail, which is the country's biggest employer of men, the TUC, and charities such as the Mental Health Foundation, the Samaritans and the Afiya Trust. The Department of Health and NHS organisations were also partners. They all did some great work, showing what can be done to improve men's mental well-being.

The partners also worked with Haynes Publishing to produce the "Brain Manual", which was compiled by a good friend of mine, Dr. Ian Banks. He is not only president of the Men's Health Forum, having done a huge amount of work in support of men's health, but has recently been appointed as one of only two professors of men's health in the country. About 2,000 local events took place in national men's health week too. These events—run by NHS professionals, voluntary groups and occupational teams—undertook an extremely broad range of activity in an even broader range of settings. Activities ranged from display stands and father-and-son days to a five-a-side football competition and everything in between.

In my constituency in Dartford, the primary care trust health promotion team worked with pharmacists on a leaflet that they could either give to clients as a takeaway or use to prompt conversations on health issues. The overall aim is to engage men in promoting activities in ways that are local and flexible. Pharmacists, as we know, are both local and flexible. I am delighted that my local PCT and local council were able to get involved in men's health week.

I had the good fortune to chair a recent men's health supported conference on men's mental well-being, at which the Minister also spoke. That conference and the "Brain Manual" received financial support from the Government, for which I know the Men's Health Forum was extremely grateful. The Government were also supported by the Mental Health Foundation and the Football Association.

The wide range of factors that positively and negatively influence a man's mental well-being were explained and discussed at the event. The Football Association highlighted how sport can help to improve mental well-being. It has announced that it has appointed former England captain Tony Adams as a new football for all ambassador, with specific responsibility for mental health.

[Dr. Howard Stoate]

The FA's Simon Johnson also called on the mental health practitioners at the conference to become involved in the new football for all project, which uses football as a tool to help service users. That is clearly a welcome development. As the conference was supposed to have taken place in the new Wembley stadium, the FA could have spoken also about its experience of managing workplace stress.

Many gay men in particular face challenges to mental health well-being. There is still widespread homophobic bullying in schools, for example, and many mainstream religions regard homosexuality as sinful. Homophobia results in depression, anxiety, fear, apathy, mistrust and other mental health problems. There is also an impact on heterosexual men who might fear being labelled gay. That limits personal expression and creates fear of closeness with other men.

The conference held workshops run in London by PACE, which is London's largest gay and lesbian organisation. Evaluation shows that 96 per cent. of participants found the workshops useful, 71 per cent. felt more assured and 40 per cent. felt less unhappy about being gay.

Many of the lessons of that work could be used to help men in general. The "Mind Your Head" report from the Men's Health Forum is heavily influenced by Professor Richard Layard's work on happiness. A key area here is the effect of work on well-being. Far more men than women work full-time, and experiencing satisfaction at work is an important predisposing factor for positive mental well-being in men.

We usually associate higher earning power and higher status for men at work as representing a disadvantage for women, but this is a double-edged sword. The traditional role of breadwinner brings its own stresses, and long working hours can harm good family relationships, which are crucial for the mental well-being of future generations.

Lack of job satisfaction, work-related stress, the pressure to work long hours and unemployment are all damaging to mental well-being and, for numerical reasons, more likely to affect men than women. Men in the UK work the longest hours in Europe; 27 per cent. of men with full-time jobs in the UK work more than 48 hours a week, and 11 per cent. do more than 60 hours a week.

According to the TUC, 5 million people work more than seven hours of unpaid overtime every week. Most of those are likely to be men. The TUC work on this suggests that almost half the UK work force want to work fewer hours, with 10 per cent. willing to accept a pay reduction to do so.

Perhaps that has an influence on some of the other statistics highlighted by the YouGov survey published during men's health week. For example, stress, anxiety or depression are causing a third of sufferers to drink more alcohol. A further 18 per cent. start or increase smoking, and 4 per cent. admit to using illegal drugs in a bid to make themselves feel better. Nearly a fifth say that that makes them feel more aggressive.

We also know that 73 per cent. of adults who go missing are men. Let us remember that the reverse of that issue—unemployment—is also a common factor in poor mental well-being. Last year, the Health Development Agency reported that

"there is a strong association between unemployment and psychological and psychiatric morbidity... Upon re-employment, there appears to be a reversal of these effects."

Just last week, the *Journal of Occupational and Environmental Medicine* reported that the stress caused by job loss in the over-50s doubled their chances of suffering a stroke or heart attack.

As I have said, understanding and valuing of men's mental well-being are low, but the position is even worse when it comes to ethnic minority men. There is little awareness among health care professionals of how to engage effectively with black and minority ethnic men. Young African-Caribbean men are much more likely to receive a diagnosis of schizophrenia, more likely to be detained under the Mental Health Act 1983 and less likely to be offered psychological treatments. Asian men have high incidence of compulsory admissions to psychiatric institutions and low uptake of aftercare services. Irish men have a particularly high suicide rate, while Chinese men are generally reluctant to express emotions or to seek help with emotional problems.

Black and minority ethnic organisations, including Destigmatize and SIRI Counselling, were also partners in national men's health week. I am particularly pleased that the Men's Health Forum is continuing to work with those organisations and others on a project on the mental well-being of BME men. It is good news that the Department of Health is providing the majority of the funding needed for the project, and I hope that a sponsor can soon be found to provide the remainder.

I know that the forum has had a long relationship with Professor Kamlesh Patel, chair of the Mental Health Act Commission and director of the ethnicity and health unit at the university of Central Lancashire. In fact, I would like to congratulate Professor Patel on his recent appointment to another place, and I look forward to welcoming Lord Patel of Bradford to meetings of the all-party group on men's health.

There are isolated examples of innovative work going on in Kilburn. Brent council, the local child and adolescent health service, and the charity Corum Family run the boys2MEN project, which aims to give young African-Caribbean men healthy relationships with men when many do not have a father figure in their household. Last year, they won an award for that work.

Another groundbreaking project is CALM, the Campaign Against Living Miserably. CALM has been successful in working with the music industry in clubs and local radio. Its telephone helpline and website also allow young men to talk about problems and find local support.

I urge the Minister to ensure continuing and increasing support for such projects. Those charities, councils and local NHS bodies are helping young men to avoid alcohol abuse, suicide and aggression. Others have had success too. Dr. Phil Timms has noted that in New Zealand, 10 to 12-year-olds are taught about mental well-being. That is proving very successful.

The Men's Health Forum survey identified relationship problems as troubling a quarter of men. It is often claimed that men will not seek help for such problems, but the national Mensline scheme in Australia shows that that is simply not true. By offering a male-friendly, male-specific service, it has attracted 400,000 callers since 2001 in a culture internationally known for its macho men. That suggests that with a little encouragement and by respecting men's maleness, we might help large numbers of men suffering marital breakdown. That would have knock-on effects, helping men and women to tackle some troublesome problems of relationship breakdown that can be so damaging for children.

I think I have shown that on a range of measures men's mental well-being is poor, and that despite the successes of isolated and small-scale initiatives, no one really knows how to tackle things comprehensively. As the Men's Health Forum told the all-party groups on men's health and on mental health:

"Men are less likely to be diagnosed with depression because male specific symptoms may not be taken into account."

We need to understand that. We need to tackle it. We need to stop men's physical health, those in relationships with them and society at large suffering through men's poor mental health.

The first step must be a detailed investigation of levels of male psychological distress in all its manifestations. I believe that the Government should fund and start that work now. Specialists at the National Institute for Mental Health in England should examine the key risk factors, establish good practice and make recommendations for new and more flexible male-friendly services. They should also consider how we deal with the significant inequalities such as those affecting gay men and those from BME communities.

I hope that the Minister can announce progress on that important work. Such a gender-sensitive approach will soon be mandatory, when the new gender duty, introduced by the Equality Act 2006, becomes operational next April. I am also concerned that the public sector as a whole, not least the NHS, is not yet preparing for its new responsibilities, even though they have the potential dramatically to improve service delivery for men and for women.

We must avoid at all costs a society in which chronic poor mental health, as well as its effect on other areas of health and society, is endemic in men and repeated from generation to generation.

11.15 am

The Minister of State, Department of Health (Ms Rosie Winterton): I start by congratulating my hon. Friend the Member for Dartford (Dr. Stoate) on securing this extremely important debate and on all the work he has done with the all-party group on men's health. It is vital to use whatever platform we can to raise these sensitive issues with the wider public and in Parliament.

My hon. Friend is right to say that there is increasing focus, certainly in Government, on well-being and mental health. If we are to tackle some of the basic problems, it is important to consider how mental health issues can affect different parts of society. We have talked about issues in men's mental health, but as my hon. Friend said, there are additional mental health issues in respect of people from black and minority ethnic communities.

If we are to tackle the overall issues in dealing with mental health problems and mental well-being, it is vital to ask why certain groups suffer disproportionately and why some people do not come forward and access services. I was pleased that there was a national men's health week and that the Men's Health Forum put together a conference on mental health where the "Brain Manual" was launched. I am delighted that the Department was able to support it. I spoke at the conference and I was incredibly impressed by people's commitment and dedication in raising the issue, and I asked for feedback from the conference.

We want to look in even more detail at other comments, but one issue, especially, that was raised was that of opening hours for GPs' surgeries, as men find it difficult to take time off work to go to the GP. We must ask whether there is a barrier at that first stage and find out how to make it easier for people to gain access to health care services.

My hon. Friend set out some of the very real challenges in men's mental health and drew attention to some shocking statistics: three-quarters of those who kill themselves are men; 73 per cent. of adults who go missing are men. Too high a proportion of men suffer from mental health problems, and instead of seeking help they are more likely to turn to drugs, alcohol and smoking to try to alleviate those problems.

It is important to raise awareness of men's mental health problems and to have programmes to tackle in a broader sense some of the stigma and discrimination that goes with mental health in general, but especially in men who perhaps feel that they have some kind of weakness that cannot be talked about. How do we overcome that and say, "No, this is a common health problem that we need to be open about"? People should not feel stigmatised if they have to seek help.

As my hon. Friend said, we must assist men to acknowledge mental health problems and encourage them to seek help and support. The conference had the support of the Football Association, which appointed Tony Adams as its ambassador with specific responsibility for mental health. That will promote mental health issues positively. Too often, coverage of such issues is completely negative. We have to talk about the positive aspects of the services available and the advantages of coming forward and, with the Football Association, emphasise the importance of physical exercise in helping mental health problems, and in particular reducing the stress that my hon. Friend talked about.

The Department has set up the shift programme to help to tackle the way in which the media and the wider public approach and perceive mental health issues. It is heartbreaking sometimes to see how the media deal with some of these issues. Sometimes they do so in a deeply unsympathetic way. We have to bring home to people the fact that mental health problems are a common health problem and it is important that they are approached constructively and positively. We also want to develop an anti-stigma code that can be adopted by employers.

[Ms Rosie Winterton]

Creating an understanding of mental health issues and promoting mental well-being are vital. As my hon. Friend said, the Men's Health Forum's policy report considered six aspects of that. It may be common sense, but mental health promotion strategies need to address the aspects of life that impact most on how people feel about themselves, including those that my hon. Friend talked about, such as bullying, homophobia, racial discrimination, family conflict, employment and feeling isolated. We need good partnership working at national and local level to tackle some of these issues. This relates to the whole public health agenda. We are bringing together at local level—through, for example, local area agreements—local government, health care, trusts, voluntary organisations and Jobcentre Plus to consider what all the aspects of an individual's life are and what impact those are likely to have on their mental health.

My Department is working closely with the Department for Work and Pensions and the Health and Safety Executive on our health, work and well-being strategy. The aim is to get employers engaged in the debate and considering what they provide and what support they give. How can we ensure that Jobcentre Plus is working closely with employers? This is not only about helping people to remain in work. Too often, people feel that they cannot go to work because of the stigma and discrimination and because others do not understand how to deal with the issue. Managers and work colleagues are frightened of it. How do we say, "No, that is the wrong approach"? I have seen many good examples. My hon. Friend mentioned Royal Mail, and BT is another good example of a company where I have seen good support given to people. It is not just about helping people back into work, but about helping people to remain in work.

My hon. Friend is right to talk about giving men control of their own health. That is what the direction that we take in the White Paper towards the individualised care approach is about. How do we ensure that care is more convenient for people, that it is closer to their homes? We are talking about more choice and information, and simple positive steps that people can take to improve their own well-being. He is right to say that that is one of the keys, particularly when it comes to mental health issues.

My hon. Friend talked about problems, particularly in the BME communities. This year, we conducted the count me in census. We asked people to consider in particular racial background in mental health in-patient care. That means that we now have a baseline whereby we can measure progress, which we have set out through the delivering race equality programme. I believe that that will make a real difference, particularly in terms of reaching out to BME communities.

As my hon. Friend said, it is important that we understand the reasons behind some of the statistics that we have discussed today. The overall suicide rate is now at its lowest recorded level, but until recently the suicide rate among young adult males had been rising. The death rate in this group is still far too high and is much higher than in the general population. We have introduced measures through our national suicide prevention strategy that are starting to have an impact, but we certainly need to redouble our efforts in that direction to ensure that we encourage young men to look after their mental well-being and, crucially, to seek help when they need it. We need to understand the reasons why men are unwilling to engage with services and to admit problems, and we need to devise policies to tackle them.

My hon. Friend mentioned some of the risk factors associated with young men. They include psychological factors such as depression, low self-esteem, and substance misuse, as well as social factors such as unemployment and family problems, but when we began to develop our suicide prevention strategy, there was little evidence about what works in promoting good mental health with young men. We wanted to find out why men find it more difficult to talk about their problems, why they are more likely to resist health promotion messages, and why they are reluctant to ask for help when they are in distress.

That will become even more important as we consider how to expand some of our programmes. My hon. Friend mentioned Richard Layard's work. In our manifesto and in the White Paper we said that we would extend access to psychological therapies. That is vital and is something that might help men who are reluctant to come forward. We need to get behind those issues and to extend our programme of psychological therapies.

That is why at the conference it was pleasing to be able to launch the evaluation report of the reaching out pilot scheme, which examined how we can encourage young men to seek help earlier and identify some of the barriers that discourage them from seeking it. The evaluation report set out the lessons learned by those pilots. One lesson was that involving service users in designing the care required is vital. Yes, this is a message that goes across all the health care services. It was particularly important in this area. Young men responded much more positively if we talked about mental well-being as opposed to mental health problems. That is an interesting lesson. All the evidence will help local providers to improve the way in which they engage young men and develop their services.

As my hon. Friend pointed out, it is vital that local organisations think about this, as they will have a duty under the Equality Act 2006 to tackle these issues. We need to lead this from the centre and to ensure that the message is going out loud and clear. I hope that we will continue to work with the all-party group on men's health, the Men's Health Forum and all the other organisations that are contributing to building the momentum around this area. I hope that we will be able to work closely together. Frankly, if we can engage in such partnership at national and local level we can do a lot to improve men's mental health, which is vital to the future of our society.

11.30 am

Sitting suspended until half-past Two o'clock.

Red Squirrel Population

2.30 pm

Frank Cook (in the Chair): It might help right hon. and hon. Members if I inform them that this morning I exercised Mr. Speaker's dispensation for male Members to divest themselves of their upper garment if they feel incapacitated by the temperature. I shall do so myself.

Mr. Peter Atkinson (Hexham) (Con): It gives me great pleasure to introduce the debate, because it gives us an opportunity to revisit the threat to the red squirrel, which is one of the most treasured features of our native wildlife. I initiated a debate on the subject almost 10 years ago to the day, but since that debate not a lot has happened to help the red squirrel and its position remains as bad as it was when I first highlighted it, which is a great pity. After the previous debate my office received about 500 letters, every one of which condemned me as a cruel and evil man who wanted to exterminate grey squirrels, which, as hon. Members will know, are the main cause of the red squirrel's decline. Interestingly, what has improved since then is public opinion on the matter. The European Squirrel Initiative, whose help in this debate I very much appreciate, has found in recent opinion polls that the public have—as a result of better information, I think—realised that the grey squirrel, which they, quite reasonably, find attractive, is causing the destruction of the red squirrel.

I do not know why, but the red squirrel inspires particular affection in many people's minds. Perhaps they read Beatrix Potter when they were young, or they admire the red squirrel's grace and elegance as it moves through the tree canopies of the broadleaf and conifer woods that it so likes, or they admire its habit of squirreling away its winter food supplies. The red squirrel is held in high regard. The curious thing about that admiration is that, despite its being an iconic animal, many members of the public have never seen a red squirrel. In London and the south-east, one probably has to be over 60 years old to have seen a red squirrel, because red squirrels were replaced in this part of the country by greys many years ago.

Mr. Andrew Turner (Isle of Wight) (Con): Only a loose definition puts the Isle of Wight in the south-east, but on the island one does not have to be over 60 to have seen a red squirrel.

Mr. Atkinson: I am grateful to my hon. Friend for attending the debate, because, as I well know, the Isle of Wight is an important reservoir of red squirrels. It is fortunate in being separated from the mainland by a stretch of water, which I think is why red squirrels have been saved there.

The grey squirrel was introduced in the 19th century as an ornament to estate gardens. No doubt that was thought to be a good idea at the time, but since then the grey squirrel has spread and now it is causing or is likely to cause an environmental disaster for our native red squirrels. The issue of alien species has come to the fore in recent years. Throughout the world, there are a number of examples of what we have seen happen in this country. Apart from the grey squirrel, we have the American mink, which has caused considerable damage to our rivers, and foreign fish and shellfish species have also been introduced. Not the least among the vegetation that has been introduced into this country is the humble rhododendron, which many people admire hugely. One admires rhododendrons when one sees them in formal gardens, but in parts of the west of Scotland, as I am sure the Minister knows, they are spreading and causing great problems. The problem of alien species is not unique to the UK; it occurs all over the world. The Australians are trying to eliminate European foxes, which were introduced to develop fox hunting in Australia. That puts me in a slight quandary, as I am rather fond of fox hunting, but I can understand the reasons for what the Australians are doing, because European foxes have done a lot of damage in that country. In another example, the New Zealand authorities are making a substantial effort—quite successfully, I believe—to eliminate the possum from the New Zealand countryside.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I apologise if I am unable to stay for the whole debate, but it might be helpful if those who wrote to the hon. Gentleman understood that we are where we are and that no one is proposing the extermination of grey squirrels throughout the United Kingdom. Our aim is to safeguard areas such as the hon. Gentleman's constituency and the area that I represent in Northumberland which still offer havens to red squirrels, which are under serious threat. Somehow we need to devise ways in which to protect some terrain on which the red squirrel can survive.

Mr. Atkinson: I agree with my right hon. neighbour, whose constituency, like mine, has a large number of red squirrels. In fact, the Hexham constituency contains 80 per cent. of the red squirrel population in England. There are other healthy populations on the Isle of Wight and on Brownsea island off the south coast, for many of the same reasons. There are a few in Thetford forest, at Sefton in Merseyside and in Cumbria, as well as some populations in central Wales, the Scottish borders and the Scottish highlands. However, their numbers are shrinking. That is the problem that we face, and the problem on which I shall focus.

Not only is the grey squirrel a pest and a threat to the red squirrel, but it does considerable damage to forestry interests. In addition, the cobnut growers of Kent estimate that they lose about 50 per cent. of their crop annually because of theft by grey squirrels. Just the other day, I was in Kensington Gardens on an all-party horticultural trip. The park authorities find that the grey squirrel is a particular menace to trees and flowerbeds and they are desperately trying to discourage people from feeding them, which I can well understand.

The news has been bad so far, but the right hon. Member for Berwick-upon-Tweed (Mr. Beith) touched on some good news for the red squirrel. There has been a substantial new initiative in the north—in Cumbria and Northumberland and on the Scottish borders—to preserve what we have. That is our first priority: we must save what we have and stop the remorseless advance of the greys. Kielder forest is an ideal habitat

[Mr. Atkinson]

for red squirrels, and the Forestry Commission and others have formed an organisation, Red Alert, which represents all sorts of interests in the area. About a year ago, it had a meeting in Newcastle and determined a new strategy to create 16 reserve areas mainly in the north. They will be guarded and a buffer zone—a cordon sanitaire—will created around round them in which everyone will make an effort to stop the spread of grey squirrels. All the legal methods available will be used to control the populations in that area and stop the squirrels mixing, which is important.

The 16 areas are mainly in Northumberland and Cumbria, but there is also one at Widdale near Hawes and at Sefton in Merseyside. The partners in the scheme will band together and take every possible action to protect the red squirrels within the cordon. Recently, there was a pleasant announcement that the campaign will receive a little more than £600,000 from the Heritage Lottery Fund, which will be added to the £500,000 that the partners in the Red Alert squirrel campaign have raised themselves. I particularly appreciate the Heritage Lottery Fund and its chairman, Liz Forgan, for being so imaginative and providing funding for that purpose. It will be put to good use. Lord Redesdale, a colleague of the right hon. Member for Berwick-upon-Tweed, is putting together a campaign to link farmers and landowners in the area better so that the control of the grey squirrel can go ahead.

That is good news in the sense that the Scottish authorities are co-operating. In the past, Scotland has tended to do its own thing. It has its own problems with grey squirrels introduced in the central belt, which are advancing down into the borders and up into the highlands. From a selfish point of view, those in the borders worry us most of all because they are coming down south and could invade from that side. We need the co-operation of the forestry interests in Scotland, Scottish Natural Heritage and others to make the circle round Kielder forest and the forests on the borders tight and complete. That is the good news.

The bad news is something called squirrel pox virus, which is an affliction to which grey squirrels are immune, but to which the reds are not. Not all grey squirrels have it, but the problem is that some of those that do are in Cumbria, and they are beginning to cross the border and spread out into Scotland. That could bring them into contact with the protective buffer zone around the squirrels in Kielder forest. We are concerned because two red squirrels were recently found within two miles of my home in Northumberland, and examination showed that they had died from the squirrel pox virus. So the virus is spreading in Northumberland, which is particularly bad news.

Generally, when grey squirrels invade an area, the reds disappear slowly—it is a gradual erosion. Many experts who are listening will know better than I, but I believe that it happens largely because the grey squirrel is about twice the weight of a red squirrel and eats a lot more than the red squirrel. In addition, the densities of squirrel populations vary—the density of the red squirrel population is estimated to be slightly more than one per hectare, whereas the density of the grey is about eight per hectare. There is therefore much more pressure on a piece of woodland where the grey squirrels are present, yet the greys and the reds are competing for the same food supplies. We believe that lack of food and perhaps lack of breeding space causes the reds' physical condition to deteriorate, so that they die over the winter or fail to reproduce because the females' fertility is affected by their poor physical condition. When squirrel pox virus starts to spread, however, the decline becomes 20 times greater and the population crashes very quickly. It is an immediate and serious threat to the future of the red squirrel.

The argument is not simply a UK-centric one. The red squirrel is common throughout Europe and, I believe, in part of Asia. Red squirrels are all slightly different but they are all red, though some in parts of Germany they look black. They are part of the European wildlife scene, whereas greys were introduced into the UK and Ireland—where they are also a problem. They were introduced into Italy just after the war, in 1948, and they have spread so that it is estimated that there are now some 8 million in northern Italy. There is a danger that they will spread northwards into and over the Alps—like Hannibal—and once they achieve that they will be present in France and Switzerland and throughout Europe. The Italian Government had not done a lot about the problem, but the European Squirrel Initiative tells me that following a helpful meeting the Italian Government have decided to take action against the spread of greys. As with everything in life there is usually a commercial interest involved. The advent of the greys in part of Italy where there is a large hazelnut industry has concentrated minds, because the industry regards them as a threat to an important crop in the Italian economy. It is good news that Europeans are taking an interest.

I do not wish to become a bore, but there are some slight complications with which the Minister may be able to help. One way forward that we have identified is to get some European money to help to fund research projects that will benefit the squirrel population in Europe and the UK. The Berne convention protects the European squirrel—European squirrels are listed in appendix 3 of the convention. For reasons that we do not understand, however, the 1992 habitats directive, which introduced the Berne convention into European domestic legislation, does not list the red squirrel in its annexes. The Berne convention and the habitats directive put an obligation on national authorities to safeguard endangered species and to tackle introduction of alien species. If the Government could persuade the European Commission to add the red squirrel to the European directive, we could consider the issue on a European basis, which could have helpful repercussions for research funding.

The Government can help in a number of respects—some small, but others more important. The first—the most important and most immediate—relates to Government help with funding for research into the squirrel pox virus. The problem is that we do not know how the virus is transmitted, and there is only circumstantial, rather than positive evidence about how it affects the red. We know that it does affect the red, because the red population crashes, but, scientifically, there is no link. We know from tests that greys have antibodies to the virus, so we can see that they have had it but not been affected. However, no one knows where

in the animal's body the virus is kept, how it is translated—perhaps it is at feeding sites—or how it has moved from the grey to the red.

I am pleased to say that considerable research is going on at the Moredun research institute in Edinburgh and at Liverpool university. The problem is that the researchers are on short-term contracts, and if we do not get research funding, there is a danger that those contracts will run out before any progress has been made. I therefore make a plea to the Minister to see whether we can find some funds—they will not be extensive—so that those research programmes can carry on and find out much more about the pox virus. Once we understand how it is translated from the grey to the red, we can start to do research on developing a vaccine to help the red squirrel, which would be of great interest.

The Department for Environment, Food and Rural Affairs could also help through its woodland grant programme. It currently gives out woodland grants which, in areas where there are red squirrels, make allowances for grey squirrel control. The difficulty is that the grants are cash-limited, so there is no guarantee that somebody who has a grant now will get continue to get one; that will depend on how much money there is in the budget in the next round. Of course, it was always thus in government, but hon. Members will understand that that would lead to a break in the continuity of grey squirrel control. In addition, small woods—those covering less than 3 hectares, although I might be wrong about the size—are not included in the woodland grant schemes. However, grey squirrels use small broadleaf woods as a stepping stone into new territory, and it would be extremely helpful if the Minister could see whether there was any way of giving some of the grant money for grey squirrel control to owners of small woodlands.

I mentioned listing the red squirrel in the habitats directive, but I hope that the Minister will also give us more support in our search for the holy grail—a method of restricting grey squirrels. I am not advocating a complete cull or slaughter of grey squirrels, which would be totally pointless, given the size of the population. One could not exterminate them using normal means of control such as shooting and trapping. Scientists across the world who deal with introduced alien species are trying to find an immuno-contraception method—a way of interfering with the fertility of the animal. If they can develop such a method, it would be the answer to the problem of the grey squirrel population. We would not be slaughtering the greys; instead, they would slowly die out in the areas where we used that technique. That would allow us to pick areas that were suitable for the reintroduction of the red and then to carry a gentle programme of humane eradication of the grey squirrel population there.

Work was done on that system at Sheffield university, and much was made of it 10 years ago when I had a debate on this issue, but that work came to an end. However, the Central Science Laboratory in York, with the help of some DEFRA funding, is looking again at the system. The Australians have been trying for years to introduce it among rabbits, but without success. It is something that science needs to pursue it if we are to get rid of the alien species that cause so much damage to our native species.

We need to make a real effort to save the red squirrel. The new sanctuaries around the country will be our last chance. If they are invaded and the march of the greys continues, the gloomy prediction of some scientists, that the red squirrel population in this country will have died out within 20 years, will be realised. I think that we would all say that that would be a great tragedy.

2.50 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I commend the hon. Member for Hexham (Mr. Atkinson) on his persistence, coming back to the subject 10 years later to point out that the situation has become worse in the meantime, with the invasion of greys into the areas of red squirrel population, which were once more widespread in Northumberland than they are today. I well remember often seeing red squirrels in the Tyne valley, for example, where I believe that greys are now to be found. We hope that Kielder forest will remain a major sanctuary, and across the north of Northumberland there are a number of smaller woodland areas where we still have red squirrels. We do not want to see that territory taken over by greys.

Grey squirrels are a feature of the landscape of much of the United Kingdom, and clearly it would be neither possible nor popular to remove them entirely. In many parts of the country, they are quite natural. They are the only squirrel that people see, people enjoy seeing them and they are fascinating creatures. However, in those areas where we still have red squirrels it is vital under any interpretation of biodiversity that we retain them. That will require tough action, such as the rigid maintenance of sanctuary areas and the buffer zones around them, and definite action to ensure that any arrival of greys into those areas is dealt with quickly. Research such as that mentioned by the hon. Gentleman offers us considerable possibilities for the future. Finally, we need urgently to find some way to deal with squirrel pox. What a bitter blow it was when the news came to those in Northumberland who have made such assiduous efforts over long periods to try to preserve the habitat of the reds that there was another threat to their survival.

I hope that the population in the Isle of Wight, represented here by the hon. Member for Isle of Wight (Mr. Turner), can be sustained. Species have crossed stretches of water before now, although I am not sure whether there have been serious grey sightings on the island. Keeping species out is that much more difficult when the only barrier is a land barrier.

I welcome the fact that the hon. Member for Hexham has secured this debate again. I welcome the continued efforts of volunteers and volunteer organisations and the part that they are playing, and I plead for Government recognition of the problem and for Government support, resources—not enormous resources but enough to help with the essential research needs—and a willingness to support the decisive action that will need to be taken where greys directly threaten those few remaining sanctuary areas that we must keep for red squirrels.

2.53 pm

Mr. Andrew Turner (Isle of Wight) (Con): I had not intended to make a speech in this debate, but I see that there might be a moment or two to spare and I thought that I would mention one or two courses of action that I cannot recommend to every part of the country but that we have found useful on the Isle of Wight.

The first, of course, was the beneficial effect of global warming, when the island was separated from the mainland of the United Kingdom. That is not a course of action whose use I advocate in other parts of the country, but it has meant that we have had some immunity from other diseases. Bovine TB, for example, is much less prevalent on the island and, thankfully, foot and mouth did not come to the island during the most recent outbreak because people were very vigilant. The red squirrel has been protected by the stretch of water that the right hon. Member for Berwick-upon-Tweed (Mr. Beith) mentioned.

I would also like to congratulate and place on the record my appreciation of the Wight Squirrel Project—note the spelling, in case the colours should get further mixed up. The project keeps a close eye on the welfare and well-being of red squirrels on the island. All my constituents want the red squirrel to continue to thrive and they are worried by any report that grey squirrels have been seen. The sighting or putative sighting of a grey squirrel is a matter of great concern: it is reported in the local papers and people make a great effort to find the offending animal. Recently, an acquaintance of mine was successfully prosecuted for spreading rumours about the importation on to the island of grey squirrels—the New Labour equivalent of spreading alarm and despondency. We take the matter very seriously.

The only specific point that I want to make is about habitat. He may have done so, but I did not hear my hon. Friend the Member for Hexham (Mr. Atkinson) mention in particular what habitats are more likely to support red squirrel populations than grey squirrel populations. My understanding is that coniferous forests are more likely than deciduous forests to support the grey squirrel. I hope that any further work of the Government and the Forestry Commission will give appropriate provision.

Mr. Atkinson: It is the other way round. The red squirrel likes conifers. They appear to prosper in conifers, perhaps because they are smaller than greys and are able to extract seeds from spruce trees and such, whereas the greys are bigger and perhaps more clumsy. The reds seem to do better with conifers, which is why Kielder forest, for example, is going to be a reserve.

Mr. Turner: I am grateful to my hon. Friend. That probably explains why I—or, rather, my dog—have found them in Northwood park in Cowes. I am pleased to say that squirrels are faster than terriers. There are a number of excellent species of coniferous conifers in Northwood park.

Red squirrels are widespread throughout the island, easy to see both in daylight and on reasonably light evenings. They are a great tourist attraction. If you want to see a red squirrel, Mr. Cook, I recommend that you, or any hon. Member, come to the island. You would not have to walk far from a convenient hostelry to see one.

2.57 pm

Chris Huhne (Eastleigh) (LD): I congratulate the hon. Member for Hexham (Mr. Atkinson) on securing the debate. He has been involved in a number of occasions in the past and, more recently, in the other place where there was a debate on the issue.

The issue raises a fundamental question of biodiversity within the United Kingdom and with a species in which we clearly have a considerable interest. Estimates that I have seen suggest that there may be as few as 160,000 red squirrels left within the United Kingdom, with somewhat upwards of 2 million grey squirrels competing for the same sorts of habitat. We have already heard a clear description of the means by which the red squirrel is gradually being chased out of traditional habitats within the UK, notably the pressure on resources—in particular habitats—but also the parapox or squirrel pox, which has the unfortunate effect of causing skin ulcers and lesions on the red squirrel but to which the grey squirrel has immunity.

The introduction of the grey squirrel from north America at the end of the 19th century has an exact parallel with other transatlantic migrations. We wrought havoc in America with human diseases and the invasion of Cortez. In the other direction, there is a direct parallel in agriculture, for example, with the importation of the phylloxera beetle into France and the destruction of the vineyards. With the exception of one small area of France, every French vine now grows on American root stock because of its immunity to diseases and particularly to the phylloxera beetle.

An excellent way forward would be to develop an immunity to the parapox virus or some means of ensuring that the red squirrel was better protected. Realistically, however, I fear that the time scale for research is inevitably uncertain, although I hope that we can do more to support the research that is being conducted into the problem.

I note that other suggestions have been made. Despite its robust animal welfare traditions, the Royal Society for the Prevention of Cruelty to Animals has not entirely set its face against the need for selective culling in order to protect areas for the red squirrel. I am afraid that that is something we have to do to protect habitats and, as my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith) said, establish buffer zones and sanctuaries for the red squirrels. We also need to consider the habitats directive and provide what protection we can for the red squirrels in that context.

There is a real sense of urgency. The hon. Member for Hexham is one of the few remaining MPs who, along with my right hon. Friend the Member for Berwick-upon-Tweed, represents an area in which the red squirrel is still extant in England. As has been mentioned, if more radical action is not taken to protect the red squirrel, there is a chance that within 20 years we will see a steady spread of the grey squirrel and a steady pushing out of the red squirrel from these islands altogether, with the possible exception of sanctuaries such as the Isle of Wight, which, as the hon. Member for Isle of Wight (Mr. Turner) rightly pointed out, has so far managed to preserve its peculiar advantages in that respect.

I hope that this debate serves as a wake-up call for the Government to take action along the lines that I have suggested in improving the research commitment and habitat protection, including selective culling where necessary, perhaps with a premium or bounty offered to foresters, in order to protect areas for the red squirrel so that it may thrive.

3.2 pm

Bill Wiggin (Leominster) (Con): I, too, congratulate my hon. Friend the Member for Hexham (Mr. Atkinson) on securing this important debate. It has been 10 years since his Adjournment debate that called for the control of grey squirrels and, I believe, two years since the last Westminster Hall debate on the matter.

Although some progress has been made, it is such a pity that the Government have not done more during that period. Indeed, the present Administration have quite a sad record on wildlife management. I hope that the decline of the red squirrel will be removed from the catalogue of errors that has included the increase of tuberculosis in wildlife. Moreover, the Government have failed to get the red squirrel included in the habitats directive, but that does not mean that it should not receive the same level of protection.

It would also be helpful if the Minister could update us on developments in the research into immuno-contraceptive vaccines for grey squirrels. I am curious to know how much of the £1 million the three-year fertility control project has devoted specifically to squirrels. I understand that the Government have been encouraging landowners to cull grey squirrels in certain areas where they pose a critical threat to red squirrels, but I am curious about the fact that the proposed measures, which include giving the grant to woodland owners, will be rolled out for only three years. Thousands of red squirrels could have disappeared from England by then, and the measures could prove to be too little, too late. Can the Minister let us know what information he has on the extent to which private landowners are managing the grey squirrel population?

It is difficult to see how we can save the red squirrel without some control of the grey squirrel population, as the latter has two distinct advantages that are causing the red squirrel to decline. The first is the survival of the fittest, and the second the fact that the grey squirrel is a carrier of the parapox virus, which we have heard about in this debate. We know that the dreadful parapox virus has played its part in the demise of the red squirrel and that the grey squirrel is immune to its deadly effects.

There is an especially urgent need to learn more about the virus and how to fight it, because there are reports that it is beginning to penetrate the red squirrel's heartlands, in the Kielder forest. If the virus should become endemic to the area, there would be a serious and possibly irreversible decline in England's red squirrel numbers. I am consequently keen to hear from the Minister what studies are being carried out into these differences and into the mode of transmission and whether there has been any progress in searching for a parapox cure. I am aware that the Moredun research institute is doing a lot of work in this area and I would be interested to know whether the Government intend to commission it to continue and to conduct further research.

We have much to learn from existing research, but there is far more work to be done if we are to save the red squirrel population. We are running out of time and it would be a terrible tragedy if the Government did not get it right. The red squirrel evokes considerable emotion among the public, not just because of its underdog status but because of its iconic status immortalised by Beatrix Potter. I have very young children, and it is probably worth mentioning briefly that Squirrel Nutkin, who is a red squirrel, is not a particularly good squirrel compared with Timmy Tiptoes, the grey squirrel, who, although greedy, is a better behaved squirrel.

I also note that in April the Heritage Lottery Fund contributed £626,000 of the £1 million going into the "Save Our Squirrels" project as part of the Red Alert North England partnership. Will this be sufficient to halt the decline? The red squirrel is an essential part of England's heritage and to lose it would send out all the wrong signals and be a disaster for conservation, as well as for our heritage and for our biodiversity. Over our own lifetimes, I am sure hon. Members have noticed how increasingly unusual it is becoming to see red squirrels, even in their few remaining most populous pockets. Clearly, the challenge and way forward now is to find and develop effective conservation methods, many of which have been raised in this debate, if the red squirrel population of England and Wales is to avoid its predicted fate.

This year marks the 130th anniversary of the introduction of grey squirrels into Britain and with that the beginning of the slow decline of native red squirrels. Who would have thought back in 1876 that the handful of greys from north America, introduced into the woodlands of Cheshire, and subsequent introductions would have placed the red squirrels in the position of peril and near extinction that they face today? Indeed, three years ago a DEFRA report stated that the extinction of the red squirrel in England and Wales was likely in the foreseeable future. I am sure that this is something that nobody wishes to see.

While it is estimated that the red squirrel population throughout the UK is 160,000 and in England stands at around 20,000 but could be as low as 12,000, the greys have flourished with their numbers heading swiftly upwards towards the 3 million mark. With such a contrast in fortunes, we must do what we can primarily to maintain, and then if possible increase, our red squirrel numbers. There are so many species that are native to Britain which were once abundant and are now threatened with extinction, but I hope that it is not too late for the red squirrel.

With that in mind, I mention that back in 2004 in a written answer, the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Exeter (Mr. Bradshaw), confirmed that there had been no assessment made of the changes to the red squirrel population over the last five years, and English Nature stated that the population knowledge was poor. I should therefore be grateful if the Minister could let us know whether that is still the case. I will be disappointed if it is, as there are no precise figures for the red squirrel population although there are for some of the other biodiversity action plan priority species.

[Bill Wiggin]

Aside from Scotland where the majority of reds in the UK live, the Isle of Wight, northern England, Anglesey and Brownsea island can also boast a reasonably strong presence. However, to preserve these strongholds we must see stringent measures adopted. In this respect, I broadly welcomed the "Grey Squirrels and England's Woodlands: Policy and Action Statement" announcement on 22 January which aimed to manage the risks presented by the grey squirrel.

Nevertheless, I was curious to know why the Government decided only this year to encourage the Forestry Commission to focus its efforts on disrupting the grey squirrel population. Only back in April 2003 did the then Secretary of State for Environment, Food and Rural Affairs, the right hon. Member for Derby, South (Margaret Beckett), say that the Government's emphasis is on protecting current red squirrel habitats, rather than interfering with the grey squirrel. Perhaps the Minister will be able to enlighten us on that change in Government policy.

3.9 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Barry Gardiner): I congratulate the hon. Member for Hexham (Mr. Atkinson) on securing this debate on the red squirrel. Perhaps appropriately, the species' greatest stronghold, Kielder forest, lies in his northern England constituency. The decline of red squirrel numbers was the subject of a debate in another place about three months ago. I share the widespread desire expressed then and today in this Chamber to see the red squirrel maintained as part of our native wildlife, although, as was acknowledged by Earl Peel and others, it is unrealistic, at least in the foreseeable future, to envisage the eradication of the grey squirrel to enable the red squirrel to re-establish itself across its original range.

Although the red squirrel is certainly not at risk in continental Europe, its decline here over the past 50 years means that it is at risk in the UK. That is why the red squirrel is offered strong protection in the UK under the Wildlife and Countryside Act 1981, which makes it an offence intentionally to kill, injure, take or sell the animal, or to destroy, damage or obstruct access to its breeding place. It is also the subject of a species action plan as part of the UK biodiversity action plan. I say that in response to a number of suggestions by hon. Members this afternoon that because it is not listed in the annexe to the habitats directive, it is not protected to the same degree as species that are. In fact, it is afforded such protection under the Wildlife and Countryside Act within the UK. I hope that that provides some reassurance to right hon. and hon. Members.

Mr. Atkinson: I am grateful to the Minister for that explanation. There is a feeling that if the red squirrel were put into the annexe, that would trigger a greater interest in Europe in its future survival. As he says, the species is not endangered at all in continental Europe, except in Italy. People campaigning for the red squirrel believe that that would be a useful thing to do, and would help to raise funds.

Barry Gardiner: I am grateful to the hon. Gentleman for those remarks. In fact, the Commission has signalled a review of the directive's annexes to update them, based on the latest scientific evidence, over the next few years. It may well be that that is an appropriate opportunity to get Europe more engaged on the matter. I certainly share the hon. Gentlemen's sentiments.

Bill Wiggin: Can the Minister therefore give us an assurance today that he and, if he is not in post, his successors, will ensure that the red squirrel in included in the habitats directive?

Barry Gardiner: What I can say to the hon. Gentleman is that we shall do absolutely all that we can to ensure that the red squirrel is protected and preserved. If the opportunity should present itself within the revision of the annexes, and if that proves to be an efficient way of achieving the objective that everyone in the Chamber this afternoon shares, it is of course something that we should, and will, consider.

What we are talking about now, however, is how we can safeguard and preserve those remaining viable populations of red squirrels. In England, there are two areas where viable red squirrel populations remain: in the south, on the Isle of Wight, as we have heard, and Poole harbour islands, and in the forests of northern England. In both regions, partnerships involving private landowners, local authorities and conservation bodies are working together to try to save the red squirrel. The Government play a key role in such partnerships, as a land manager and funder and by providing expert advice. On the whole, the debate this afternoon has been extremely good natured and focused on the same aim, although I was somewhat disappointed that the hon. Member for Eastleigh (Chris Huhne) said that the Government needed a wake-up call. In fact, the Government have been heavily engaged in the issue and earlier this year, as he may know, launched their action plan in January on the red squirrel. The Government have not been standing idly by, as he and the hon. Member for Leominster (Bill Wiggin) might have suggested.

In both regions, the partnerships involving private landowners, local authorities and conservation bodies working together to save the red squirrel are critical. The Isle of Wight Red Squirrel Forum, led by Isle of Wight council, has led a wide range of initiatives including the monitoring of the red squirrel population. It has prepared contingency plans for dealing with any incursion of grey squirrels, and those plans have already successfully been put to the test, albeit, fortunately, by a false alarm. The contingency plan sprang into action and there was an invasion of people with the appropriate measures for dealing with a grey squirrel incursion before it was found that there was no threat.

Grants totalling £735,000 have supported the creation of 210 hectares of new woodland by landowners on the Isle of Wight. The new woods link areas of existing woodland, much of which is managed by the Forestry Commission to favour red squirrels. The links have increased red squirrels' ability to move around, as they are a species that prefers to keep to the

trees rather than travel on the ground. They have also been helped by the introduction of rope bridges to cross busy highways.

The work to maintain red squirrels on the Isle of Wight is a good illustration of what can be done through co-operation between local communities and organisations and national bodies. Co-operation between a wide range of bodies is equally key in the north of England, where there is no water barrier to protect the reds and where the greys have advanced inexorably through mixed woodland in the past 20 years. Research by Newcastle university has shown that the best chance for red squirrels to survive is in large coniferous forests that are unsuitable for greys. The Red Alert North England partnership has brought together private landowners' representatives, the wildlife trusts, national park authorities, DEFRA, English Nature and the Forestry Commission to work together to preserve the remaining red squirrel population.

Based on research evidence the partnership has produced the north of England red squirrel conservation strategy, which identifies 16 red squirrel reserves where it believes the red has the best chance of long-term survival. Those reserve areas and the surrounding buffer zones now have management guidelines to help landowners and managers to conserve red squirrels.

3.17 pm

Sitting suspended for a Division in the House.

3.32 pm

On resuming—

Barry Gardiner: Research is under way to identify likely grey squirrel incursion corridors. It will provide a scientific base for targeting grey squirrel control measures. The scale of management already under way reflects the severity of the situation. In Kielder forest, the largest of the reserves, which extends to an area almost 1.5 times the size of the Isle of Wight, large-seeded broadleaf species such as oak, which favour the grey squirrel, are no longer being planted. Felling and replanting take the red squirrel's needs into account, and Norway spruce is being planted so that red squirrels need not rely solely on the cone crop from Sitka spruce.

The Red Alert partnership has been successful in its bid by the Northumberland Wildlife Trust to the Heritage Lottery Fund, to which hon. Members have alluded, for £626,000 to help to deliver its £1.1 million three-year project plan. One of the plan's key elements is the recruitment of a team to help and encourage landowners in the buffer zones to undertake habitat management and grey squirrel control. The project manager has been appointed and further staff are being recruited. Delivery of the partnership's plans will proceed in earnest in early autumn.

We are also helping with support provided by the Forestry Commission through the English woodland grant scheme. There has been a healthy demand in the north-east for the £30,000 available under the woodland improvement grant, which provides up to 80 per cent. of the cost of conservation work in red squirrel reserves and buffer zones. In response to the questions of the hon. Member for Hexham about future funding, I am pleased to tell him that next year's budget for such grants in the north-east and north-west will total £50,000. Alongside that, the woodland management grant can contribute to the cost of woodland management to favour red squirrels.

The Rural Development Service in the north-east has received an application for assistance under the rural enterprise scheme for a red squirrel protection group, which will be considered soon. Although the application was made independently, the Red Alert partnership has been working with the applicant to co-ordinate their efforts, and it supports the application.

It is impossible to consider the red squirrel without considering the grey, which in one way or another appears largely responsible for the red's displacement. In another place, Lord Inglewood gave DEFRA Ministers an invitation to dine on grey squirrel in a hotel in the Lake district. Even if his offer still stands, I would find it difficult to say that I am tempted. I understand from the hon. Member for Leominster that squirrel was Elvis Presley's favourite dish, but it would certainly not be mine and would probably put me off his music for a long time.

Mr. Atkinson: At the risk of a further 500 letters, I have to say that I have actually tasted grey squirrel—they eat it in America. Although there is not a lot of meat on it, to say the least, it tastes rather like chicken and is quite palatable.

Barry Gardiner: The hon. Gentleman began the debate by saying that a decade ago 500 of his constituents had written to him saying—

Mr. Atkinson: They were not my constituents.

Barry Gardiner: Five hundred people from across the country wrote to him saying that he was a cruel and evil man. I cannot imagine what his postbag will grow to now.

I understand that Gordon Ramsay has cooked grey squirrel and offered it to the public, but, as Minister responsible for biodiversity, I do not feel able to promote eating a grey squirrel to save a red one. The relationship between red and grey squirrels is not straightforward. It is not simply the case that greys drive out reds, as they have been known to live in the same area for up to 50 years. However, it appears that, in the end, greys do displace the reds.

Some grey squirrels carry the squirrel pox virus, as has been mentioned by hon. Members this afternoon. Although they appear to be unaffected themselves, the virus can have a devastating effect on the red squirrel population and accelerate the red's displacement by up to 20 times, as the hon. Member for Hexham said. The squirrel pox virus is a worrying development and the Forestry Commission organised a workshop to develop ideas for further research, which funding agencies are examining closely.

The Forestry Commission and DEFRA are collaborating on research into the use of the immuno-contraception as a method of controlling the grey squirrel population. That is part of a larger DEFRA-led project looking at fertility control methods for a range of problem species. The work on squirrels is based on methods recently

[Barry Gardiner]

developed in the United States where a single-dose vaccine remains effective for a number of years. For a number of years in the USA, that vaccine has been administered successfully by injection, but of course injection is not an option for squirrels. We are looking therefore at oral delivery systems, which also are being developed in the United States.

Obviously, we need to ensure that drugs are fully tested and trialled before they are put into a context in which UK wild animals might come across them, that they are effective on the target species and that they can be administered safely without adverse effects on other wildlife and of course humans. One problem is that the vaccine is not species-specific so initial work is concentrating on identification of the best carrier bait and the means to prevent access to the bait by other animals, including red squirrels. It is hoped that sufficient progress will be made for enclosure trials between 2006 and 2008. Clearly, however, it is a difficult problem and we would be foolish to act precipitately, before we are absolutely sure of the science.

As I said earlier, our policy for the control of the grey squirrel in woodland prepared by DEFRA and the Forestry Commission was published on 22 January. It sets out a framework for controlling grey squirrels so that populations are held at a level that does not threaten our native woodlands and priority species. The policy articulates a comprehensive policy and action programme, recognises the wider impact of grey squirrels on priority species and woodland habitats, develops a framework and rationale for targeting action where it will be most effective, and promotes new areas of research. Those new research areas are of particular interest. Scientists from DEFRA and the Forestry Commission are following new developments overseas, particularly in the United States where they have been looking at those matters carefully. They are now investigating fertility control agents for managing wild animal populations. Work will continue on that, but we will not see success overnight.

Previous work on immuno-contraception involving the university of Sheffield ended without success, but demonstrated the difficulties of delivering an effective vaccine in sufficient quantities to wild animals. Non-lethal population control measures alone are not guaranteed to be an effective control and most likely we would need lethal control to reduce numbers before non-lethal methods were used to maintain populations at a reduced level.

Looking a little wider, responsibility for red and grey squirrels in Scotland and Wales lies with the relevant Administrations. However, as squirrels can and do move across borders, I can assure the House that experts in the field work in close co-operation. The hon. Member for Hexham spoke about dangers from the north, which have been a feature of life in Hexham for 1,000 years or more, but dangers from the north are very real to the population of red squirrels. A costed action plan is being prepared in Scotland to implement the Scottish squirrels strategy, which aims to maintain viable populations of red squirrels across their current range in Scotland. In Wales, there has been considerable success in saving and expanding the red squirrel population on Anglesey. That has involved the culling of more than 6,500 grey squirrels, but the greys remain and continued vigilance and control will be required to keep them in check.

Preservation of red squirrel populations is not something that the Government can achieve on their own, but we are taking a lead and will continue to do so. Many people love grey squirrels, but the reality is that they are a problem for some of our most threatened native species, such as the red squirrel and the dormouse. It is not realistic, practical or even desirable to eradicate grey squirrels completely, but we must effectively control them if we are to preserve our population of reds and the biodiversity that they represent.

3.41 pm

Sitting suspended.

Dentistry

4 pm

Mr. John Leech (Manchester, Withington) (LD): First, I thank Mr. Speaker for giving me the opportunity to raise the important issue of the availability of dental appliances under the new national health service contract. I look forward to hearing the Minister's response to the legitimate concern of the dental laboratories profession that the new contract is damaging their industry and, equally importantly, the service provided to patients on the NHS.

Mark Hunter (Cheadle) (LD): I appreciate that my hon. Friend is at an early stage in his comments to the House, but on that point about patient service, does he agree that NHS dentistry is already in great difficulty, with residents in many constituencies such as mine being unable to obtain an NHS dentist, and that any further obstacles are likely to have catastrophic consequences for NHS dentistry in those areas?

Mr. Leech: I agree. I am well aware of the problems in Cheadle, because a number of my constituents used to access NHS dentists there and are now unable to do so.

I shall focus on three points: first, the impact of the new contract on the availability of certain treatment on the NHS, dentists' decisions to provide cheaper and less effective treatments, and the knock-on effect on dental laboratories; secondly, the influx of cheaper dental appliances from abroad; and finally, the lack of information given to patients about their entitlement to certain dental work.

There are about 2,700 laboratories in the UK, providing dental appliances to dentists in the NHS and in private dental practices. Seventy per cent. of all dental appliances produced in UK laboratories are made for the NHS, so it is fair to say that any Department of Health decision on dentistry will affect the laboratories and their employees.

The sector employs about 10,000 technicians and a further 11,500 administration and support staff, and the industry operates in one of the few remaining UK manufacturing sectors that still compete against imports. However, the new contract and the threat from overseas competition make the future of the industry look bleak.

The new dental contract aims to simplify the charging system through the use of three bands: diagnosis, treatment and provision of appliances. As such, all work prepared by the dental laboratories falls within band 3. The cost of each appliance to the dentist varies dramatically, but some dentists pick the least expensive items available in band 3, instead of the most appropriate appliance for a patient's dental needs.

The patient is treated and the dentist gains their required unit of dental activity target, but at a minimum cost. For example, many patients requiring a crown, which perhaps costs £80 from the dental laboratory, are instead being offered single-tooth dentures, which might cost only £20 from the laboratory.

A survey carried out in May of 200 members of the Dental Laboratories Association discovered that orders for single-unit crowns had decreased by 44 per cent. compared with the same month last year, while the amount of one-tooth denture work had increased by 61 per cent.

It is widely accepted that, when feasible, a crown is more appropriate than a single-tooth denture, but there are significant health benefits in avoiding a denture. Although the denture might provide the aesthetic appearance of a natural tooth, it has many more potential complications: the patient may be unable to keep it in their mouth, or it may cause speech problems, compromise other teeth or strip gum tissue away from healthy teeth.

The overall results from the new contract have been startling and prove pretty conclusively, I would argue, that certain dental appliances are not being provided by some dentists under the new contract, and that more people are being forced to go private to receive the treatment that they require.

The May survey showed that NHS denture work had decreased by 79 per cent., and private denture work had increased by 52 per cent. NHS chrome work had decreased by 91 per cent. and private chrome work had increased by 21 per cent. NHS bonded crown work had decreased by 79 per cent. and NHS precious bonded crown work had decreased by 86 per cent. Veneer work had decreased by 73 per cent. and yellow gold metal work had decreased by 38 per cent. in the NHS. Non-precious metal crown work had decreased by 61 per cent. Private bonded crown work had increased by 17 per cent. The number of dentists still providing NHS denture repairs had decreased by 34 per cent.

The Minister cannot argue that she was not warned that that would happen, because in December 2005 she received figures from a survey carried out in the pilot area in September that year. They produced pretty similar results.

One of the core problems with the new contractual arrangements is the significant balancing act that dentists must carry out to ensure that their monthly payment covers the cost of providing a comprehensive NHS dental service while still providing a profit for the practice and a salary for the dentists.

The laboratory fee is a substantial element of a dental practice's budget, so it is in the interest of the dental practice to shop around for the best deal. However, the best deal often means sourcing appliances abroad. In fact, over the past four years, the market for overseas dental appliances has grown substantially. Estimates are that 10 per cent. of UK dental appliances are supplied by overseas laboratories.

In the UK, the Medicines and Healthcare Products Regulatory Agency allows dental appliances made overseas to be supplied to the UK as long as they have come via a laboratory in Europe that is registered to comply with the medical devices directive. The process is not one of proactively seeking to ensure that overseas dental appliances are being made in accordance with the directive. Without assessing the individual laboratory and checking the materials that were used at the time of production, a laboratory that receives dental appliances from an overseas laboratory cannot prove that the device has been made

[Mr. Leech]

in accordance with the directive, so patients are potentially at risk. They could be supplied with dental appliances on which there was no information about the materials used or who produced and supplied them.

It is imperative that we ensure that patients are aware of what treatment they are entitled to, and what they are receiving. It is important that patients should be made aware that a crown is available instead of a single-tooth denture. If a dentist tells a patient that they need a single-tooth denture, most will assume that that is the most appropriate treatment. I know that if I were to go to the dentist, and if the dentist told me that that was the most appropriate treatment, I would assume that that information was correct. However, some dentists are making decisions based not on clinical need, but on financial considerations.

There is also a lack of awareness about payment for treatment. I have heard of several cases in which patients have had some work done and there have been significant delays in carrying out the rest of the work. Appointments have been made for three months later, so patients have incurred a charge a second time, even though there was a perfectly good reason for doing the work on the first visit or within the three-month time scale.

The new contract encourages dentists to offer cheaper alternatives and to drag out treatment time, rather than to provide the most appropriate treatment as quickly as possible. I therefore hope that I shall receive some assurances from the Minister on raising patient awareness, and some commitment to assessing the impact of the new contract on the provision and availability of dental appliances under the new NHS contract.

4.9 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate the hon. Member for Manchester, Withington (Mr. Leech) on raising this significant issue. Dental health is an important part of our public health strategy. There have been major improvements in oral health in recent years. Between 1978 and 1998, the proportion of adults with no natural teeth, who need full dentures, declined from 37 to 11 per cent. However, as the hon. Gentleman pointed out, a reliable supply of well-made dental appliances remains essential to the delivery of high-quality dental care, which is where the dental laboratories can make their contribution.

As the hon. Gentleman said, there are about 2,000 dental laboratories in England, which manufacture dental appliances, including dentures, bridges and crowns, to a dentist's prescription. Last December, I met members of the Dental Laboratories Association, which represents most of those laboratories, and we discussed the reforms in some detail. Following that, I invited the association to join the implementation group that I have established to review the new commissioning arrangements and to help to ensure that they are achieving their objectives.

The hon. Gentleman talked about the new contract and the result of it. In his constituency, only one contract was rejected, which represented 0.7 per cent. of NHS activity. The point about the new system is that the money that would previously have been given to a dentist who did not take up the contract is now available for recommissioning locally, so his local primary care trust should be using that money to recommission dentistry. We saw from the pilots that over a longer period it is often possible for freed-up capacity, resulting from the new ways of working, to be used to take on extra people, so that more people can see an NHS dentist.

Mr. Leech: It is a fact that only one contract was not signed, but it is also a fact that constituents of mine still have real difficulty in accessing an NHS dentist. I have had to deal with a number of cases in which, despite following all the normal procedure, people have not been offered a dentist, and it has taken the intervention of their local MP to find them one.

Ms Winterton: I know that in the past there were big problems with the ability to access NHS dentistry in some parts of the country, but the changes mean that if a dentist leaves the NHS, that money can remain at local level and be used for recommissioning. In the past, the money would have disappeared from the area. Because of the new ways of working, there will be extra capacity so that more people can see an NHS dentist.

Mark Hunter *rose—*

Ms Winterton: I am anxious to make progress, given that the hon. Member for Manchester, Withington initiated the debate and we have only 30 minutes for it. I want to respond to some key issues that he raised about the impact of the new commissioning arrangements on dental laboratories.

Under the new arrangements, PCTs commission a defined annual level of NHS services from dentists, in return for which dentists receive an agreed annual contract value, paid in monthly instalments. I am sure the hon. Gentleman knows that, previously, a dentist was paid only for each intervention. The new arrangements put the system on a much more stable footing. A dentist is paid to look after the individual needs of his or her patient. The annual level of service that dentists must provide is measured in terms of courses of treatment, rather than individual items.

In recognition of the fact that some courses of treatment are more complex and costly than others, the system divides courses of treatment into three broad bands, each with a different weighting—units of dental activity, as they are called in the regulations. The bands are the same as those that determine a patient's charge, and the hon. Gentleman will know that there are three such bands: £15.50, £42.40 and £189. The highest band, band 3, covers the most complex procedures involving the prescription of dental appliances such as crowns, bridges or dentures. Such treatment carries 12 units of dental activity to compensate for the additional time and laboratory costs.

Inevitably, in an averaging system, dentists will find that some band 3 courses of treatment are more costly and complex to provide than the average while others are less costly. However, averaged over a year, the cost to dentists should be lower than in the past. There should be no financial deterrent to dentists to provide the full range of dental care required by a patient with complex treatment needs.

Mr. Leech: Will the Minister give way?

Ms Winterton: Let me make this point. It is important to remember that NHS dentists are contractually obliged to provide all the dental care and treatment that their patients require. We expect the great majority of dentists to behave professionally in that respect and we trust them to provide the proper care to patients. There is remuneration for that care and it is no longer calculated on each individual service provided. Dentists are now paid monthly to look after a set number of patients, and the UDAs that they accrue in complex procedures reflect the fact that those are more costly.

If there were evidence that some dentists were failing to provide the necessary care, patients could complain to their PCT, which should take the matter up with the dentist. We would expect it to do so. PCTs can monitor a dentist's activity and they have a duty to investigate if it appears that he is providing fewer treatments than his patient profile suggests are necessary.

Mr. Leech: I thank the Minister for giving way a second time, but does she not agree that the fact that dentists can provide a cheaper alternative is an incentive for them to do so? The figures provided by the Dental Laboratories Association suggest that some dentists are doing just that.

Ms Winterton: I reiterate that cases such as the hon. Gentleman described, of patients having appliances fitted that fell out or made their gums bleed, are unacceptable. If he and the Dental Laboratories Association have evidence of such cases, they should put it to the local PCT and make a complaint, which is the required course of action.

I do not accept that dentists would give in to an incentive and get a few bob more by providing the wrong appliances. That would be unacceptable, and we would need to be firm about it. As I have said, there are mechanisms for the individual patient to complain and for the PCT to monitor dentists. If treatment patterns change, the PCT should investigate. Dentists are professional people and we expect them to behave professionally.

The hon. Gentleman suggested that unscrupulous dentists are breaking up courses of treatment so that they cover more than the two-month period in which patients can return for corrective treatment without incurring a new patient charge. There is no financial benefit from such bad practice to dentists under the new system. Under the old system, the number of patient charges collected by dentists was one determinant of their income. Under the new system, dentists contract with PCTs to provide the totality of patients' dental care, with an agreed contractual sum that is not affected by the number of treatment courses that patients undergo.

I hope that patients will become increasingly alert to any attempts at sharp practice. We have gone to great lengths to publicise the new charging arrangements. We have distributed leaflets and posters to dental practices and other health service premises, and to public libraries and citizens advice bureaux. There is also information on the Department's website and on the websites of bodies such as the British Dental Association and the British Dental Health Foundation.

The hon. Gentleman mentioned imported dental appliances. I agree that proper regulation is needed—that is something that we have considered before. The European Community medical devices directive is enforced in the UK by the Medicines and Healthcare products Regulatory Agency, and it meets that requirement. Under the directive, appliances prescribed by UK dentists from a laboratory outside the European Community must be approved by an authorised representative working in the UK. That representative could be a dental technician working in a laboratory registered under the directive or a registered dentist who—if satisfied with the quality of the appliance—is required to issue a certificate of compliance with the directive.

However, to strengthen the requirement further, we have ensured that the new general dental service regulations require the contractor's patient records to include the certificate of compliance for any dental appliance provided. That means that all the information about an appliance will be readily available for inspection by the PCT. So, if there are complaints, the mechanism exists to ensure that the PCT can examine what has been supplied and satisfy itself that the appliance meets the correct standards.

I intend that the effects of the reforms should be monitored. The hon. Gentleman mentioned the previous personal dental services pilots. The evidence from them was that, in some areas, overall activity lessened, which is why we have introduced measurement by UDA. That will allow us to ensure that any spare capacity is used to allow more people to have access to an NHS dentist and that activity is maintained. The evidence from the pilots showed a certain drop in activity at first, but as they progressed, activity increased, as I have described.

Mr. Leech: That is true, but activity levelled out over the period of the pilots, and over the full period of the pilots there was a significant overall decrease. Does the Minister agree that the figures from the recent May 2006 survey suggest that the new contract has not resolved the problems that appeared in the first few months of the pilot?

Ms Winterton: I do not agree. I do not believe that, as the new system to monitor activity beds down, there will be a vast falling off over time, because there is the ability to look at both the prescribing of appliances and the patient profile.

It is important to put all those things together and say that we should pay the dentist to look after the holistic needs of the patients, not just for each filling and so on. Dentists should look at the patient and decide what is best. If what is not clinically appropriate is prescribed, that is wrong. We should be prescribing what is clinically appropriate, including appliances. That, combined with the monitoring, through the UDA system, of the work that dentists are carrying out should ensure that the same number of appliances are prescribed.

However, I have been keen to monitor the effect of the reforms. That is why we have established an implementation group to ensure that the new commissioning objectives that we have set out are met. The Dental Laboratories Association is on that review group, which will be given information on prescribing

[Ms Rosie Winterton]

patterns since 1 April as soon as we have sufficient data to establish any trends. I am not sure what the hon. Gentleman was referring to in relation to May—with the new contract coming in, there would not have been enough time to notice any difference by then—but we expect to have something by September.

If the data show that dentists are not prescribing all the dental appliances for which their patients have a clinical need, we will be able to obtain further information from patient inspections conducted by the dental reference service, which is an important part of the protections that the hon. Gentleman seeks. The DRS is a team of experienced dentists who are charged with ensuring that NHS dental treatment is necessary and carried out to satisfactory standards.

Each year, DRS dentists examine more than 80,000 randomly selected patients. The DRS might be asked to target patients who have undergone extensive courses of treatment under band 2 to see whether an appliance such as a bridge or crown has been clinically indicated but not given, or patients in band 3 to ensure that an appliance has been appropriately prescribed.

That gives a measure whereby we can say whether there are any indications that the prescribing of appliances is not taking place as we think it should be. That is another measure—this time at the national level—to ensure a check. So, there is a check at the patient level, the PCT level and the national level.

I understand the points that the hon. Gentleman made. I hope that I have reassured him that we have not taken the representations from the dental laboratories lightly.

Mark Hunter: Will the Minister briefly address my comments on the lack of access to NHS dentists, which is an increasing problem in many constituencies?

Ms Winterton: As the hon. Gentleman will remember, I addressed that issue when I said that, overall, the reforms that we have put in place mean that, whereas previously there was no money left at the local level to replace dentists who left the NHS, that situation has been turned round. Investment in dentistry in the hon. Gentleman's constituency has increased by 23 per cent. over the past few years.

I hope that I have set out the safeguards that we have put in place, which the implementation review group will want to monitor closely. If there is any evidence of an inappropriate decline in the prescribing of dental appliances, we have the resources to investigate the problem and a forum for devising remedial action.

Wood Panel Industry

4.30 pm

Mr. Martyn Jones (Clwyd, South) (Lab): I am grateful for the opportunity to debate this issue. First, congratulations are in order to the Department of Trade and Industry and the Government on giving such high priority to energy issues and the question of Britain's future energy provision. In this era of increasing emissions and climate change, taking steps now to reduce the negative effects of our energy consumption has never been so important.

Today, I want to draw attention to an aspect of our energy policy that I believe has been overlooked and which has the potential to inflict serious damage on one of the greener industries in the UK. The renewables obligation, introduced in 2002, requires all commercial electricity suppliers to generate a specific and increasing proportion of their energy from renewable energy sources.

A supplier can demonstrate compliance with the obligation by the redemption of renewables obligation certificates, which are issued to accredited generators for each megawatt-hour of eligible generation. Alternatively, suppliers can pay a buy-out price, originally set at £30 per megawatt-hour but subsequently adjusted in accordance with the retail prices index. Renewables obligation certificates can be traded and provide a financial incentive for generators to reduce their dependence on fossil fuels. It is laudable that the renewables obligation is stimulating the growth of the renewable energy market and encouraging Britain's more conventional electricity generators to consider alternative technologies and methods as well as contributing financially to their development. I understand that the renewables obligation has been particularly successful in driving the development of onshore wind technology.

An unintended consequence of the obligation and the financial support that it offers to electricity generators is that it threatens the survival of the UK's wood panel industry by introducing subsidised competition for the same timber resources that are the lifeblood of that industry. Panel producers use as raw material timber-based materials including sustainable forest products, sawmilling products such as chips and sawdust and post-consumer recycled wood to produce chipboard, oriented strand board and medium density fibreboard, or MDF, which, as you might remember, Mr. Cook, was popularised by the BBC's "Changing Rooms" in the DIY boom of the late 1990s. On the other hand, you might not remember.

Aside from DIY, the main markets for the industry's products are furniture production and construction, and with a turnover of more than £650 million the UK's eight manufacturing facilities produce nearly 3.5 million cu m annually. Together, UK wood panel manufacturers supply between 70 and 80 per cent. of our national market. It is a high-volume, capital-intensive industry, and it directly and indirectly employs about 7,000 people, several hundred of them in my constituency at Kronospan.

Next to the sawmill industry, wood panel manufacturers are the largest consumers of wood raw materials sourced from UK sustainable forestry and reprocess some 90 per cent. of available recycled wood into boards, promoting carbon storage while preventing a reusable resource from going to landfill. Those timber-based raw

materials are in greater demand than might be imagined since the introduction of the renewables obligation. Some UK generators have turned to the same timber products as a valuable source of biomass fuel. In fact, I was on a Welsh Affairs Committee visit in Aberthaw power station when we were considering energy in Wales, and I saw mounds of perfectly clean sawdust being burned in the power station, mixed with coal.

Other fossil fuels can also be used in conjunction with wood and sawdust. In return, the power stations get renewables obligation certificates that, as I described earlier, can be sold on to other electricity providers at a higher price than producing the electricity itself offers. It is a profitable way of generating electricity and the UK energy industry has caught on. The award of renewables obligation certificates to coal-firing generators has risen by 392 per cent. in the past two years and now represents one fifth of all certificates that have been issued.

The point is not the use of fuel, which has gone on since mankind inhabited caves, but the provision of financial support for the use of a raw material that is known to be essential for use in product manufacture by a generating technology that is not new and in which relatively little investment is required for co-firing. The issue, therefore, is about scale and the potential for wood-supply distortions as a consequence of co-fired power stations moving towards an increased use of UK-sourced wood.

One study funded by the Minister's Department shows that, with the aid of subsidy, co-fired power stations have acquired the potential to outbid the panel industry in the price that it can economically pay for its wood raw material. That potential also exists with purpose-built, biomass power stations, but to a lesser degree. Such competition has the effect of forcing up the price, which on the one hand may provide a needed benefit for forestry, but which equally erodes the competitiveness of wood processing industries.

The wood panel industry operates on low margins and is subject to significant foreign competition, so its ability to pay more for that resource is therefore limited. It is also struggling at the moment with energy prices, as are many energy-intensive industries. If the wood panel industry and, potentially, other wood-processing industries were to be forced out of business, the consequences for the forest-based supply industry and downstream users could be severe.

Timber supply is not something that can be quickly or easily increased. I am informed that on paper there should be more than enough wood available in the UK to supply both the existing industries and the developing wood fuel market. Much of the potential biomass is not, however, either economically or physically available due to ownership, terrain and infrastructure issues. Furthermore, most combustion plant is restrictive as to the specification of fuel that can be burned.

The statistics that we have on wood availability show that there is already tightness in the supply of sawmill product. As a consequence, price rises have been incurred and wood panel producers are reporting lower than average availability of small roundwood. In that context, it is worth noting that Drax Power, for instance, has been sourcing wood from the Kielder forest, a key source of supply for wood panel producers. There is little scope for the amount of wood types quoted earlier to expand in the present climate, and importing wood for wood panel manufacturing is not an option. We will end up importing wood panels, to the detriment of our industry and our balance of payments.

I understand that co-firing has been supported in order to stimulate the development of the energy crop market, which is an extremely commendable aim but, unfortunately, to date it has been less than successful. In the absence of significant volumes of energy crop on the ground, and with questions being asked about the sustainability of importing biomass fuels for co-firing, what biomass fuel would generators turn to?

The wood panel industry fears that, as suggested by the terms of reference of the co-firing review, if co-firing were to be encouraged further to provide a greater contribution towards renewable energy objectives, the potential would be there for the rapid demise of the wood panel industry because there would be a period before sufficient energy crop was available when demand for timber would outstrip supply. It is an esoteric point, but it is essential that the Government grasp it because of the dire consequences for the industry if they do not.

I will not dwell on the environmental case, but although co-firing with biomass might be more environmentally sustainable than sole reliance on fossil fuels, it still pollutes more than alternative sustainable technologies. Co-firing is also extremely inefficient, with combustion efficiencies only 33 to 37 per cent. when co-fired with coal. Co-firing is marginally cleaner than reliance on fossil fuels, but not so green that UK energy policy can afford to turn the lights out on a responsible and environmentally conscious industry such as the wood panel industry.

On support mechanisms, the renewables obligation had an objective to support the development of new technologies, which is surely not a claim applicable to co-firing. Although it is understood that the RO has failed in a number of respects, I ask whether it is an appropriate mechanism for the support of co-firing, especially as the energy sector could receive substantial benefit from carbon credits awarded under the EU emissions-trading scheme. To compound the problem, in the future if the large combustion plant directive encourages co-fired power stations to convert to 100 per cent. biomass, demand for UK wood waste supplies could far outstrip supply. Without substantive action taken now, the wood panel industry's days are numbered.

The current strain placed on the wood fibre market could be alleviated considerably by reducing the general obligation for biomass combustion in co-firing, and at the same time removing barriers and further incentivising energy crops such as short-rotation coppice or miscanthus. More energy crops would mitigate against the potential crisis faced by the wood panel industry and further incentivise existing energy generators to convert to sustainable sources of biomass. It is clear that energy crops must be encouraged if energy generators and the wood panel industry are to co-exist.

There are a great many possible solutions to the problem that would allow the renewable energy sector and the wood panel industry to flourish alongside one another. Providing push incentives for the supply side of the equation as well as pull incentives is worthy of consideration. In terms of broader biomass policy, I am

[Mr. Martyn Jones]

told that many millions of tonnes of biomass currently go to landfill, and I wonder what consideration is being given to using that discarded material as a fuel.

As I said, one of the UK's leading wood panel manufacturers is based in my constituency. Kronospan employs 670 people in very good jobs and has the largest single site in the UK. In 1999, it won the Queen's award for environmental achievement in industry and during the past five years improved its own energy efficiency by 20 per cent.

The impacts are beginning to be felt. Indeed, for the first time since the company has been at the site—some 29 years, I believe—it had to stop for four days over Christmas. Normally, it is a 365-day operation. Although there may be technical or other reasons why decisions may be made that some co-fired generators will not burn wood, there is no restriction in policy terms to prevent the scenarios that I have alluded to from occurring. Without a thorough examination of the issues and a review of the co-firing rules in the renewables obligation, the Minister's undertaking to minimise the potential for a negative impact on co-firing and other industries that use biomass as feedstock is not achievable, and the 670 jobs at Kronospan might well be lost, along with 6,500 others nationwide. That is as needless as it would be regrettable. What is most evident is that whatever the Government do, they cannot do nothing.

4.42 pm

The Minister for Industry and the Regions (Margaret Hodge): I congratulate my hon. Friend the Member for Clwyd, South (Mr. Jones) on securing this debate on behalf of his constituents. I know that he has pursued the issue with great vigour and has had meetings with Ministers and officials in my Department about it.

The debate highlights the tensions and potential conflicts that can arise when we pursue priorities for energy policy and sustainability alongside what I have responsibility for, which is maintaining and encouraging the continuation and development of our manufacturing base. I shall try to respond to some of the issues that my hon. Friend raised, particularly the concerns that the wood panel sector has about the impact of co-firing on the cost of its raw materials. We must consider those issues in the context of the tension between our broader sustainability agenda and our manufacturing policy.

The wood panel industry is important. In preparing for the debate today, I learned a great deal about it. Its contribution is growing, because it provides a sustainable solution to many of our problems. Wood panels are used in a range of the Government's capital projects, whether housing, hospitals or schools, and as individual consumers we use wood panels in our homes. We therefore want to maintain the British base. The wood panel industry has undertaken a great deal of good work in modernising its construction methods, and we want to hold on to that. For example, it has been involved in initiatives such as prefabricated building modules for housing, which now make a considerable contribution to the housing market, accounting for an 8 per cent. share. The timber frame sector is helping to produce housing more quickly and at a better cost using the engineered beams to which my hon. Friend referred, which are made from chip and oriented strand board and offer structural components that can compete directly with steel and concrete. That is all good stuff that we want to hang on to. Combined with chipboard decking, that offers an off-site manufactured flooring solution, which is becoming increasingly popular and is now the material of choice for carpeting, flooring, decking and shuttered applications, so a lot of good stuff is going on.

Let us consider the wood panel industry in the round. It makes a significant contribution to the United Kingdom economy. Its turnover is nearly £1 billion, with a gross added value of £275 million. My hon. Friend said that 7,000 people are employed in the industry; the figure that I have is 6,000, but the number of people involved is certainly substantial. We are conscious that increasingly the industry is having to compete. We import more than we export—we import about £800 million worth of goods and we export £100 million of goods. That gives us some idea that the cost pressures arising from reasonable developments in sustainable energy can have a big impact and provide a genuine threat. I recognise that from what my hon. Friend has said.

Why are we in the present situation? Our drive to ensure a sustainable economy has led us to look for new ways in which to provide sustainable energy. We are striving to achieve not only a sustainable innovative and productive economy that delivers high levels of employment and manufacturing activity, but a society that promotes sustainable communities and personal well-being. We want that to be delivered in ways that protect and enhance the physical and natural environment and use our resources and energy as efficiently as possible. We need to reconcile those competing objectives and build them as interlinked ambitions.

Economic growth is obviously as vital today as it has always been, but we face new environmental challenges. They become particularly potent in the global world as many other countries expand their industries at a time when the global environment is struggling to cope with the impact of existing economic and manufacturing activity. In that context, undoubtedly our consumption of natural resources throughout the world is unsustainable. We need to be more far-sighted in respect of the solutions to the environmental challenges that we face.

In that context, recycling inevitably plays a major part in the solution. Wood is a versatile product. It has economic value; it is used in buildings, where the panel industry plays its part; and, when it is finished with, it can be recycled, re-used or burned and the energy recovered. In addition, the wood industry sustains jobs. We are therefore considering competing uses of jobs, wood as a source of sustainable energy and wood providing the products that we want and need.

Let me draw attention to our commitments under "Kyoto and Beyond" in respect of the threats of environmental change. As my hon. Friend will know, we set ourselves the tough target of reducing carbon emissions by 20 per cent. by 2010. In our 2003 energy White Paper, we flagged up the important role that biomass can play in that. We expect that it may become one of the largest contributors to our renewables generation mix. Through our policies, that is what we are hoping to use to meet the target of 20 per cent. of

electricity produced from renewables by 2020. in our response to the report of the Royal Commission on Environmental Pollution on biomass as a renewable energy source, which was published in 2004, we agreed that biomass has the potential to make a significant contribution to the reduction of carbon dioxide levels, if it is substituted for fossil fuel in the generation of heat and electricity.

How can we achieve those objectives and reconcile them? We need to expand the biomass industry. We have set ourselves targets and, to achieve them, we need to increase the amount of energy cropping by as much as 125,000 hectares, not including crops that might be developed for transport use—biofuels, biodiesel and the like. With colleagues in the Department for Environment, Food and Rural Affairs, we are actively encouraging the development of biomass crops and directly supporting the planting of short rotation coppices using willow and miscanthus—a species of woody, perennial grasses that came from Asia. The Government agreed with the royal commission that an integrated approach is needed to ensure that our industrial, agricultural and environmental policies cohere effectively to ensure maximum, optimum benefits from our biomass energy.

The renewables obligation, to which my hon. Friend referred, was introduced in 2002. It provides a substantial market incentive for all eligible forms of renewable energy by providing support for biomass in the form of renewables obligation capital grants for biomass heat and power generation, planting grants for establishing energy crops, set-up costs for producer groups to harvest and market biomass, and certificates that can be claimed under the renewables obligation if biomass is co-fired with coal. By the end of 2004, generation from renewable sources eligible under the renewables obligation stood at 3.1 per cent. of the UK's electricity supply. In the 2003 energy White Paper, we committed to review the obligation in 2005-06. That review is not a fundamental rethink of our renewables policy but an opportunity to look at amendments to improve the effectiveness of the obligation in certain areas. We published a preliminary consultation document, setting out the Government's proposed policy, on which we sought stakeholders' views in March 2005. We followed that with a statutory consultation document, published in September 2005, in which we set out our proposed policy and sought views on the specific changes.

One outcome of "Renewable Obligations", the DTI review, was the lowering of the biomass purity requirement from 98 to 90 per cent to bring more waste woods, which are currently sent to landfill, to be burned. That seems wasteful—my hon. Friend said that he had seen clean materials going into landfill—but I am told that biomass material goes to landfill because it is too contaminated for either processing into other products or burning. However, I shall look again at that matter, because it is an important means by which we could try to make progress. As my hon. Friend knows, interest in co-firing has exceeded the 10 per cent. cap that came into effect in April this year. There is also growing interest in clean coal and carbon capture and storage, which form a significant part of our long-term generation mix. We are looking again at co-firing as part of the ongoing energy review. We are focusing on the potential contribution that it can make to our energy policy goals and the level of support that it will require. I am conscious that that may create additional problems for my hon. Friend and the industry that he seeks to support in the debate today.

We understand the importance of investor confidence in the renewables obligation. We have said that a careful assessment of the impact of any changes on other renewable technologies and other biomass-using industries will be a key factor in that review. I can give him that commitment. When we have published the energy review, which is on course to be published in July before the recess, we will make a high-level statement on co-firing. If we decide to propose changes in respect of co-firing or any of the other matters, we will have a full consultation. I urge my hon. Friend to discuss the matter further with the Minister for Energy.

The Wood Panels Industry Federation has made a significant contribution to the energy review and representatives have met the Minister for Energy. My hon. Friend the Member for Clwyd, South has also met and consulted officials from the renewable policy and development section of the Department of Trade and Industry and voiced the concerns that he has expressed today about co-firing. Those views will certainly be taken into account. We are trying to take a tough set of decisions to reconcile our objectives, as I hope he appreciates.

We are also talking to our colleagues at DEFRA in a biomass taskforce and trying to put together what is described as a biomass action plan, to grow that industry. We hope to publish that document next year. Clearly, if we can improve that part of our policy, that will help us to reconcile the manufacturing and the sustainable energy objectives for which we are striving.

DEFRA has also been looking into the use of non-food crops for more sustainable improved homes; it will publish the findings of that study in November. There will always be a conflict, as I am sure my hon. Friend appreciates, between balancing all the aspects of our economic, social and environmental ambitions. It would be unreasonable to prejudge the outcome of the consultations, but I hope that I can reassure my hon. Friend that the concerns raised by the industry, many of them through him, are being listened to. I assure him then we come to implement policies flowing from the energy review, the effects on the wood panel sector will be taken into account. I hope that in that context, my hon. Friend can engage with the Department, and with relevant Ministers, to ensure that he can continue to protect an industry and a factory in his constituency that undoubtedly makes an important contribution not only by providing local people with jobs, but by providing more modern ways of construction, which are themselves sustainable, so meeting one of our objectives.

Question put and agreed to.

Adjourned accordingly at three minutes to Five o'clock.

Westminster Hall

Thursday 29 June 2006

[Miss Anne Begg *in the Chair*]

Primary Care Trusts

[Relevant documents: Changes to Primary Care Trusts—Second Report from the Health Committee, Session 2005-06, HC 646, and the Government's response thereto, Cm 6760.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Tony Cunningham.]*

2.30 pm

Mr. Kevin Barron (Rother Valley) (Lab): May I first welcome the Under-Secretary of State for Health, my hon. Friend the Member for Bury, South (Mr. Lewis). This is his first debate as a Minister in the Department of Health in which I have taken part. Clearly, he will be able to throw up his hands in the air later and say, "It was nothing to do with me, guv", as most of the issues before us this afternoon predate his entry into the Department. I thank members of the Health Committee who are here today for taking evidence and for drawing up the report. I am the chair of the Committee, which has been doing good work over many years.

The report was instigated effectively by the Department's letter on 28 July about both the reconfiguration of primary care trusts and strategic health authorities as well as the issue of providing and commissioning at local level. That matter, to which I shall return, was not something into which the Committee went in great detail and made recommendations about; we did not examine all the aspects of the letter of 28 July, but clearly looked into some implications of changing primary care trusts from being providers of services to commissioners of services. That was set out in the original letter of 28 July, which was entitled "Commissioning a patient-led NHS", on which I shall comment later.

Some of our criticisms of the letter and the subsequent debate were sharp in tone and quite deliberate. The English language, on which I am not the greatest expert in the world, can draw attention to different matters just by the use of the right types of words in reports. The Government thought that some of what we said was a little over the top. In one of our recommendations, we said that the reforms were poorly conceived, rushed and badly implemented, that there was no clear evidence base for them and that the consultation process was inadequate. The Government defended themselves. We put in the report that they had developed the reforms on the hoof, in response to which they said that that was not the case. They stressed that strategic health authorities had been asked to engage with local partners in developing proposals prior to a 14-week formal consultation period.

The essence of the letter of 28 July was interesting. I will not go into the detail of our report, but the information in the letter had been sent out earlier in the year—in March, I think—by the Department when asking for responses from PCTs and the SHAs. Of course, we all know what happened soon after March 2005; a general election was called and, as a consequence, I suspect that one or two feet went up on the table on the basis of, "We don't know whether what is wanted of us now will be what is wanted of us by the next Government after the general election or, indeed, the next Minister if the Government change their politics."

We found that, because of the general election, matters slowed down; the letter of 28 July came at the beginning of the recess and there were consequent feelings by hon. Members and those outside the House that the proposals had come far too quickly. There are probably lessons to be learned for all of us, in the sense that the civil service reacts to events and, when we go into general election mode, it generally slows down a little until it knows where we are at.

Mr. Stephen O'Brien (Eddisbury) (Con): The right hon. Gentleman has made an interesting point that I had not anticipated making, which was that his Committee had identified a lesson that is worth learning. For fundamental change, particularly when consultation is both valuable and required, it must be in the Government's best interests not to issue documents either on the last day of term or at the beginning of a recess. That happened in respect of the NHS 10-year plan, which reported that there had been consultation about the axing of community health councils, which was found not to be the case. That is another example of what he has just said.

Mr. Barron: I agree and am sure that by the end of August last year those lessons had been firmly learnt from what was going around in the media. In terms of what people felt, that feeling increased when we as a House got back in October.

David Taylor (North-West Leicestershire) (Lab/Co-op): It is not just a question of the shortness of the period. Leicestershire, Northamptonshire and Rutland SHA and Charnwood and North West Leicestershire PCT made a passable attempt at consulting, but the feedback that they got was totally ignored at every level. Was that not a problem as well?

Mr. Barron: I think it was. I will want to say something about the transparency issues of that consultation and what we were promised; something that has not yet been delivered to the House.

I suggested earlier that the Government rejected our suggestions about patient care and that patient care would suffer as a result of the disruptions caused by the changes or the potential of the changes. The Government commented that a more evolutionary approach to the changes would have benefited some organisations but have been prejudicial to others.

That was an interesting comment. If that was the case and given that we were not drawing up statutes here—although I know that my hon. Friend was not in post then—we must ask why we did not look at the issues of SHAs or PCTs on a geographical basis. My own borough of Rotherham has had one PCT for the past three years. In the neighbouring three

[Mr. Barron]

constituencies, two of which are represented by health Ministers, they have had three PCTs in the same years. Socially and economically that borough of Doncaster is the same as Rotherham. Why did they have three PCTs three years ago, when nothing was laid down about what they should or should not have? Maybe that was when something should have been laid down. With very little acrimony, as far as I know, they are now moving to the one PCT model for their borough, coterminous with local government and everything else, which makes sense.

Of course that could have happened without the 28 July letter going out. It was a matter for them. We were not making law or changing law. Maybe a piecemeal approach would have been a better way of doing the reconfiguration in those areas in which it was needed. As I suggested, for PCTs in some areas, like my own, that was not needed.

As for the SHA in my part of Yorkshire, that has changed and we now have one big one that covers the same area as the regional ministerial office. Although we have that, there was little or no voice for the public as to whether or not that was the wrong thing to do. Most of the debate that we had after 28 July could have been avoided, certainly in areas like south Yorkshire, if we had proceeded on a piecemeal basis as opposed to all at once, as here.

The Government have not stated clearly whether or how PCTs would divest themselves of their provider functions. SHAs are therefore being asked to design organisations without an understanding of their ultimate purpose. I thought that that criticism was rightly made. If one was to change providing and commissioning at primary care level, then the shape of the primary care side would be crucial. We lost that, in my belief. The Government's response made it clear that PCTs would not be instructed to stop providing services, but that PCTs would be required to review all the services that they commissioned in 2007, including those provided directly. The Government will issue a fitness-for-purpose tool for the new PCTs in the summer of 2006. I accept that, but again think that the Committee found a weakness in the system when looking at that particular area, which should have been thought out a lot more.

Also, we said that the reduction in the number of PCTs would lead to a loss of local contact and responsiveness, which we believed was one of the main arguments for the previous configuration of PCTs. The Government's response argued that larger organisations could still engage effectively with the local population. The Government commented that the development of effective, professional executive committees would be central to ensuring effective local engagement. They also commented that the roll-out of practice-based commissioning would make services more localised. Over time that might probably be the case, but nobody thinks for one minute that at this stage, while we change the reconfiguration of PCTs, we will have practice-based commissioning at any level at all. We also had concerns that the reforms were cyclical in nature because the new PCTs will be similar in size to the scope of the old health authorities that were only disbanded in 2002.

One can imagine what it was like; people sat before the Committee and said that they remembered the changes that they had to make to get into that new structure. They said that it seemed as if we were rolling back into an old structure, which was just a few years down the road. We had to be critical, given what we were confronted with, when we were taking evidence in that area.

The Government argued that the NHS had changed radically since PCTs were created and that

"reforms, such as Practice-Based commission and Payment by Results make it especially important that the roles of PCTs are adjusted and strengthened."

They went on to argue that the reforms do not represent a "change for change's sake"; that many PCTs had already begun to merge or worked collaboratively with the neighbours prior to the 28 July letter. They rejected the Committee's suggestion that the reforms would set the development of PCTs' core functions back by 18 months. The only thing that I can say is that we will have to wait and see.

It seems to me that we are in a position of waiting to see exactly whether the Government are right in that analysis or whether there is an 18-month disruption when you do go to having these types of changes inside our health care system. Jill Morgan, from the NHS Confederation, brought that to our attention early on in the inquiry.

We commented on the fact that the reforms were largely motivated by financial, rather than service, considerations. We were led to believe that there were going to be savings around the £250 million mark. The most savings with the reconfiguration that we could find was somewhere between £60 million and £80 million.

However, it might be that those types of savings do take place. It does not give me any great pleasure to say that the £250 million tag was in the Labour party manifesto. Yet, when we were taking evidence, it was initially denied that that was the reason why those reconfigurations were about to take place. Consequentially, we had to probe it even more.

David Taylor: Two hundred and fifty million pounds represents, or will shortly, about one day's spend in the NHS. It is possible that the manifesto was right that savings of that kind are available within the NHS. However, to tackle the basic structure in such a hurried way was highly likely to lead to no savings whatever. We shall not know for four, five or six years. The Minister replying today may be forming his own Administration at a period when we shall be able to look back with some accuracy on this matter. I hope that that will be the point at which he will re-count.

Mr. Barron: I would suggest that the future will tell us exactly about the rights and the wrongs of that. We have had some movement in that area since the Government's response. Presumably, Committee members will have been involved in some of the consultation that has been taking place on PCT reconfigurations.

In May of this year, the Government published the fitness for purpose tools for new PCTs. A document of more than 500 pages was sent out to them; I am sure that they will greatly appreciate that. On 16 May, the

Government issued the final plans for PCT reconfiguration. PCTs will be reduced from 303 to 152 from October of this year, and we now have the renewed boundaries.

May I take up three or four outstanding matters? One matter is the approach to change. In response to our concerns, the Government have clearly modified the approach that they took in the 28 July letter. For example, their stance on divestment of services has softened considerably. The Government have explicitly stated that PCTs will not be instructed to stop directly providing services.

Equally, some explicit decisions regarding local PCT boundaries have been adjusted in response to local pressure. The Government have acknowledged that the top-down, one-size-fits-all approach to change is not the one that is required. That is shown by both the current significant variations and those that will be coming into being in October of this year. The new Hartlepool PCT covers a population of just 90,000, but Hampshire PCT covers a population of more than 1.25 million.

Mr. Michael Wills (North Swindon) (Lab): My right hon. Friend is making a powerful case. I recognise the pressures that he described, but does he agree that the impact of the reform process on individual PCTs is to some extent dependent on the way in which those PCTs are managed? An effective PCT is much better able to respond to the opportunities of change. In Swindon, we have an effective, well-managed PCT that has taken advantage of the changes that the Government are driving forward to look at innovative ways of servicing delivery. That is driven not primarily by financial considerations, as my right hon. Friend said, but, for example, by integrating the work of the PCT with social services and housing services to provide a total care provision that is imaginative and will significantly improve what we can offer to the people of Swindon. That is possible only because of the managerial competence of that PCT.

Mr. Barron: I entirely agree and perhaps when PCTs amalgamate, the best management will take over the helm of the one at the top. That could be grounds for great improvement in the service that people receive. The health community talked to us about the disruption and so on, but there may be positive changes in our communities 18 months on. At this stage, we are trying to second-guess that.

On decision making, the Government appointed an independent, expert panel to advise on which proposals submitted by SHAs should be accepted. The *Health Service Journal* reported on 25 May that in some cases the recommendations of the panel were not accepted. Avon, Gloucestershire and Wiltshire SHA recommended that the 12 existing PCTs should be reduced to three, which was backed by the panel. In response to a campaign by local MPs, however, seven PCTs have been retained. I do not know whether to say, "Congratulations" and whether that is the right way of planning health care and health care systems in this country. If it is a matter of those with the loudest voice prevailing—hon. Members on both sides will fundamentally disagree with me here—I instinctively feel that that is a difficult area.

Similarly, in County Durham and Tees Valley the panel supported the SHA's recommendations that its 10 PCTs be reduced to two. In response to pressure from local MPs, I understand that six PCTs were retained, not two. Again, I am not sure that that is how we should deal with reconfiguration of our health care service.

Several hon. Members *rose—*

Mr. Barron: I thought one or two hon. Members would rise to the fly.

Steve Webb (Northavon) (LD): The Avon, Gloucestershire and Wiltshire SHA is in my area and the difference between three or seven PCTs is that the four unitaries in the former Avon area wanted a coterminous PCT with their unitaries. That is what every MP of every party and all the local authorities argued for. If the right hon. Gentleman is saying that despite everyone who has ever been elected anywhere in the entire country having one view, the Government should have gone in the other direction, I do not agree.

Mr. Barron: Perhaps the consultation process should have taken place much earlier and involved people on the ground, including Members of Parliament, who certainly have a role to play. I do not know the details, but in terms of health service planning I am not sure that those with the loudest voice should prevail. I am not saying that that is what happened; it may be the best reconfiguration to improve health services. If that is the case, I am happy, but when I see reports about people with the loudest voice and political debates resulting in more PCTs than the initial plan suggested, I oppose it. That is a matter that all Members of Parliament should consider.

Mr. O'Brien: As it happens, the Government are to be commended for listening during the Cheshire consultation with the Minister's predecessor, with whom I had a number of discussions. The Conservative-controlled Cheshire county council, under its new post-1974 configuration, wanted coterminosity of the four PCTs of Ellesmere Port, Cheshire West, Central Cheshire and Cheshire East and indeed the SHA. In the end, my hon. Friends the Members for Macclesfield (Sir Nicholas Winterton) and for Congleton (Ann Winterton) and myself were able to persuade the Government that the health economies that would really be best kept as a localised focus were the combinations of central with east and of west with Ellesmere Port. The added advantage was that the Cheshire West PCT, which has just received a £20 million bail-out, would therefore not be able to disguise its dysfunctionality by combining with others and has therefore been held accountable.

Mr. Barron: Again, I am grateful for the fact that there has been local consultation. Clearly, the Government need to take this into account. My hon. Friend the Minister will be pleased that the hon. Member for Eddisbury has complimented the Government on what they have been doing in the Cheshire area in that short intervention. It is pleasing that the Government have

[Mr. Barron]

followed the Committee's advice in taking a more consultative approach and that in some areas they have listened to the wishes of local communities. However, the Government have not published the advice they received from the expert panel. This leads to the accusations that this form of consultation was not transparent.

Lord Warner gave us a commitment to publish all information submitted to the external panel as soon as possible. We are now at the end of June and we still have not got to that stage. It may be historical, but there may be lessons to be learned from what the expert panel wanted to do and what the reconfiguration ended up with. That is something that I would like to look at.

I now move on to the other area of provider functions. The Government have responded to the Committee's concerns by stating quite categorically that they will not instruct PCTs to divest themselves of service provision, and

"nor will we impose any timetable."—[*Official Report*, 10 January 2006; Vol. 441, c. 598W.]

However the White Paper "Our health, our care, our say", published in January 2006, instructs PCTs to review all its services in 2007 and says that where services are not sufficiently qualitative, PCTs will be expected to look for alternative providers, including private sector organisations. That is on pages 172 and 174 of the White Paper.

There are concerns that PCTs will be pressurised into tendering out some services which they currently provide directly in order to stimulate competition in the primary care sector. Further assurance is required that PCTs will be allowed to make independent decisions about the future provision of primary and community service.

When we first talked about the implications of moving from working for an NHS provider to an independent provider, we asked some fundamental questions. First, we asked Lord Warner about what happens to someone's pension. I do not want to get into a debate about local government pensions or NHS pensions today as we seem to be doing that every other day in this place, but it is a fundamental issue. If I were changing my employment—certainly at this point in my life—I would want to know exactly what was going to happen to my pension. Many other people would too. In the first session we took with Lord Warner and a senior civil servant, they were unable to convince us that they had looked at this in any way at all. They said that it may be covered by TUPE or that it may not.

As a member of the Liaison Committee, I asked the Prime Minister what would happen to people's NHS pensions under these circumstances. It was only when I received a letter from him that we eventually came to know the truth.

This will be an issue if we are to see this method of travel succeed; we were told by Ministers that providing would travel further out into the independent sector than it does now. As I suggested earlier, the Committee did not look at that; we did not say whether it was a good or bad thing. I have discussed this with other organisations as we were told it would be a road of travel. Issues such as terms and conditions and in particular, pensions, are also important.

I talk a lot to the independent sector now—not just in Westminster, but on visits to where my PCT gets its independent sector care from; the charitable sector. If one considers the interaction with the national health service, there is no longevity in terms of contracts or anything else. If that is the preferred route, there will be a lot of debate in this country about how such a route could be travelled. The Government may think that they can just contract with providers in constituencies such as mine, but there are very few independent providers in such constituencies.

We were taking evidence earlier today in the Health Committee when I was explaining that even the NHS has not been a brilliant provider of services in my constituency. Doctor-patient ratios have been some of the highest in England and Wales for many years; in fact, for decades. Health inequalities are massively greater than in quite a lot of other constituencies, yet, in my personal view, the NHS on the ground is not at the level it should be. If we are going down that road, that is fine, but the Government need to ensure that people will be travelling down that road with them as well.

You will be pleased to know that I am going to stop now, Miss Begg. I know that other people want to talk about the specifics of what has been happening and what is likely to happen in October this year in terms of the reconfiguration of PCTs and SHAs. We will obviously be keeping a watch on how that affects, or may affect, health care in our communities, in the months to come.

It is crucial that when we go down roads such as this, particularly given the reaction from the NHS in July of this year, we get it right and we improve health care. On occasions, the two Front Benches might agree, and it is good that they have done so on this matter. I have said this before, but it is a fool's dream to think that we are going to stop the NHS being a political football in this place. However, it would be better for the health service and for our constituents if we did.

2.57 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I am very honoured to be called so early in this debate, and revel in the luxury. It is a pleasure to follow the esteemed Chair of the Health Committee, and to see a new Minister in his place. I always regard a new Minister as, possibly, a new broom. As he was not involved with the report or the response to the report at all, I hope that he will take back some of our criticisms of the report and of the way things were done.

I want, first, to talk a little about consultation, because it figured quite largely in our report. The Department of Health considered that as the changes were only managerial, there was no need for formal section 11 consultation. I was really quite bothered about that, because when one thinks about what PCTs provide, such as community hospitals, community nurses, intermediate care beds, and GP beds in other hospitals, it strikes that me that there is quite a big provision element as well. I wrote to the Secretary of State, from whom I received a letter in March, which said:

"I can confirm that there is no duty to consult under section 11... because the SHA, PCT and Ambulance Trust reconfiguration proposals amount to managerial and administrative changes only."

However, she followed it up with a very powerful, important paragraph:

"However, if there are any proposals to make changes to service provision put forward in the future by the newly reconfigured organisations, there will be a duty on those organisations to involve and consult patients and the public on those proposals under section 11".

In the Government's response to the Select Committee report, that was repeated. They said:

"Commissioning a patient-led NHS is not about changes to local services. Our policy is clear: decisions about service provision will be a matter for the PCTs to determine locally."

So, thank goodness the PCTs are absolutely committed to consult on some of the changes that some of us are very worried about.

The lack of section 11 consultation was extremely significant because it meant that even if overview and scrutiny committees put in a response, that response had no effect. Under section 11, the response is passed to the Secretary of State for a final decision. If she is not happy, it can go to the independent reconfiguration panel. In my county, all the forums and the overview and scrutiny committee objected strongly. That had no effect at all, I am afraid. I rather fear for the future that the Department of Health will always have the let-out that the definition of management can be rather wide.

I have just learned, rather to my horror, that without any form of consultation, because it is possible in the future only if there is a management change, the Department has just placed adverts in the supplement of the Official Journal of the European Union inviting bids from companies that wish to appear on a Government-approved list of suppliers of management services to PCTs, presumably for cases in which a PCT's management is perceived to fail. It is fairly significant that that came a day or two after the Derbyshire judgment, which, although it did not go in favour of local people, was incredibly helpful in that the judge recognised the wide obligations to consult on NHS bodies that flow from section 11.

Still on the subject of consultation, the Government response to our recommendation 9 quoted a letter from John Bacon, sent to all SHAs on 8 December. It said:

"Responsibility for approving PCT consultations, ensuring they reflect the conditionality set out in my 30 November letter and that equal weight is given to all options, rests with the SHA."

The huge problem is that if the option that local people want more than any other is not even on the list, where does one go from there? We in Worcestershire were completely floored, because we were told that the size of the PCT was absolutely crucial. We have three PCTs with populations of 110,000, 170,000 and 260,000. We were not even allowed to consider the continuation of those three PCTs, or even two PCTs, despite the fact that that was what all local people wanted.

The consultation document sent round by the West Midlands South strategic health authority contained the phrase:

"The lack of 'critical mass' within these small organisations also compromises the management of financial risk and, in general, reduces the scope for achievement of operational efficiency and value for money. These models would also perpetuate the current high management overheads seen in the PCT sector. This option was not short listed on this basis."

That leads me to reflect on some of the comments made by the right hon. Member for Rother Valley (Mr. Barron). If we consider the small PCTs that preserved their autonomy, 10 had populations below 150,000, which is tiny. Eight of those were in Government-held constituencies and the two smallest, with populations below 100,000, were Darlington and Hartlepool. They may be coterminous, but it looks as though there is a bit of political influence.

I was absolutely delighted to hear from some Opposition Members that they felt that they had influenced things. We in my patch were completely unable to influence things, and we are very upset about that.

David Taylor: I can reassure the hon. Gentleman. Charnwood and North West Leicestershire is one of the larger PCTs, and it strikes the right balance for size. It is big enough to be efficient in delivering services and small enough to be accountable, with a population of about 250,000. It is working really well, and people from all parts of the political spectrum supported it.

Despite the collective efforts of three Members of Parliament, two of us Labour and one not—myself, the hon. Member for Loughborough (Mr. Reed) and the former Secretary of State for Health, the right hon. Member for Charnwood (Mr. Dorrell)—what is happening? We are becoming part of an enormous untested structure of 750,000 people, a doughnut wrapped around the city of Leicester. It is not necessarily politically driven.

Dr. Richard Taylor: I am grateful to the hon. Gentleman, who is always helpful in putting me straight.

The external panel's response has been mentioned. We said in our report:

"It is essential that the external panel's responses are made public also."

The Minister at the time did not say that he would publish the response. He said that he would publish the information given to the panel, which is remarkably different and not what we want at all. We need to see that response. We want to know what the external panel felt about the PCTs that were affected politically or non-politically.

I move to the issue of distraction. We were bothered by evidence that told us quite clearly that such a major reorganisation put the local work force back by two years and required another 18 months for them to catch up. Witnesses at this morning's Health Committee bore that out. It takes an awful lot of time for people to catch up. We must add to that the fact that under this particular reorganisation, people who will no longer have their jobs are planning for what happens afterwards. As I have said before, I do not think that that is like turkeys planning for Christmas. It is not the best plan. That has been borne out graphically.

Professor John Ashton in the north-west was a well-known, outspoken director of public health for many years. I remember him saying a long time ago that when public health doctors became directors of strategic health authorities and primary care trusts, they would immediately lose their independence and ability to represent patients. Having been in his job

[Dr. Richard Taylor]

for 13 years, he resigned in frustration at the prospect of a fifth Government-inspired departmental reorganisation. He said:

"I have just finished building up a team from the last reorganisation. This is what they do—constantly reorganise. You have to ask questions if they don't get it right this time."

Mr. Stephen O'Brien: Professor Ashton is well known to me and in the north-west. The point that he is particularly and rightly concerned about is the diminution of commitment to public health, something that I shall address later on. It is important to put it on the record that public health has suffered as a result of so many reconfigurations.

Dr. Taylor: The report on PCT mergers reassured us that public health doctors would not be affected by the £250 million economy. We asked a public health doctor this morning. Obviously, she could not give us a categorical denial that it had happened. We must watch what happens to public health.

Savings have been mentioned. One of the objections of my local overview and scrutiny committee in Worcestershire was that there had been no attempt at a business case before the mergers were worked out. The Health Committee report queried those savings. The Government response confirmed that they would be £250 million, but then said:

"These plans will be firmed up once reconfiguration plans are approved."

So they were very much guessing at what would happen.

If SHAs are reduced from 28 to 10 and PCTs from 303 to 152, there will have to be many redundancies among senior staff, who are the most highly paid people. I wonder whether that has been calculated accurately, and also whether driving out high-powered executives will help our competitors. We know of at least one chief executive who left to run one of the private sector companies that are organising the independent sector treatment centres.

That is the end of my gripes. I shall briefly discuss the future and how we can make what we have work. Sadly, we cannot undo the changes. One thing that we expressed concern about in the report, that people are worried about and that has been mentioned today, is the local focus. With a local PCT, there is a local director of public health who participates in the local strategic partnership, a local professional executive committee, a local patient forum and local non-executive directors.

There are three completely separate localities with separate characteristics, needs and health service provision in my county, yet we have gone back to the days of the county-wide health authority and a total lack of county-wide medical leadership. That is one of the many reasons why I am here. If there had been effective county-wide medical leadership at the time, what happened to put me here might not have happened in the same way.

The local focus is crucial. The Select Committee picked up on that in recommendation 21:

"Whatever the size of future PCTs, it is essential that structures to ensure clinical engagement and, most crucially, patient and public engagement are retained at their current levels, covering each natural community."

The Government response states:

"The Government agrees with the Committee that it is important that structures for engaging with clinicians and patients are not lost through this reconfiguration process."

Can the Minister absolutely assure us that the local focus will remain? How will that happen? How will clinicians reflect the needs of their local area? Will there still be public health doctors?

We are in complete confusion about what will happen to patient forums. The expert panel that reviewed them reported to Ministers and we are waiting with bated breath to hear what it said. My patient forum really works. It has been a vital method of feeding local people's comments and needs into the PCT, and it has held the PCT to account. We need to know that forums will be resourced and that they will be independent from the NHS bodies with which they deal.

I feel strongly about non-executive directors. A whole-county health authority existed at the time my hospital was downgraded. There was a vacancy on the authority during the whole of the consultation and—surprise, surprise—it was for the representative from the north-west of the county. We have just lost the person from that part of the county on the county-wide acute trust board, and now we are to have a county-wide PCT.

I wrote to the NHS Appointments Commission, but because it is so keen not to have any political influence at all, it rarely writes to MPs. I made the point that if there is one PCT for a large county, it is essential to reserve positions on the board not only for representatives with expertise in accountancy, management and so on but for those who live in the different parts of the area. If the Minister is allowed to, will he put pressure on the NHS Appointments Commission so that, as a general rule, if there are not applicants for non-executive director posts who reflect the interests of the whole area, the commission should not make an appointment but seek to find applicants who do reflect those interests?

We are saddled with the mergers. Some areas have escaped but, remembering how small some of the PCTs are, I wonder whether they will succeed. I hope that the Minister will tell us in particular how local focus will be retained from the point of view of public health, the board membership and clinical, patient and public involvement. Even in a county such as mine and others in which various organisations have been merged into one, fair shares of resources and representation for all localities must be maintained.

3.15 pm

Dr. Howard Stoate (Dartford) (Lab): Primary care trusts evolved from primary care groups, which replaced health authorities. They were introduced precisely because it was hoped that that would strengthen the local focus of the NHS and improve clinician and patient engagement in the planning and commissioning of health care. In my constituency, however, the latest decision is to replace Dartford,

Gravesham and Swanley PCT with a PCT covering the whole of west Kent, which looks remarkably like the health authority area that was originally replaced.

The decision could threaten the successful working relationships that managers and the professional executive committee of the PCT have been able to build up with individual clinicians throughout the PCT area. The close working relationship between the PCT and Dartford and Gravesham's 120 GPs has been helpful in ensuring that the introduction of some of the challenging and potentially contentious changes, such as choose and book and practice-based commissioning, happens as smoothly as possible. The relationship has enabled individual clinicians to become involved at an early stage in the implementation of the reforms and to take ownership of them in a way that would be much more difficult with a larger PCT that was less rooted in the various communities that it served.

The only way to ensure that that consensual approach is maintained is to ensure that all the professional executive committees—PECs—that are about to become redundant are replaced by strong practice-based commissioning groups that have the necessary resources and management support to function effectively. Without bodies of that nature, which are capable of championing the interests of local practitioners at PCT level and maintaining clinical engagement in the reform process, we will jeopardise much of the progress made in the past few years since the PCTs were set up. The presence of effective locality practice-based commissioning groups will also help to provide a mechanism whereby examples of best practice can be fed through the system and shared among local practitioners.

My worry, which many local practitioners to whom I have spoken share, is that very little has been done to prepare for the launch of the new PCT, which is to take place in October. With only three months to go, no one has any idea what management structures and what arrangements for liaising with front-line professionals will be put in place. All that is known for certain is that some PCT jobs will go. Not unnaturally, that has created a great deal of uncertainty and pessimism at local level about what the future might hold. That needs to be addressed, and quickly.

Aside from the possible loss of local clinical engagement, my major concern is how the new PCTs will manage to reconcile the competing clinical priorities of each former PCT area. Dartford, Gravesham and Swanley PCT has a clear sense of the particular health care needs of the local population and has been able to put in place a wide range of strategies tailored to the needs of that population. Life expectancy in the area, which is 76.5 years for men and 80.5 for women, is among the lowest in the county. The area has a significantly higher percentage of people with a limiting long-term illness than any other area in Kent except Swale and Ashford. Levels of cancer, coronary heart disease, mental illness and teenage pregnancy are also higher in my area than in other districts in the county.

Dartford and Gravesham, situated in a major part of Kent Thameside, not only have similar health care needs, but face considerable development pressures. There are plans to build 20,000 new homes over the next 20 years. That is unlike what is happening in any other area coming into the new PCT. As a local organisation with strong links to each of the major development partners operating in the area, the present PCT is well placed to influence the design of those new communities and to ensure that the health care needs of new residents are given appropriate consideration. In amalgamating Dartford, Gravesham and Swanley PCT with PCTs serving Sevenoaks, Tonbridge and Malling, Tunbridge Wells and Maidstone, all of which have very different health care needs from those of Dartford and Gravesham, there is a risk that the local focus will be lost. That could mean that some of the key strategic issues affecting Kent Thameside will not get the priority that they deserve at PCT level.

There is also a risk of planning blight in the run-up to the introduction of the new PCTs later this year, as PCT boards, in their twilight period, shy away from making some of the more difficult decisions about service development, which have become necessary as a result of the "Agenda for Change" programme and the introduction of payment by results and practice-based commissioning. Reconfiguration will also prove a significant distraction for PCTs in the next 12 to 18 months, absorbing a great deal of management time and resources at a time when many are grappling with major financial and strategic challenges. The uncertainty caused by reconfiguration is also likely to unsettle medical and managerial staff, leading some to seek posts elsewhere. It is vital that we try to prevent the loss of key personnel with experience of the local health care market and the health needs of the local population.

Although PCTs are now responsible for spending 80 per cent. of the NHS budget and have considerable freedom to decide which services should be commissioned and how they should be delivered, that increase in resources and power has not been matched by an equivalent increase in the level of accountability to the communities that they serve. Unlike local education authorities, which are at least politically accountable, PCTs are in no way accountable to the communities for whose health care they are responsible. Anyone who approached the Department of Health, for example, with concerns about the way in which a local service was being provided would simply be told that it was a local matter and that Ministers and civil servants could not possibly intervene. They would probably be referred back to the patient and public involvement forum for the PCT, which has some input into the decision-making process, as well as a scrutiny role, but that is an appointed body and is not directly accountable to the public.

At present, the local focus of PCTs and the fact that most key executive and non-executive board members and members of the PEC live or work in the area have helped to ensure that they are at least receptive to the views of local community bodies and patients. Once the newly configured PCTs have been created, however, that local connection is likely to be lost. Although the board of each newly configured PCT will contain non-executive directors who, between them, will have some experience of the health care system in each locality, it is inevitable that the voice of each locality will become less prominent at board level, whatever the NHS Appointments Commission tries to do to balance the situation.

[Dr. Howard Stoate]

The only way to overcome the problem, and at the same time to address the accountability gap that has always affected PCTs, is to include some directly elected members on PCT boards. At the very least, we should introduce a system along the lines of that used by foundation trusts, whereby trust members, who are patients and other members of the public in the area, are given the opportunity to elect the majority of representatives who serve on the trust's board of governors. The board of governors helps to set the trust's strategic direction and ensure that it operates in a way that is consistent with its terms of authorisation. In addition, its elected members must put themselves up for re-election every three years if they wish to continue to serve on the board. Foundation trusts therefore have an element of accountability that PCTs continue to lack. The presence of a group of directly elected individuals on the board of governors, which would operate in parallel to the board of directors, as in the case of new foundation trusts, would certainly help to assuage my constituents' understandable concerns about the remoteness and lack of accountability of the new PCTs.

I also want to talk about the involvement of pharmacists in PCTs. As part of the reconfiguration process, I should like community pharmacists to be given a much greater strategic role in the management of local PCTs. At the moment, it is quite rare to find pharmacists involved in the decision-making process at PCT level. As a result, they lack any real say in defining local health care and clinical priorities. The mandatory appointment of community pharmacists to PCT executive committees, for example, would be a great way of ensuring that the voice of pharmacy is heard at executive level. Increased PCT liaison with local pharmaceutical committees would also ensure that PCTs made the best use of the skills of community pharmacists. Finally, new PCTs should be encouraged to commission and properly fund new primary care services from pharmacists. The Government have made it clear that they want community pharmacy to play a key role in the delivery of primary care services in the future, and such commissioning and funding would be an important way of achieving that.

The new White Paper "Our health, our care, our say" emphasises the need to make greater use of community pharmacy services and refers to the strong support for them among the public. According to the consultation that was carried out prior to publication of the White Paper, the public want pharmacists to have an increased role in providing support, information and health care in future. In addition, the Government strategy for reducing health inequalities highlighted the important contribution that pharmacists can make to reducing obesity, improving sexual health and helping people to quit smoking.

Although some PCTs have used their commissioning powers to great effect and have committed themselves to expanding the range of primary care services available to patients, others have been very slow to grasp the new strategic responsibilities. I want to make sure that that is addressed as a matter of urgency in future.

I have pointed out that there are some benefits in the PCT reform. However, I do not believe that the reform has been properly thought through, and I share some of the concerns that the Chairman of the Health Committee voiced in his opening remarks that some of the process seems to have been rushed. I do not believe that there has been enough consultation or involvement, nor do I believe that there has been sufficiently careful examination of the long-term implications.

Mr. Charles Walker (Broxbourne) (Con): I share many of the hon. Gentleman's concerns. The Minister came to the House on 16 May and we were told with a great fanfare that we were going to get two PCTs in Hertfordshire. We were very pleased to hear that news, because that was what we had lobbied for. Three weeks later, we received a letter from the chief executive of the strategic health authority saying, "Ah, you're getting two PCTs, but with one chief executive and one management team." That is one PCT in all but name.

Dr. Stoate: Obviously I cannot comment on the hon. Gentleman's individual circumstances, but I have to agree that that seems to be an example of rushed thinking. It seems to have taken place at the last minute and smacks of the back of an envelope.

In conclusion, I believe some of the reforms have been to great advantage. I believe that in some parts of the country the reforms will turn out to be very beneficial and that they will lead to improved communication and improved service delivery. However, I have real concerns on some of the issues that have emerged from the reform. I certainly believe that my own part of Kent would have been better served by a Kent Thameside primary care trust area that would at least have covered the whole of north Kent and would have had a degree of demographic coherence that is lacking in the proposed new west Kent primary care trust.

3.27 pm

Mr. David Amess (Southend, West) (Con): I welcome the Minister and I congratulate him on his position. He was not merely an adornment to the Health Committee when he was a member of it; he was a hard-working and effective colleague, and stories of his exploits abroad are certainly well worth listening to.

Much has been made of the letter of 28 July. I simply say to the House that it was not received particularly well, whatever the reasons for it and whatever the timing of its publication. The last time that the Secretary of State for Health came and gave evidence to our Committee, she was surrounded by people who were acting in their posts. And, of course, Sir Nigel Crisp—the architect of the letter—is no longer with us.

To cut to the chase, there is no doubt at all that the whole exercise was embarked upon to save money—though we can argue about how much was actually saved. As my hon. Friend the Member for Wyre Forest

(Dr. Richard Taylor) said, there were undoubtedly some political shenanigans going on the background—shenanigans that had mixed success.

"Commissioning a patient-led NHS", the document published by the Government on 28 July 2005, set out the Government's proposals to reconfigure the current 302 primary care trusts to 152 larger organisations, with—we were told—cost savings of up to £250 million. I hope that the Public Accounts Committee will report in due course on exactly how much money is saved on that little bit of nonsense. The then chief medical officer outlined how the changes would improve and strengthen the commissioning function of PCTs and divest their provider role in areas such as community health service to the non-provider NHS.

The Health Committee report on changes to PCTs acknowledges that, as has been said, the reforms are necessary. However, it highlights several key concerns on which I shall dwell, particularly the concerns about the way in which the consultation on the Government's proposals was conducted. As all hon. Members, or certainly those on the Opposition Benches, know, these so-called consultation exercises are becoming utterly meaningless. I also wish to touch on how the proposals will affect local health service delivery and public health, which are crucial.

It would be nice for each of us, when we are no longer Members of Parliament, to have a quotation by which we will be remembered. We are always quoting the remarks of famous political figures. In April 1999, when I was a member of the Standing Committee—I believe that it was in this room—on the Health Bill that abolished GP fundholding to create PCTs, I said that it was a "truly socialist Bill." It was legislation that was intended to centralise health care provision commissioning away from clinical professionals and towards central Government. The reconfiguration of PCTs will take centralisation one step further through the creation of fewer and larger PCTs. For example, we in Essex have 13 PCTs, but later this year we will have five. Among Essex MPs there is great concern about that.

Mr. Walker: Is my hon. Friend sure that he is getting five PCTs? We were told that we were getting two in Hertfordshire, but really we are getting one. He has been told that he is getting five, but he might in fact be getting four, three or two. Has he checked the numbers and who will be running the PCTs?

Mr. Amess: My hon. Friend makes a valid point. I was giving Her Majesty's Government the benefit of the doubt, which I might now retract.

I argued in Committee on the Health Bill in 1999 that GP fundholding was being abolished too quickly and with little debate on the structures that would replace it. We are in a similar situation now. The Government took only 11 weeks to put together the reconfiguration proposals and the 14-week consultation period was certainly not adequate to get sufficient feedback on many aspects of them.

In 1999, many medical and professional groups voiced concerns about the rationale behind the structural changes. For example, in my speech on the Health Bill on 13 April 1999 I quoted a letter that I had received from the British Medical Association, which said:

> "The Bill heralds yet more structural change for doctors after nearly a decade of major upheavals in the National Health Service. The BMA will work with Government to try to make these changes work but would ask for no more changes for some time after this. We need a period of stability now in which doctors can concentrate on quality of service to patients rather than structural reorganisation."

There have been 23 major reconfigurations in the NHS since 1974, and the reconfiguration of PCTs is another significant upheaval that negates the request for stability and continuity from the NHS and health care professionals.

The general consensus of the Health Committee and those who gave evidence to our inquiry was that the consultation process was insufficient and flawed, to say the least. Not only was the consultation period too short, but it was conducted in a very top-down manner, pushing the Government's centralising agenda without taking into account the local solutions currently being pursued by PCTs on their own initiative to improve their operating procedures. For example, in its response to the Committee's report, the BMA stated that many PCTs had reported that they were rushed into the merger process, with little or no consultation with local stakeholders. In addition, although strategic health authorities were invited to contribute to the consultation, professional groups and patient representatives were not. For any transition to be successful, it must have all the professionals and patient groups on board at the local level.

As has been said, the Government response acknowledges that in many places the NHS is already working collaboratively to commission the best local services in the most effective manner. So why reconfigure PCTs, when the evidence shows that smaller trusts are taking the initiative where collaboration is sensible and right? Not all PCTs are operating optimally, but there are better ways of spreading best practice than imposing uniformity across the board. As the Committee's report made clear, there is no perfect size for a PCT, and one size certainly does not fit all.

In my constituency, Southend-on-Sea PCT will be merged with Castle Point and Rochford PCT on 1 October to form the south-east Essex PCT, which—if my hon. Friend the Member for Broxbourne (Mr. Walker) will allow me to repeat—will be one of five PCTs that will replace the 13 that currently exist in the county. The new PCT will serve a population of 325,000.

Southend-on-Sea PCT already works closely with the surrounding trusts and Southend-on-Sea borough council to bring together commissioning functions and provider services in joint health and social service teams. However, although 70 per cent.. of new PCT areas will mirror local authority boundaries, the new south-east Essex PCT will be a much more complex organisation, operating across Southend-on-Sea unitary authority and Essex county council, which brings new collaborative challenges. I know that the staff in Southend-on-Sea PCT will work hard to build on the successes that they have already achieved, but that is not to say that the structural upheaval is welcomed; it is not.

[Mr. Amess]

The Health Committee has estimated that the reconfiguration of PCTs will put the service back 18 months and undermine much of the progress made since PCTs were created in 2002. Clinical, public and patient engagements with each natural community were seen as priorities in the establishment of PCTs four years ago, but the reconfiguration brings those relationships into question. Clearly the non-executive directors, patient and public involvement forums, and professional executive committees of local clinicians that operate around each PCT have a cost, but they are increasingly proving their value, by making PCTs more inclusive in their working.

A major way in which the NHS will be destabilised by the reconfiguration of PCTs is, as has been said, through the impact on staff. The Government response to our report informed us that there would be a national primary care trust development programme that would support trusts throughout the transition. Southend has already begun preparing for the changeover, with the first meeting of the primary care trust transition board being held on 27 June. However, will the Minister comment on the success of the programme nationally in reassuring NHS staff about the future of their jobs?

Paragraph 21 of the Government response, which has already been mentioned, outlines how staff will be supported, as set out in the human resources framework, which was published in 2005. I would be grateful if the Minister could say what steps are being taken in that respect. What has been the outcome of the proposed consultation under TUPE—the Transfer of Undertakings (Protection of Employment) Regulations 1981—with staff and trade unions on how the restructuring will affect them?

The *Health Service Journal* reported in February 2006 that, according to data submitted by 17 of the 28 SHAs last October, the reconfiguration of PCTs, SHAs and ambulance services could equate to 2,143 job losses. If those figures are calculated for all SHAs, there could be as many as 3,350 job losses, of which 1,307 will be from PCTs in both the provision and the commissioning sides of the service. Once again it seems that cost-cutting has been put before strategic reform with a target of £158 million to be cut in the running of PCTs. As has been said, there is also the question of what retirement protection deals will be available to NHS staff who lose their jobs in the restructuring. In Southend-on-Sea PCT, substantive employment contracts have been guaranteed until June 2007 only, which creates uncertainty about employment in the work force.

In its response to the Health Committee inquiry, the BMA argues that there should be more effective management in the NHS. However, as it also points out, it is unclear how that will happen while the reconfiguration focuses on a 15 per cent. cut in management costs rather than takes a more strategic view of how including clinicians in management can help to strengthen the NHS.

One point that was emphasised throughout the Health Committee inquiry was that PCTs' commissioning functions could be strengthened considerably by trusts working with local professionals and engaging with local clinicians. Clearly, the involvement of general practitioners in practice-based commissioning is essential, and other consultants in a range of specialist areas must not be overlooked.

Clearly, the balance between the provision and the commissioning functions of PCTs needs to be readdressed with a view to whether the divestment of services from the former could lead to the strengthening of the latter. To what extent will those improvements be brought about by the large-scale structural reforms aimed at recentering commissioning skills in the larger PCTs, and by spending £250 million less a year on that function? I would be interested to hear the Minister's response to that. The Government maintain that PCTs' commissioning functions will be strengthened, but they have not outlined how that will be achieved at the same time as giving better value for taxpayers.

In his letter to SHAs on 28 July 2005, Sir Nigel Crisp said that PCTs should perform as providers only as a last resort. However, if they are not to act as providers, it should be made clear who will be responsible for that function. For example, will it be GP practices, private providers or secondary providers? As the NHS Confederation argued, divestment of provision should take place only where it offers demonstrable patient benefit and service improvements and therefore should not apply to all services. The Health Committee report asserts that the question whether PCTs should divest themselves of their provider functions is a debate separate from its inquiry, but concerns were raised throughout the evidence sessions about the fragmentation of services if divestment were to take place on a wide scale. I hope that the Government stick to their response to the report:

> "PCTs are no longer required to stop providing services directly. Instead from 2007 they are required to review the services they commission (including service they provide themselves) to ensure they are delivering value for money, quality and equity".

The concluding recommendation of the Health Committee report was that the Government should allow PCTs to develop organically, sharing best practice and collaborating on their own initiative with other trusts on commissioning and service provision. That recommendation has not been heeded.

Unfortunately, this debate on changes to PCTs comes a little too late to be useful as the decision to reconfigure the organisations has been made and plans have been put in place for the transition. However, having contributed to the 1999 Health Bill that created PCTs and to the report on changes to them now, I know that the underlying message from health professionals then and now is that continual structural change is damaging to service provision and should not be undertaken lightly.

3.45 pm

Charlotte Atkins (Staffordshire, Moorlands) (Lab): The Health Committee report on changes to primary care trusts was extremely timely. It was published on 15 December 2005, a day after the start of a formal consultation. We were thus able to alert Ministers to how badly the pre-consultation phase had gone. The evidence that we took suggested that it was insufficient

and flawed and that the time scale was too short. That was compounded by its inopportune timing at the beginning of the summer holidays.

The Health Committee told Ministers that the consultation had been a top-down process. I feared the worst—that local needs would be overruled after a sham consultation. We called for the rest of the consultation process to be made much more transparent and to offer local people a genuine choice about how local health services could most effectively be restructured.

In my constituency, the Shropshire and Staffordshire strategic health authority was determined to force through its plan for a huge, remote primary care trust, which would gobble up six other PCTs for the whole of Staffordshire. The SHA colluded with Staffordshire county council to ignore the wishes of local people, including a 300-strong public meeting at Leek in my constituency, where a unanimous vote was taken in favour of a more local primary care trust.

I am glad to say that Ministers forced the strategic health authority to consult on a local PCT that would combine just two PCTs—the option that local people really wanted. When the SHA completely ignored the overwhelming local support of clinicians, the voluntary sector, patients and councils for that local option, Ministers again overruled them. Their undemocratic and perverse decision was completely rejected.

That happened not just in Staffordshire but all over the country. When the Minister of State, my hon. Friend the Member for Leigh (Andy Burnham), gave his statement on reconfiguration to the House on 16 May I was surprised to hear so many hon. Members from both sides of the House thank him. He was of course a new Minister but was speaking on behalf of the Secretary of State, who was unavoidably absent. Nearly every hon. Member who spoke congratulated Ministers on listening and acting on what local people had said.

Mr. Walker: I was one of those hon. Members. Clearly, with hindsight, I did a very stupid thing.

Charlotte Atkins: The hon. Gentleman must be responsible for his own stupidity, but I shall be coming to the point about that.

Mr. Stephen O'Brien: The hon. Lady makes an important point. However the ministerial team as it then was dealt with representations that came from all quarters; we had exactly the same problem in Cheshire. What does she think drove the local SHA, and often the county representatives, in a certain direction? Was it to do with envisaging their role or their purpose as an SHA? That had not previously been articulated properly or decided in advance of the reconfiguration proposals. Or was it because of anxiety about the continuation of various jobs and roles that people wanted to preserve?

Charlotte Atkins: As the hon. Gentleman hints, I think that it was complete self-interest. I do not think that it was a matter of reconfiguration only with respect to health matters. It was looking forward to a local government review, which was behind it.

The public consultation, which appeared to be a sham, was transformed into a far more transparent process. I am particularly grateful to Lord Warner, but some credit must also be given to the external panel. When I met him, he said that he viewed the external panel as a good, diverse body that represented a number of stakeholders in the NHS. The panel used its NHS experience to recognise that the approach that local stakeholders and local consultations brought to Ministers was right.

Steve Webb: Does not the hon. Lady think that the process is a nonsense and a farce? The people of Staffordshire must go to Whitehall and beg and borrow and try to get what they want. Some of them do, others do not. Is not the decision for the people of Staffordshire?

Charlotte Atkins: It is, to some extent. In fact, we had the same debate; some people in south Staffordshire wanted Cannock Chase primary care trust to stand on its own. There must be independent decision making; however it is up to the people of Staffordshire to ensure that points are put forward.

I hope that we can build on the new, more transparent process. We must ensure that the appointment of the new chairs and chief executives is seen to be fair and based on independent professional assessment of candidates' abilities. All too often in the national health service, it appears that people who are displaced through reorganisation, of whom there have been too many, are slotted into new jobs even when they are not very competent. It is like musical chairs without taking away the chairs.

I want able candidates filling the new jobs. It is crucial, because they will be vital to leading desperately needed NHS reform. The hon. Member for Broxbourne (Mr. Walker) made the point that Ministers must ensure that the appointed people deliver on ministerial decisions, as indicated to local communities, about reconfiguration. Rumours are already circulating, possibly based on the hon. Gentleman's experience, that some people are working to undermine those political decisions by, for instance, forcing new PCTs to share a chief executive or management board. I hope that Ministers are alert to such manoeuvres and that they stamp on them. I hope also that the Minister assures me today that no such back-door mergers will take place.

I am delighted that Staffordshire Moorlands primary care trust in my constituency is already working with Newcastle-under-Lyme primary care trust, with which it will merge, to get things up and running in time for 1 October. They are moving to set up a joint professional executive committee and to fill the gaps that were inevitably and sadly left by staff moving from primary care trusts because of uncertainty over their future roles. Such collaboration, combined with the efforts of the University hospital of North Staffordshire chief executive, Antony Sumara, to mend the previously dysfunctional relationship between the hospital and the PCTs, augurs well for the future.

However, we still need to get the PCTs' commissioning function working effectively. In north Staffordshire, the new Stoke-on-Trent and North

[Charlotte Atkins]

Staffordshire primary care trusts must work together more effectively, perhaps on a north Staffordshire commissioning board, to hold the acute sector to account. It is vital that PCTs are not left to sink or swim, and that best practice is shared more widely, through either a central change agency, as the Committee recommended, or a more pro-active role for strategic health authorities. Where necessary, specific support should be provided to the poorest-performing PCTs to get their commissioning role right.

The Committee identified another neglected area: the changes to PCTs' vital public health function. It was concerned that there was no consultation with public health professionals prior to the publication of "Commissioning a Patient-Led NHS". That is particularly worrying, as public health can be seen as an easy target when finance is tight. That was reinforced by a 2005 survey by the Faculty of Public Health that showed that there were 17 per cent. fewer public health consultants in 2005 than in 2003. It would be fine if those posts were replaced by public health posts in the community. However, having said that, 36 per cent. of PCTs in England believe that they do not have the capacity to deliver their public health programme effectively.

With a new configuration of PCTs and a local engagement of clinicians with the voluntary sector and local authorities, there is a real opportunity for primary care sectors to address public health matters across artificial geographical boundaries by focusing on the problems and finding the best way of delivering public health programmes.

In my own area, it would make sense for that public health remit to stretch right across north Staffordshire and bring directors of public health, consultants and particularly, community health professionals to all work together. However, with PCT deficits, there is a risk that public health will be a casualty of cost-savings.

What are the Government doing to ensure that public health is kept at the forefront of local health priorities? The PCT reconfiguration has been immensely time consuming, distracting and a morale-sapping experience. PCTs have been put in limbo. Now that decisions have been made, it is vital that we focus on best practice and develop the potential of our PCTs working in local partnership.

My Staffordshire PCT has been leading the way. For instance, they have been working with Sure Start, the programme for early-years youngsters. It helps to sustain a project called "Special Matters", a unique combination of local parents in a relatively rural area with special needs children. It meets to help steer health professionals to provide a quality and comprehensive service for all those families, not just the ones covered by Sure Start. They all have children with special needs. The project has recently won a national childcare champion award. It is unique and it is parent-led and its activities are targeted towards the whole family. It is fantastic.

However, they are doing other fantastic work using community matrons to manage patients who are at risk of emergency admission. They have reduced the emergency admissions massively. They have introduced a highly acclaimed falls programme that ensures that those people who are at risk of falls are managed in such a way as to prevent falls and to make sure that they are not admitted to hospital again.

Staffordshire Moorlands PCT has the joint highest uptake of first and second measles, mumps and rubella doses by the child's fifth birthday. It has also set up "Physio Direct" so that if you have back, neck, joint or muscular problems, you can use a dedicated phone line to contact a qualified physiotherapist straight away for advice or treatment. You do not have to go through a GP.

Mr. Stephen O'Brien: The hon. Lady has been generous in giving way to me for a second time. I congratulate her on a genuinely fine speech. In an important way, she has laid bare the fallacy of seeking to arrange those services from the centre on a geographic basis—for the convenience of Whitehall—rather than sectorally focused on local need and demand.

I remember our debates when no one has stood up for her local ambulance service, which was among the first responders. She has just been doing the same thing. I want to put it on record that the example of Staffordshire—and her part of Staffordshire—demonstrates how silly it is to approach those on a rather crude geographic basis rather than on a needs and demand basis.

Charlotte Atkins: I agree absolutely with that. That is why it is important that the Government must always listen to local stakeholders, whoever they might be. It is vital, particularly in relation to the Staffordshire ambulance service, which was a fantastic local victory. It will continue to serve me and my family and the whole of Staffordshire rather well. That PCT's work is extremely valuable, and we must ensure that it is not put at risk by lack of staff or inadequate staff training.

The Health Committee received evidence this morning that the primary care work force is somewhat neglected as far as training is concerned. One of our witnesses said that primary care workers desperately need proper career pathways and ring-fenced money to train staff. If we want to expand primary care, we must do so with well-trained and well-prepared staff. That is vital if we are to achieve Government objectives of shifting the balance of health care from the acute sector to the primary sector. I hope that the Minister will give me some assurance today that the Government's priorities for moving care into the community and the primary care sector will be backed up by financial support for staff training and the development of proper career structures.

4.1 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great honour to follow the hon. Member for Staffordshire, Moorlands (Charlotte Atkins), who made an excellent and powerful speech. I shall come to the issue of local accountability, which was also raised by the hon. Member for Dartford (Dr. Stoate) when he suggested directly elected PCT members, which seemed to have a lot of merit.

One of the problems that I have had as a new Member of Parliament is getting NHS matters sorted out. I complain to the Minister, who writes me a very nice letter saying that it is the PCT's responsibility, but when I write to the PCT, it tells me that it is the Government's fault, because the PCT is underfunded. The Chairman of the Health Committee mentioned the issue in his powerful opening remarks about independent providers.

My PCT, Northamptonshire Heartlands, had a problem when on 30 November the Prime Minister stood up and announced suddenly that nobody would have to wait more than six months for an NHS operation. The problem was that my hospital could not possibly meet that target, so the PCT had to provide for the independent sector to reduce the numbers on a very short contract. That worked, but the knock-on effect was that the PCT ran out of money this year, which meant ward closures and cutbacks everywhere. Local accountability in the mergers worries me greatly.

The Government are right to try to get the best combination for health care. The only question to be answered is: does this improve health care for patients in my area? In Northamptonshire, we have a slight problem. We were bolted on to the bottom of the East Midlands strategic health authority—a huge, not really geographical area. We are part of the worst funded SHA in the country, and we are at the bottom geographically, so we lose out.

But at least we had a PCT that covered my part of the county. There were three PCTs in Northamptonshire, which divides neatly into two. When the Government considered police forces, they decided that Northamptonshire should have two basic command units. When they considered local development, they decided that it should have two development agencies, given that we are required to build 167,000 new homes during the next few years. It seems strange that we have one PCT for the whole county when everything else has been done on a natural north-and-south basis. That failure in local accountability is at the heart of our problems in Northamptonshire.

As a new Member, I was drawn into a lot of meetings about the proposed PCT mergers. There were lots of cross-party meetings with Labour and Conservative Members. I went to my local hospital, managers came up here and we had lots of briefings. It suddenly dawned on me that it must be costing an absolute fortune, not only because of the actual cost of the meetings but because of the time taken from the PCT managers, who should have been focusing their resources on health care in my area. It then struck me that we have had ongoing problems in Rushton, where there are three local NHS health care units on three sites, when they should have been brought together on one site. For more than five years, efforts have been made to sort that out but, of course, it went by the by. No one wanted to talk about it, only about what would happen when the PCTs merged. My fear is that, when we have one PCT, the Rushton project will disappear for another five years. It will not be of interest to anyone.

In the run-up to the election, one of the matters that I campaigned on and which came out top through our local listening to Wellingborough and Rushton surveys was the need for a local community hospital. The Government have said rightly that they are in favour of community hospitals. Both my acute hospitals are outside the constituency, so people must travel for half an hour or more to reach them. I have just been successful in getting Heartlands PCT to recognise that that would be a good idea when it is about to be abolished. I now have to go through the whole process again, without local accountability. To a certain extent, I regard matters as change for the sake of change in a quick period. I believe that change should have been made over a period on the basis of what was best for each area. Clearly, we should not have had three PCTs in Northamptonshire, but two. However, there seemed to be an overall plan in the east midlands, at least, that there would be county-wide PCTs. Perhaps the Government had that design in mind before they went into the project.

Many hon. Members have protested, as a result of which their area was altered. Unfortunately, perhaps the new hon. Members who represent parts of Northamptonshire—there was more than one—did not have the clout that some previous hon. Members had or did not know how to get the decision changed. If we are to have a proper consultation, it should not require people afterwards with the biggest stick or the most influence to change things. I know that the Government thought that what they were doing was in the interests of the NHS, but I consider that they failed in Northamptonshire.

I received an e-mail today. It said:

> "I have just returned from my local dentist's surgery after my 6-monthly checkup. I was absolutely horrified and disgusted to be told that because of the Dept of Health's changes in the provision of NHS dentists, he would be going private in September. This means that the price for a routine checkup (assuming nothing is wrong) is increasing by almost three times. The quality of service will remain the same so the Dept of Health changes will certainly not improve patient care."

I read that out in relation to the PCT because the two towns of Wellingborough and Rushton adjoin each other. There is no NHS provision in Wellingborough and the PCT has just managed to obtain some new NHS provision in Rushton. Unfortunately, that dental surgery is already full. Appointments cannot be made before December.

Luckily, a local dentist, Dr. Chan, had a Polish dentist available with experience of the NHS because he has been here for a while. He wanted to work in Rushton for the NHS. That would have solved not only Rushton's problems but those of Wellingborough. I had a chance with my partner's PCT to argue that, in that regard, Wellingborough and Rushton were the same place. If the PCT were based in Northamptonshire, and the strategic health authority covers the whole of the east midlands, it would not even know that Wellingborough and Rushton were joined together, so there would be no chance of more NHS provision in my area.

Unfortunately, I have just received a letter from the local Heartlands PCT to say that no funding is available. Can the Minister explain that dilemma to me? I complained to the Secretary of State for Health, and a meeting was arranged with the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton). I complained in

[Mr. Peter Bone]

November, but like many people in the NHS, I had to wait, only to have my appointment cancelled and then cancelled again. It was only six months later that I actually had the meeting, and the Minister argued with some clarity that it was for the PCT to decide whether to provide NHS dental services in my constituency, but the PCT says that the Government will not fund those services. How, therefore, are Members of Parliament to get somebody to do something about a situation in which there is a Polish dentist available to work in the NHS, but there is no NHS provision in the constituency?

Let me now move from dentistry to what is, in many ways, a more serious issue and give just one example of the problem that we face locally. Our local hospitals are very efficient—the NHS standard is 100, and they work at 85—but our area is underfunded, even by Government standards. We are underfunded by 4.5 per cent., and it is argued that that is because other areas are overfunded. That might sound very neat, but there is a real and serious problem for the patients.

A five-year-old child in my constituency—with your permission, Miss Begg, I will not identify him—had an operation in February 2005. During the operation, three surgical procedures should have been carried out, but one was not. That has meant that that little boy has had to wait in pain for a considerable time. This month, the consultant agreed that the case should be urgent, but despite the fact the little boy is in urgent need of treatment, the consultant said that he could not be treated for five months because of the PCT's ruling that it had no funding. The consultant opened his diary and showed all the dates when he could have done the operation, but he cannot do it, because the PCT will not allow it. When that argument is put to the PCT, it says that it is because of Government funding and targets. It has been told that everybody must have an NHS operation within six months, so urgent cases are being put back five months to allow everybody to meet the six-month target.

Such an arrangement cannot be right, and it certainly is not the way to achieve local accountability. Indeed, to conclude, the real issue with which I should like the Minister to deal is the local accountability of PCTs as they are now and as they will be in the future.

4.13 pm

Mr. Paul Truswell (Pudsey) (Lab): I am grateful for the opportunity to intrude on the debate as a non-member of the Select Committee. I appreciate that its report was a snapshot in time and I am sure that my hon. Friend the Minister will tell us just how far we have progressed since. Despite the passage of time and events, however, the report remains extremely topical and relevant to people's experience in Leeds.

As we know, a tablet of stone dropped from the lofty heights of the Department of Health at the end of July. It contained two commandments: "Thou shalt reduce the number of PCTs" and "Thou shalt divest thyself of services". To a degree, the second commandment has been withdrawn, although how far remains the subject of debate. In my area, for example, the initial requirement for PCTs to divest themselves of services has led people to spend considerable time looking at various options, some of which would have obvious attractions to staff who wanted to avoid the threat of outsourcing. My fear is that some of those options might be pursued further out of fear and uncertainty about the future and about change, rather than primarily on the basis of what is in the best interests of patients and services.

The proposals that were submitted for reconfiguration in Leeds need to be viewed in the light of the flawed top-down process that the Select Committee report so accurately described, irrespective of the Government's emollient words in response. They were not carefully considered plans for the improvement and commissioning of services. They were an acquiescent response to the first of the commandments that I referred to a couple of minutes ago. That remains of major concern to us, because in Leeds we have generally found that the PCTs have been a success. They adopted commissioning approaches based on the needs of their communities. They have taken a particularly robust line with the local acute trust. They developed services to meet needs, very much in the way that my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) described in her area. Indeed, community services were transferred from the then community and mental health trust to the PCT as a means of improving them.

In my constituency, for example, the Leeds West PCT developed a whole range of services responding to local needs, including rapid response teams to prevent unnecessary admission of older people to hospital, thereby addressing a major challenge in Leeds, which is that we hospitalise too many people and keep them there for far too long. A respiratory team has been established to advance the care of patients with certain respiratory conditions. Advanced special practitioners, who are basically senior nurses, are working with patients who have had experience of multiple hospital admissions over a year and regularly require the assistance of their GP, again to address the issue of unnecessary admission.

Our profound hope is that with the reconfiguration such innovation and good practice can continue and be disseminated in a much larger PCT area. In Leeds we are talking about moving from five PCTs, the largest of which serves a population of just under 200,000, to a single PCT serving a population of more than 720,000.

Jim Dowd (Lewisham, West) (Lab): I would not expect the hon. Gentleman to know the answer in detail, but can he compare the actions being taken in his native city of Leeds and the bold way they have gone about merging the PCTs with the absolute lack of commitment and timidity of the Government with the PCTs in London?

Mr. Truswell: My hon. Friend is absolutely correct to anticipate that I cannot answer that question, but I am sure that his intervention will have found its mark.

In fairness, my Leeds colleagues and I were not opposed in principle to the changes—we would not take a luddite approach—nor to the proposal to reduce from five PCTs to one. On the basis, however, of the sparse information placed before us in the so-called

consultation exercise, we could not support the proposal as it stood. The picture of how the new PCT would look and function was and, I am afraid to say, remains far too unclear. We were conscious that the proposals were not the result of an organic process but were initiated directly and exclusively as a result of Sir Nigel Crisp's letter of 28 July. Neither we nor our constituents have had any opportunity whatsoever to consider or contribute to a tangible model of what the new structure would like. We were not looking for detailed nuts and bolts. That would clearly have been unrealistic, given the timescale of the process, but we did require a clear indication of how the key areas of activity—especially the local focus—might continue to be achieved in Leeds. Certainly, as I say, we were happy that the five PCTs were achieving that.

Like the Select Committee, we appreciate that savings released from reducing administrative cost can be reinvested in patient care. We understand the frustrations of the many voluntary organisations in our city that have to deal with five separate commissioners, although there was a degree of lead authority work taking place to address some of those problems. We recognise the problems of working closely with partners such as the local authority and its relevant departments.

In our response to the SHA consultation we stressed what we wanted to see coming out of the reconfiguration. The points are reflected in a number of the recommendations made in the Select Committee on Health report. I do not intend to take up time reiterating them, because they have been covered by a number of other hon. Members.

It goes without saying that the reconfiguration must maintain and build upon the achievements of our existing PCTs, especially in developing strong local focus and initiatives to meet the needs of our communities. We raised our concerns about whether the move from five PCTs to one could achieve that in a meeting with our right hon. Friend the Secretary of State in the autumn. As a result of our representations, we were pleased that John Bacon's letter of 30 November to Mike Farrar, the then West Yorkshire SHA chief executive, contained the following sentence:

> "Concerns have been expressed about the risk of losing a strong local focus, particularly in Leeds, and it is therefore essential that the consultation document explains how you will sustain this focus within a larger PCT."

We were therefore hugely disappointed that the consultation document contained just a few glib sentences on that point. In subsequent discussions with Mr. Farrar, he made a number of positive assertions regarding that and other aspects of the issue that we discussed. He asked us to trust him, and we might well have done so. He is an extremely good and effective officer. Unfortunately, and inexcusably for a Yorkshireman, he has now disappeared over the Pennines to become the chief executive in the north west.

We now have a new chief executive of the SHA and a new chair. They, of course, have a much larger area to deal with, not only West Yorkshire but the whole of Yorkshire and Humberside. It seems likely, without wanting to pre-empt the process, that the new PCT chief executive will come from outside the area. We also await the appointment of a chair. The Select Committee's concerns on the issues of continuity and responsibility were, I believe, well-founded from the point of view of our experience in Leeds.

At PCT level, it feels as though there is a centrifugal force pulling the emphasis from localities towards the centre and, at SHA level, pulling it from the west Yorkshire area to a Yorkshire and Humberside level. Whether practice-based commissioning will provide a countervailing centripetal force is totally unclear to us at the moment. There has been precious little in the consultation process, or since, to demonstrate how that would work. The Select Committee's comments on that point remain entirely valid, from our point of view.

From my parochial point of view, I continue to ask myself—and anyone else who is listening—how local issues that I have been able to pursue with a PCT with good local knowledge will be resolved in future. I shall reflect and echo the comments made by the hon. Member for Wellingborough (Mr. Bone). To whom do I speak—and will they have a grasp of the issues in the locality when I contact them—about problems or concerns relating to GP practices, such as the need for new or developing premises? To whom do I speak about local dental provision? My area has been consistently defunded over the years by the exodus of dentists from the NHS. Even though that defunding is being stopped by the retention of funding at local level, where will the funding for re-provision go once we have a pan-Leeds PCT?

My colleagues and I have made a number of other points that are effectively expressed in the Select Committee report. The consultation, for example, had no real tangible substance other than the proposal to move from five PCTs to one. Even that was in the context of a broader document that covered the whole of the west Yorkshire region.

We share the concerns expressed by other Members about the need to retain strong public health functions at local and city level. Of course, we are going from having five teams to having one centralised team within Leeds. Public involvement in health provision at all levels must be promoted. The forums in our city—I am sure that this is the experience elsewhere—have only just begun to find their feet but, as a result of the reorganisation, we have a completely new ballgame.

We must ensure that the present levels of service provision, particularly at local level, are strengthened and enhanced. On that point, we were disturbed to learn that the savings from the reconfiguration in Leeds would not necessarily be recycled into the Leeds health economy. That is totally unacceptable. Leeds faces major challenges in addressing the historical imbalance between community and hospital services. We have two major teaching hospitals, which, over time, have soaked up most of the NHS resources. As a result, we have relatively weak community services, we hospitalise too many people and we keep them in hospital too long. We are also conscious that in the immediate future the acute sector faces major challenges which may require additional resources.

Those are crucial issues and there is precious little time to get them right in the helter-skelter process that hon. Members have described. I sincerely hope that my hon. Friend the Minister will be able to give me some grounds for optimism in his response to the points that I and other hon. Members have raised.

4.25 pm

Steve Webb (Northavon) (LD): I am sure that all hon. Members agree that debates such as this are valuable occasions. We owe a debt of gratitude to the Chairman of the Select Committee, the right hon. Member for Rother Valley (Mr. Barron), and its members, some of whom are with us this afternoon, for a valuable and hard-hitting report. This morning, I refreshed my memory by rereading sections of the report and was struck by the forthright language in which it was couched, to which the right hon. Gentleman referred, which conveys a lot of the anger that was felt at the time. The letter appeared and although there was some precedent, it still felt like a bolt from the blue and was much firmer than anyone expected. It came at precisely the wrong time in the parliamentary cycle and at the wrong time for any meaningful consultation to take place. Although things have moved on, it remains an important document and our debate this afternoon has highlighted some of the issues that need to be considered as we go forward.

Something that strikes me from what I have heard from colleagues around the country is how different everyone's local case is. My perspective is coloured by coming from an area with a relatively small unitary authority. In our case, to argue for coterminosity was also to argue for localism, and we got it, albeit not under the original proposals. Other hon. Members have referred to wanting a PCT that understands local issues and is coterminous with the social services authority. I was arguing for the same things, but I fully appreciate—the debate has helped me to understand the point—that for some colleagues those two things were in tension.

That leads me to the first key point arising from the debate. It could not be more apparent from the debate that such decisions must be local decisions. I was interested in the comments of the hon. Member for Staffordshire, Moorlands (Charlotte Atkins), who said that she is a great advocate of local decision making, but then implied that because there may be conflicts within an area, there should be some sort of external, independent arbitration. With all due respect, that seems to be entirely misconceived. Local government exists for that purpose—to reconcile the competing claims of different sub-parts of an area. We do not say that just because a county has one bit that wants one thing and another bit that wants another, we need an independent third body to tell it what to do. We resolve the matter through open, local, democratic procedures in the local area.

Charlotte Atkins: If that had happened in Staffordshire we would have been lumbered with a Staffordshire-wide PCT because the county council was determined from the start to be completely undemocratic and perverse and to ignore not only the population in Staffordshire, but its own elected councillors and post-holders.

Steve Webb: That comment opens a whole can of worms. If we are saying that elected people are not listening to their electorate—

Charlotte Atkins: It was worse than that.

Steve Webb: If elected people are not listening to their electorate, any hope of local democratic accountability becomes problematic.

Charlotte Atkins: It was not the elected members who did not listen to their electorate; it was the officers of the county who did not listen even to their own elected members.

Steve Webb: I am not an authority on what happened in Staffordshire, but that suggests to me that the elected members should get a grip.

Charlotte Atkins: Absolutely.

Steve Webb: The answer to the problem of tensions within a local area, it seems to me, is more democratic accountability, not external independent arbitration by a quango. I cannot follow that logic at all. If the existing democratic structures would not have produced the outcome that the hon. Lady wants, that suggests that the democratically elected people should have been doing their jobs more effectively. That seems to be logical.

The idea seems to be, in essence, that we all have to go cap in hand to the Secretary of State. Opposition Members do not have the same access to Ministers—I do not say that with side, but it is true. I have often heard Government Members say, "I had a meeting with the Minister about this or that," but it can prove very difficult for Opposition Members to do that. That is a statement of fact. I had a local reconfiguration issue about a hospital. After six weeks of trying to see the Secretary of State, I was eventually offered a meeting with one of the junior Ministers. I phoned her office and was told that she was too busy, but I could have a phone call to the Secretary of State two weeks later. Then, the Secretary of State said to me, "Why didn't you raise this eight weeks ago?"

There is a more profound issue, which is that these matters are being decided in the wrong place anyway. The Secretary of State is an elected person, but she is not elected by anybody in Staffordshire, or Wellingborough or Leeds, so why are we having to go to her for a decision to be made? Clearly, there are some things that have to be done nationally and strategically, with an overview. However, decisions about local health configuration should be taken at an appropriately local level.

To continue the theme, the right hon. Member for Rother Valley talked about those with the biggest voice. What was interesting was that I heard something different to what he was saying. He was, I think, referring to some cases on which it is difficult rationally to justify the outcome and there is some suspicion that a former Health Secretary, or whoever it may have been in a particular case, had undue influence. That is another reason why one vocal person, whoever he or she may be, should not determine such matters. Whoever it is, the decision should be a community decision, made locally and democratically. I agree with the right hon. Gentleman—it should not be just one loud voice that counts. However, I think that the voices that are heard should be elected voices; that is what I was trying to get across. In the Avon area, we had the

surreal situation in which everybody who had ever put their name on a ballot paper and got elected to anything had a common view, but they were going to be overridden by the unelected. That was what I found unacceptable.

We had an interesting exchange about why some of the strategic health authorities appeared to come to conclusions that were different from the widespread community view. There was an interesting exchange about the reasons for that and some suggestion that it was the result of looking to the future, or perhaps empire-building. I have a slightly different theory, which is that the power of the acute trusts has been underestimated. There is a close working relationship between the strategic health authorities and the big hospital trusts. I know perfectly well that my local hospital trust did not want to deal with lots of small PCTs. Its life would be easier if it were dealing with a smaller number of commissioners. It had a very loud voice, so when we went to see the strategic health authority, it made it clear that the acute trusts' preference for fewer commissioners was weighing strongly with it. That is one reason why the health authorities were saying something different to what the communities were saying. Again, it is a case of the unelected being very powerful: in this case, the chief executives of the acute trusts had a big say.

Dr. Stoate: I am listening to the hon. Gentleman's argument very carefully, but it does not entirely stack up. As we move towards practice-based commissioning, there will be far more commissioners in future, so the PCT's role in commissioning will be significantly diminished. I am not sure how that squares with his argument.

Steve Webb: The hon. Gentleman highlights one of the many inconsistencies in the Government's whole approach to health policy. On the one hand, he says that we will have practice-based commissioning—if we believe that—and on the other, we have "Commissioning a patient-led NHS", which was all about PCTs commissioning, not providing. Practices are to commission, but PCTs are to commission, too, and individual patients are going to make individual choices that somebody is going to have to provide for, so in fact patients will determine the pattern of demand. Those three things cannot all be true at the same time. I have no idea—nor do the Government, I think—where we are going with that.

Dr. Stoate: Perhaps I can help the hon. Gentleman. They will be commissioning different things. The PCTs will be commissioning certain services, such as district nursing and the provision of regional services. Practices will be commissioning much more locally based things and most referrals to hospital which, as the hon. Gentleman rightly says, will ultimately be decided by patients who work through choose and book.

Steve Webb: That is an elegant characterisation; if only I believed that the process was as carefully worked out as that.

The hon. Gentleman has highlighted the sense that, throughout this experience of reforming PCTs, the Government have been making it up as they go along—abolishing county-wide health authorities, but replacing them three years later with merged PCTs that cover the same area and do similar things. I find that the most worrying aspect of all. To have a 10-year NHS plan, with strategic direction that sets out where we are going so that everyone knows where they stand and can plan on that basis, is an excellent idea, but to produce an NHS plan for 10 years in 2000 but then to rewrite the whole thing every six months seems to be the opposite of what we want.

A number of hon. Members have mentioned the importance of continuity. An hon. Member briefs a PCT about an issue and gets to the point of something being about to happen, but then the PCT disappears and the whole thing has to start again. We need continuity and stability—not stick in the mud-ness or dinosaur-ness, if I may use those words—rather than constant turmoil.

The hon. Member for Wyre Forest (Dr. Taylor) quite properly pointed out the so-called distraction effect on managers. I am so pleased that the day after the Minister made the announcement, my local PCT chief executive could get on with planning health services for south Gloucestershire, instead of wondering whether she would have a job in six months or having to organise the winding down of the organisation. I cannot believe that what is happening is a rational way to proceed.

The hon. Gentleman talked about consultation and the statutory duty to consult on such changes. I am sure that he is right factually, but for the Department of Health to write and say, "We don't need to consult," is the wrong way round. Surely one would wish the Department's instincts to lead it to say, "We want to consult." It should not say, "No, it's all right, we don't have to—we're just going to get on with it." The Department should want to hear what people say before it makes decisions. The default position should be for the Department to consult unless there is a pretty good reason not to, but so seldom do things happen that way.

The hon. Gentleman mentioned Professor Ashton. Nobody could say that his resignation was politically motivated or a party political gesture, because he expressed political sympathy for the governing party of the day and wanted to enter into politics. However, he also highlighted the constant reorganisation and its debilitating effect on health services.

The hon. Member for Dartford (Dr. Stoate) mentioned PCT planning blight, which is a helpful phrase. He also flagged up the idea of directly elected members of PCT boards, which I am interested in, but then said that perhaps we could work with the foundation trust board model. I have to say that the foundation trust board model is a complete farce, with small numbers of people, often self-appointed, notionally representing huge numbers of people. I have come across plenty of governors and members of such bodies—I do not think that they are called boards—whom the foundation trust often sees as its cheerleaders. The trust is often a commercial organisation trying to get business and succeed, and wants those people not to hold it to account but to go out and promote it. That is a very different role, so I am not sure that the foundation trust precedent is a happy one. Foundation trust governance came about because

[Steve Webb]

the Government do not trust local government and therefore invented a proxy for local accountability, which has not worked.

The hon. Member for Southend, West (Mr. Amess), who has just rejoined us, asked to be remembered for something. I assure him that he will be remembered; or rather—he knows what I am going to say—that his smile will be remembered. It was his smile in 1992 that brought me into politics. His joy at what had happened in Basildon did not, it would be fair to say, coincide with my feelings. I decided at that point that a political career was necessary and I am grateful to him for that.

The hon. Gentleman raised an interesting question: what happens when a PCT is created that straddles local authority boundaries, such as county boundaries and unitary authority boundaries? By the sound of it, what happens is a dog's breakfast. Probably influenced by experience in my area, I am a great believer in coterminosity wherever possible. The idea of creating something that is not truly local, but not coterminous either, horrifies me, as does the thought of how the joint working will take place in the set-up that the hon. Gentleman described. What is proposed does not look like a sustainable long-term solution, so I would not be astonished if the Essex PCTs ended up being reorganised again, which I suspect horrifies him as much as everybody else.

The hon. Member for Staffordshire, Moorlands was absolutely right to highlight the impact on public health of all these changes, as it has been a neglected area. Several hon. Members made that point.

The hon. Member for Wellingborough (Mr. Bone) was right repeatedly to stress the importance of local accountability. That is where I come in on this whole issue. We are talking about the public's national health service. We are not only consumers who shop around, whose voice in health care provision should be exercised only when we are ill. We are citizens who pay our taxes and who should have a say, as citizens, in the way our health service is structured.

The phrase "sham consultation" was used by the hon. Member for Southend, West and others, and it was interesting that the Minister appeared to be genuinely puzzled by it, as if such things do not happen. Now he is looking at me with a puzzled expression. *[Interruption.]* Perhaps I misunderstood him. However, there is widespread public dismay about the consultation.

I said the other day that never have so many people been consulted about so much to no effect. There is a sense that we are either not talked to at all or that, when they do talk to us, people do not listen to what we say. Record amounts of consultation go on. I spoke to the Secretary of State about a local issue on my patch, and she said that there had been citizens' juries. Yes, there had been citizens' juries in one bit of the patch that wanted one thing, and they got what they wanted, but the other bit of the patch was not asked and did not get what it wanted.

The critical point about consultation is that it needs to happen before the decision is made. That might sound blindingly obvious, but it would be nice if it happened. It needs to happen early, while people still have open minds. If people consult when they already know the answer, it just spreads cynicism. We need to consult when minds are still open, when issues are still there to be addressed, when the contribution of the public as citizens can still add something. We do not need consultation that is a rubber stamp or a process that generates disillusionment. The consultation on changes to primary care trusts has been a case study in how not to do it. I hope that the Minister has listened to Members across the House this afternoon and that future changes will be made in a genuinely consultative, local and accountable way.

4.42 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I, too, welcome the Minister to his new position. He and I have had the chance to meet across the Dispatch Box from time to time but in different roles, and it is a great pleasure to have an opportunity to debate with him today what is unquestionably of the greatest importance to all constituents in all constituencies, namely, their current and potential health care.

Equally, I pay tribute to the Chairman of the Health Committee. He has presided over an important and timely contribution, which is not always easy to arrange in Select Committee affairs, to what has, in effect, been one side of the great argument on health care; that is, how much does patient care come out of structures and how much does it come out of the professional application of clinical and management approaches?

The report is highly influential. Notwithstanding the fact that some time has elapsed and that one could argue that the debate has been somewhat overtaken by events, the report stands well, despite the risk that it always carried. The members of the Committee are to be congratulated on their combined efforts in producing it, and I join in congratulating the secretariat that supported its work.

In an informed and sincerely articulated debate by Members across the House, we have heard powerful points about the manner of genuine consultation and commitment to it. We have heard about appropriateness and accountability and how health care services can best be configured structurally for delivery, whether according to geography or to some form of local arrangement. We have heard, notably, from the hon. Member for Wyre Forest (Dr. Taylor) about the distraction effect. The point is powerful coming from him, as somebody who has worked at the front end of the health service and no doubt knows what it is like to be on the receiving end when politicians, including Administrations of a different political hue, come up with grand designs and the professionals have to down scalpels and deal with political directions.

Dr. Richard Taylor: May I point out that one of the huge problems that I faced was when organisations for which I was working were called to be involved in pilot trials that were scrubbed before we had got half way through them? That is most off-putting.

Mr. O'Brien: I am grateful for that contribution. As it happens, I strongly believe that the Government should pilot and trial most things that they implement,

but they should see the trials through so that proper conclusions and assessment can be made in the light of experience. So much can be learned by that method.

I wish to concentrate my remarks on taking forward the lessons of the report and also focus on the Government's response to it, which is equally part of the debate. Their response to one of the Committee's most critical reports—at the time it felt damning—typifies their approach to our NHS: a recital of soundbites and phrases, and saying that throwing a lot of money at the NHS is somehow an immediate answer to criticism. It is incumbent on the Government to look out for a tone that strikes many—I will not be the only one who has heard this opinion expressed in his constituency—as suggesting that an ungrateful nation is failing to thank the Government for throwing money at the NHS. That money has been welcomed, but it is no wonder that the public do not give thanks if the money is not accompanied by the necessary financial and general competence required to ensure that it is best used and deployed.

We are in a time of the worst crisis of deficits and job cuts in the NHS in living memory. Another restructuring of PCTs, more or less returning the NHS to the structure that the Government inherited nine years ago on taking office, seems like a monumental lost opportunity. The 100 health authorities were abolished in 1998 and primary care groups formed. They were duly removed in favour of the 303 PCTs, which are now being meddled with and reduced to an indicated 152. The hon. Member for Pudsey (Mr. Truswell) made the important point that the reduction did not seem to carry with it a sense of having been designed with a resonance to his area's needs or any analysis of what accountability was needed locally. It was a fair and well argued point.

There have been nine years of what can fairly be argued to be mismanagement, under a constantly changing cast of Ministers—I do not necessarily consider the Minister himself to be primarily in the frame, although he is currently accountable. The result has been that productivity in the NHS has declined by up to 1.3 per cent. every year. There is a question whether taxpayers, our constituents, are getting genuine value for the vast amounts of money that we have all put in. That money was recently described by Nicholas Timmins of the *Financial Times* as "an opportunity squandered."

The Government have failed to point out that there has been haemorrhaging of staff across the NHS, due to poor financial management. Notably, this week two surgeons at the Oxford Radcliffe hospitals have had to leave their jobs. *The Independent* reports today that at least 20 NHS trusts are considering making consultants redundant. Money has been haemorrhaged on PFI deals, particularly through the Secretary of State delaying the Barts and The London project and the poor transfer of risk in the Norfolk and Norwich PFI project. Such matters ought to have been highlighted if the Government are genuinely seeking to be accountable for the effect that their expenditure is having on front-line patient care, which is sometimes to diminish it.

In emergency care, the Government have severely limited the capacity and quality of out-of-hours provision across the country through their questionable approach to negotiating the GP contract. They are now having to pay to undo some of the problems of that negotiation by directly enhanced services, and they are driving deficits up with overly stringent targets in accident and emergency departments that deliver little clinical benefit to patients.

On page 3 of their response, the Government say that the rationale for the changes is to

> "commission better services for patients, work more closely with local government, and ensure that we get the best value for money from the system."

Increasing patient choice and driving up standards will require stronger commissioning—that is something on which we all agree. The Health Committee, however, remained unconvinced that instigating large-scale reform was the best way to retrench commissioning expertise. The Committee rebuked the Government for not strengthening commissioning when it strengthened the provider sector, thereby leading to a market imbalance in the service. The current proposals for practice-based commissioning are looking increasingly unrealisable in totality. There are only meagre benefits—if any—for GPs in holding merely indicative budgets, particularly as the Government are inclined to be sluggish over things. Lord Warner, the Minister, said in another place that he was "relaxed" about how quickly practice-based commissioning was implemented. Not only will that not strengthen commissioning sufficiently, but the Government have yet to ensure that we secure best value for money.

One of the Health Committee's sternest criticisms was of the clumsy and cavalier approach that had been taken. In the case of establishing new PCTs as commissioning or provider bodies, it amounted to making policy on the hoof. Under pressure from many people—not only from Conservative and other Opposition Members but from Members on their own side, the Government claim to have clarified matters. However, to use the words of the Select Committee Chairman, it is fair to say that the "direction of travel" remains unclear, and that there is still uncertainty around the purpose—let alone the true job expectations—of those who are charged to deliver.

According to the Government view on provider status, decisions on local provision will be left to local PCTs. The PCT will decide whether it has to divest itself of provider function. There is a requirement to consult, but no timetable within with that must be done. The Government have said that if PCTs keep provider functions, they will need appropriate clinical governance arrangements, but they have given absolutely no guidelines. Bob Ricketts, the Department of Health director on demand-side reform, has said that commissioning has not worked for 10 years, and that this time it really has to be a success. Leaving aside practice-based commissioning, "Our health, our care, our say" gave a greater commissioning role to the Department of Health. Will the Minister provide greater clarity on that point?

PCTs have not proved themselves to be adept at commissioning. It must be argued that the rise in sexually transmitted diseases, for instance, is linked to shortfalls in funding for genito-urinary medicine clinics, as PCTs try desperately to claw back money. When I asked my local PCTs about the situation, Central Cheshire Primary Care Trust, which is well managed and has good clinical and management leadership, and which is broadly in balance, replied that

[Mr. Stephen O'Brien]

it was extremely concerned, but that the programme was on hold until "prudent fiscal management" could find

"the necessary investment from savings in other PCT budgets".

Cheshire West Primary Care Trust, one of the disasters of the country, has a turnaround team. My local newspaper has reported that it now has £20 million to make up the terrible shortfall, although there was no mention of the MP who has campaigned about it. There are consultants at the trust, while the people who were meant to do the job are still employed—£20,000 a day is being spent on the consultants while the trust still has £20,000 employment costs for those who should have done the job in the first place. It is an absolute basket case. Constituents are now losing front-line patient services, such as the Parkinson's nurse specialist, who has gone—the job was cut. That is happening with front-line services, not just with the reorganisation as the background. Nevertheless, Cheshire West would say only that it had established a team to develop strategy.

The reduction in the number of child immunisations is another example. It is due to the Government having moved responsibility out to the PCTs under the new GP contract, with cash-strapped PCTs failing to commission immunisation from GPs.

If the Government are moving toward practice-based commissioning for the commissioning side of health care, and are also seeking to divest PCTs of their provider functions, what does the Minister actually see as the future of PCTs? That question was raised a moment ago by the spokesman for the Liberal Democrats. Surely those questions should have been answered before yet another restructuring and morale-sapping reorganisation, as it was described by the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) in her fine speech.

The reorganisation does little to help close the gap between health and social care. Indeed, this restructuring comes soon after the last one, which was off the back of six others, as has been indicated. The price of raising coterminosity to 80 per cent. is that once again relationships painstakingly built up between the two sectors are rendered worthless, and professionals on both sides are forced to return to square one.

We must remember that the Health Committee report says that it will take 18 months for organisations to recover from reorganisation and a further 18 months for any benefits to emerge. That will create uncertainty when, for instance, subtracting the necessary extra investment such as for the important local improvement finance trusts, which rightly want the chance to become the real agents of change and improvement. The Committee report stated:

"There are also well-founded concerns that patient care will suffer as a direct result of the distraction caused by these reforms".

The national infertility awareness campaign is concerned that the PCTs' implementation of NICE guidelines on infertility will be further delayed by the restructuring—as it is, that implementation is considerably varied. I hope that the Minister will take this opportunity to give a specific commitment on that. I dare say that other Members have received a briefing from the campaign group as well.

Mr. Barron: In relation to the hon. Gentleman's comments, I have had deep concerns since I first raised the question with the Prime Minister in February of last year. As currently arranged, PCTs have not been delivering one third of what NICE said we should have, as far as IVF and infertility treatment is concerned.

Mr. O'Brien: I am grateful to the Chairman of the Health Committee for placing that on the record here, as he has done on the Floor of the House with no less an authority than the Prime Minister. I hope that that will urge the necessary responsiveness, let alone response, required to meet what is unquestionably, in my view, a health right, let alone need.

I shall tackle the public health issue, which I promised to come on to when I intervened on the hon. Member for Staffordshire, Moorlands. I hope that the Minister will explain why, prior to the publication of "Commissioning a Patient-led NHS", there was no consultation with public health officials on its potential impact on PCTs' crucial public health functions. The hon. Lady was not the only Member to mention that—I think that it was raised also by my hon. Friend the Member for Wellingborough (Mr. Bone) and others.

According to the BMA, in the next few months, more than 150 directors of public health will lose their jobs. There are now fewer than 1,000 public health doctors. Among other things, the Government have presided over an explosion in sexually transmitted diseases, a crisis of confidence in child immunisations and a failure of readiness to protect the country against pandemic flu. More generally, they have been cavalier in their planning for public health. I believe that the absence of consultation on public health throws up the Government's ignorance when it comes to supporting closer working relationships between local authorities and health organisations.

The Government have defended the restructuring against the Health Committee's charge that organic change would be better by denying that it is change for change's sake. However, this meddling gives the lie to the Government's claim that they are presiding over a decentralised NHS. Central credit, local blame appears to be the order of the day with constant micro-management from the centre. The NHS should be freed up to change organically and to trust front-line professionals to develop an effective health care system. Change should not be continually imposed from the centre.

Ministers continue to promise an efficiency saving of £250 million a year from 2008, despite the Health Committee's assertion that it is more likely to be between £160 million and £135 million. That point was raised noticeably in the excellent contribution made by my hon. Friend the Member for Southend, West (Mr. Amess). That promise comes from Ministers who have presided over the largest deficit—two and a half times bigger than the Secretary of State's estimate as recently as 6 December last year—since the Government came to office.

The Health Committee report deemed it essential that structures to ensure clinical engagement and, most crucially, patient and public involvement were retained at their current levels covering each natural community. Does the Minister agree? If so, why have the Government adopted what I think is a Stalinist approach to public involvement in the NHS? The Government have desperately mismanaged public and patient involvement. They split up the structures of individual patient advocacy, complaints investigation and collective patient representation. Patient and public involvement forums have been the creatures of NHS management. They have lacked independence—which is vital for trust and credibility—have had inadequate specialist staff input and have lacked any influence over the consultations on service configuration throughout the country. The Commission for Patient and Public Involvement in Health had been functioning for only six months when the Government announced its proposed abolition.

After the loss of volunteer expertise and independence with the abolition of community health councils—many will remember that I had quite a hand in the campaign and argument against abolition, and we did achieve a stay of execution for a year—patient forums have had a turnover of 62 per cent. in just three years. Too many good independent people who want to help their local NHS have been turned off by poor training, bureaucratic interference and a lack of real influence.

One reason given for abolishing CHCs was that the volunteers who staffed them were not representative of the general public. On 15 January 2002, the then Under-Secretary of State for Health who is now the Minister without Portfolio stated:

> "The commission will go out into communities and hear those different voices and draw in those socially excluded groups and marginalised communities."—[*Official Report*, 15 January 2002; Vol. 378, c. 226.]

I hope that this Minister is ready today, given that the issue is part of the Health Committee's report, to tell us what evidence he can show for the CPPIH having had any success in recruiting and training people from hard-to-reach groups.

The Minister will know that the Conservatives fought tooth and nail against the abolition of CHCs, trying to protect patients and keep the Government accountable. It is important that none of us is afraid of having effective accountability structures in the NHS, and it is doubly important that patients and professionals are trusted, because the alternative—centrally micro-managing everything—is patently causing a diminution in morale and trust. The Health Committee said that the Minister's view that practice-based commissioning would improve patient and public involvement in health care was not firmly based in any evidence. I hope that the Minister can make such evidence immediately available.

I hope that the Minister will also clarify the impact of PCT mergers on resource allocations. In some areas of the country, PCTs serving more deprived areas have merged with PCTs serving less deprived areas. That is one reason why we managed to resist Cheshire West PCT going into an organisation covering the whole of the rest of Cheshire. Apart from anything else, it would have lost its accountability for the disaster that it had created. How will the Government ensure that, within the new structure, the more deprived areas continue to receive the funding that they need, without creating large sub-bureaucracies in the new PCTs and masking accountability? My hon. Friend the Member for Wellingborough made that point very effectively, among others, in relation to the Rushton example.

I seek an assurance from the Minister that when the Government say "Separate PCTs", they mean separate PCTs in every case, with separate boards, chairmen, chief executives and secretariats. As he has today, my hon. Friend the Member for Broxbourne (Mr. Walker) raised that in a point of order on 14 June concerning the two new PCTs in Hertfordshire, but none of us has yet heard an answer from the Department. We hope that an answer will be forthcoming in the next few minutes.

The changes to primary care trusts are the result of a rushed, centralised and, in large part, predetermined consultation and have thrown up a vast number of concerns relating to public health, patient and public involvement, resource allocation and the very future of PCTs. The Government have done little to clarify the grey areas in their policy or to address our concerns or those of the Health Committee over the past six months.

Most tellingly, the Health Committee report recommended that a central change agency be established. Surely the agency responsible for strategic oversight of the NHS is the Department of Health. I dare say that the Committee might not have called for such an agency had it felt that the Department of Health was functioning appropriately. The Department and its Ministers have been too busy micro-managing the NHS and, I fear, chasing headlines to concentrate on a coherent policy that puts patients, the public, in each of their recognised localities, and front-line health care professionals in our NHS first.

5.4 pm

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): I congratulate my right hon. Friend the Member for Rother Valley (Mr. Barron) on introducing this important Adjournment debate. I also pay tribute to the work of the Select Committee. Its report was very significant in the influence that it had on the reconfiguration process, and the quality of today's debate has, on the whole, been very high.

The starting point for considering why the reconfiguration was deemed necessary is how, in the end, we add most value to patient care. I made the point, as soon as I came into this job in the Department of Health, that everything we do is ultimately about supporting the interaction between the people providing the service on the ground and the people receiving that service—whether it be NHS or social care provision.

The Government felt that, based on the ever-changing needs of the health service and the necessary reforms that we have started to put in place, the reorganisation of PCTs was essential to further that reform agenda in a positive way that is consistent with our aspirations for excellent patient care.

I also believe that in the context of my own responsibilities it is crucial that we achieve an integration of health, social and community care in

[Mr. Ivan Lewis]

this country in a way that we have not been able to do previously. That is particularly important in relation to joint commissioning. Therefore, the greater level of coterminosity that has been achieved as a consequence of these change is to be welcomed on the whole. That does not mean that coterminosity has been achieved in every area, but system-wide there is a greater level of coterminosity than has previously been the case.

I understand concerns expressed by those who argue that there is too much restructuring and reorganisation, but one has to look at the specific reconfiguration and make a judgment as to whether at this time, in the development of our NHS reform programme, it was the right thing to do. In time—such matters can be proved only over time—the judgment will be that, on the whole, it was the right thing to do.

I wish to spend most of my contribution responding directly to the many contributions that hon. Members have made. My right hon. Friend raised an important issue about the question of pensions for staff and reassuring staff in that area. I agree entirely that we need to give greater clarity and greater assurances and produce clear guidance for employers and staff in this respect. It is important and we will be doing that as soon as we possibly can. With regard to the question of savings, we expect—I know that there is a difference of opinion on this and that the Select Committee found a different figure from that of the Department—that there will be a recurrent annual saving of £250 million as a consequence of these changes. The important thing about that is the transferral of those resources to front-line services.

The hon. Member for Wyre Forest (Dr. Taylor), who has a tremendous amount of personal knowledge and experience in these areas, asked a number of questions that are worthy of consideration. One of the issues was about publishing the external panel's response. A number of hon. Members raised this issue. We have published this in the Library only this week in a variety of forms: the external panel advice from Michael O'Higgins to Lord Warner; a table setting out the various decisions that had been made; and the rationale of Ministers' decisions on PCT configuration. I suggest that the hon. Gentleman consults the Library. He may find that the information is not as complete as he wants it to be and he can come back to me on that point. But, consistent with the commitments that the Minister of State, Department of Health, my hon. Friend the Member for Leigh (Andy Burnham) made when this statement was first made in the House, that information has been placed in the Library this week.

The hon. Gentleman also raised, as did other hon. Members, the question of local focus. Of course, we have made it absolutely clear that in terms of practice-based commissioning there will inevitably be a greater level of local focus than there has been historically. We have also made it clear to each PCT that, post-reconfiguration, we expect them to take account of the different localities that form component parts of the trust. They must be sensitive to the distinct needs of those communities—the health inequalities that may exist and the differences that undoubtedly will. It will be partially about us holding those PCTs to account in that respect, but it will also be for local hon. Members to hold PCTs to account and to make sure that those commitments are honoured.

The hon. Member for Eddisbury (Mr. O'Brien) raised the question of patient forums and patient involvement in the NHS. Hon. Members are aware that we are due to come forward with some proposals in this area. The hon. Member for Wyre Forest (Dr. Taylor) used the term "well resourced and independent", and I hope that when we introduce those proposals we can demonstrate that they are properly resourced, with a significant element of independence to reassure hon. Members.

As for the NHS Appointments Commission, as a Minister I would sometimes wonder about its autonomy; however, it has tremendous autonomy. Parliament took that decision for good or for bad. Criteria have been applied for making appointments, and they pay particular regard to ensuring that local appointments reflect local communities. An independent appointments commission, by its very nature, guards fiercely its right to retain its independence.

My hon. Friend the Member for Dartford (Dr. Stoate), who speaks with great knowledge about these issues, raised several important points, such as localism and planning blight. He asked whether the reconfigurations cause a period of blight. We have professional people running the organisations, and most of the agenda, which has been in place for a long time, has not changed as a consequence of the reconfiguration proposals. I do not see why there should be significant planning blight as a consequence of the reorganisation, but the proof of the pudding will be in the eating.

My hon. Friend was also concerned about professional executive committees. We made it clear that we expect high-quality, high-calibre committees to be elected in every PCT area, so perhaps we can discuss at a later stage how we go about that.

My hon. Friend also raised the question about the vital role of community pharmacists in primary care. If I am honest, we have a long way to go towards creating a more central role for them. I suspect that if we looked throughout the country, we would find that there was a patchiness—the new word—in the extent to which PCTs put the role of community pharmacists at the centre of their planning and commissioning. I agree that we should think far more seriously about it.

I am not sure to which international travels my old friend, the hon. Member for Southend, West (Mr. Amess) was referring; he has a better memory than some. He referred to political shenanigans and the meaninglessness of consultation, too, and I must say to him and to other hon. Members who have made that point, that when the first letter was issued there was a case for saying that a number of things could have been done differently. I would be the first to acknowledge that. I guess I can, because I was not part of the team at the time. However, many changes were made as a consequence of listening to the Committee and to Members. They demonstrate that the Government have listened and taken seriously the views of people on the ground, who are democratically accountable and understand the needs of their communities, when health service managers and bureaucrats have not acted in accordance with local needs and preferences.

The Government can be proud of being not too proud—sometimes Governments are—to say where it was appropriate to make changes to the original proposals. I accept that not all hon. Members are satisfied, but in many cases, those changes were made. Based even on today's debate, there is considerable evidence that those changes were not made on a party political basis, because people of all political persuasions have today been able to point to changes that were made as a consequence of their representations on behalf of their constituents. It is disingenuous of the hon. Gentleman to say that there was no listening process and that somehow there were political shenanigans. I shall leave it to my hon. Friends to determine whether they like the phrase "truly socialist Bill". I imagine that many of my hon. Friends would be pleased if that title were attributed to a health Bill.

The hon. Gentleman is right when he says that it is very important in the context of reorganisation and restructuring that we reassure front-line staff. It is disingenuous when talking about organisational change to suggest that staff will not be anxious and insecure. They will be. Good management and good leadership are about managing that process on a local level.

Again, the word "patchiness" springs to mind. There are excellent examples of organisations that manage change and deal with the insecurities and anxieties of the people who work there. There are other examples in which the concerns of staff are not taken nearly seriously enough. That has consequences for morale and in other areas. It is about good management.

On the question of the PCT's continued role as a service provider, we have made it clear that we expect PCTs to continue providing services but that they have the right to consider bringing into the market new providers that may be in a better position to provide those services in a more responsive and high-quality way. There will be no edict or instruction from Government to PCTs to stop providing services, but we need to focus on the best shared outcomes that we can achieve for local populations, and that might sometimes mean bringing in other providers that have not historically been involved.

I spent my entire working life before coming to this place in the voluntary sector. The voluntary sector could do things in terms of responsiveness to user and carer need that statutory services frankly could not and cannot do. It is not a new concept or phenomenon, but it must not be ideologically driven. It must be about shared outcomes and high quality and responsive services.

My hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) felt that despite some of her early frustrations the Government had listened. She also made a point about the centrality of area commissioning, which is one of my responsibilities in a sense. We have not sorted commissioning of health and social care in this country. We need an integrated approach and commissioners who are willing to get their hands dirty by getting close to users and carers as they make decisions about the nature of the services that should be commissioned.

Being a commissioner in a modern health service in a social care setting is a skill. Maybe we need to do a lot more thinking about the kind of support and development that we offer to people who end up in commissioning roles in such organisations, because the nature of the commissioning can often determine the quality and responsiveness of NHS and social care.

I agree with my hon. Friend about the importance of public health. The Government will continue to stress PCTs' responsibility for focusing on public health. We want to see a continued shift where appropriate from hospital care to community care and primary care. In some areas that is more advanced than in others, but it is important that we keep our eye on the ball and ensure that we are spending more money, time and energy on preventive support than on reacting when we could have done better in the first place.

I pay tribute to my hon. Friend's parent-led Sure Start scheme, an example of an innovative local project that is making a difference, probably more than anything because it is parent-led. On the question of staff training and primary care, I agree entirely with her that staff training and development are important. I do not have any figures to hand, but if she wishes me to write to her on the issue, I shall be happy to do so.

I want to reassure the hon. Member for Wellingborough (Mr. Bone) on the question of community hospitals. He is right. The Government are committed to a new and exciting role for community hospitals, and I hope that that will help him in his discussions with his PCT. Just because the management arrangements have changed does not mean, if we are talking about reflecting and meeting the needs of local communities, that the commitment to community hospitals should change. I hasten to add from the Department of Health that it is not for me to dictate to the PCTs the nature of the projects that they should support. *[Interruption.]* I will give way to the hon. Member for Eddisbury in a moment.

The hon. Member for Wellingborough raised the question of the five-year-old child. It would be wrong for me to comment on an individual case, but it is slightly contradictory that Ministers are asked to make judgments about individual cases at that level when we have devolved resources to the PCTs and asked them to make decisions about priorities. I do not know the level of pain that that child is in right now. That should be important in determining the decision-making process. However, I cannot intervene directly in that individual case.

Mr. Bone *rose*—

Mr. Lewis: I will give way first to the hon. Member for Eddisbury and then to the hon. Member for Wellingborough.

Mr. Stephen O'Brien: I shall be brief. It may be a point that the Chairman might want to consider by way of intervention if he catches your eye for any final remarks, Miss Begg. I note that on page 69 of its report, the Select Committee put to Lord Warner the point about the possible proposal to put out to tender the commissioning function in Oxfordshire. He assured them that that would not be allowed to happen.

However, an article has just been passed to me that appears in today's *Health Service Journal* in which it says that the Department of Health is doing precisely

[Mr. Stephen O'Brien]

that by asking for bids and tendering-out processes. I was wondering whether the Minister would like to take the opportunity to comment on that.

Mr. Lewis: I cannot comment on that immediately. I will write to the hon. Gentleman on that matter.

Mr. Bone: That is a Catch-22 position. The Minister is unable to comment on the case because it is a PCT responsibility. The PCT say that it is the Government's targets that are forcing them to postpone the operation.

Mr. Lewis: I would say to the hon. Gentleman that we give the PCT a significant amount of resource. We give them a major amount of autonomy. Yes, it also has priorities and targets that are set by Government. However, as I understand it the situation is that a five-year-old child is in pain. If it is as clear as the hon. Gentleman has reported it during the debate, he is right to pursue the question whether that child's treatment could not be provided in a more accelerated way. That is all that I can say to the hon. Gentleman. I cannot comment on whether the PCT and management's view, that that is a question of priorities, is a reasonable one. All I can say to the hon. Gentleman is that in any weighing of priorities, the pain of a five-year-old child should be given significant weight. However, I cannot go any further than that. I have probably gone too far as it is.

My hon. Friend, the Member for Pudsey (Mr. Truswell) is obviously frustrated, to say the least, about some of the changes that have been made in his area and some of the ways they have been approached. He expressed support for some of the innovative services that have been provided in recent times and concern that they may be detrimentally affected by those changes.

All I will say to my hon. Friend is that it is important, not to debate decisions that have already been made, but to ensure that the new structure delivers in the way that the Government intended. I am happy to engage in a constant dialogue with hon. Members, including my hon. Friend, to make sure that any fears or concerns that they have will not be borne out. That is not the end of the matter.

One of the matters that is legitimate in the debate is for right hon. and hon. Members to play a role in holding their local PCTs and other health organisations to account on how services are delivered at a local level. That need not be in a formal way, but it is an entirely proper part of a Member of the House's responsibilities to ensure that local delivery organisations meet the needs of their constituents, and, if they do not, to bring that to the attention of the management of those organisations and, ultimately, to that of Ministers.

The significant thrust of what the hon. Member for Northavon (Steve Webb) was saying was that consultations were sometimes of a sham nature. He said that I looked disapproving at that statement. I did not actually. My experience of consultations, across the board in all services, is that sometimes managers issue consultation documents—not just in the health service, but across the piece—and they know exactly the decision that they have already made. They know the outcome that they want. The consultation is there to justify the decision that they have already made. Any hon. Member who would not acknowledge having had such an experience at one stage or another, in one consultation or another, would not be living in the real world. Such consultation is not acceptable, and should not be, to the Government or to locally or nationally elected representatives.

I do not think that the hon. Gentleman can describe the consultation as a sham. There is a lot of evidence that major listening took place. The evidence is in the changes that were made as a consequence of the listening. If the consultation were a sham and the Government wanted to drive the changes through on a one-size-fits-all basis, as we have been accused of, we would not necessarily have listened and we would not have made changes, so I do not think that that was entirely fair.

The hon. Gentleman talked about decisions being made locally. That was a big thrust of his argument. The strategic health authorities of course oversaw all of the consultations, not the Department of Health at a national level. However, there comes a point when there has to be some level of arbitration or mediation in making final judgments. Significant differences of opinion are always going to have to have an ultimate arbiter or mediator who comes up with a solution. That solution will not always be acceptable, either to local people or to other stakeholders. In some way there will always have to be somebody who makes a decision. There were very disparate and diverse views as to the best way forward. Obviously, the Government have to create a mechanism to arbitrate and mediate in such a circumstance.

Turning to the contribution of the hon. Member for Eddisbury, the argument that the Conservative Opposition tend to throw at the Government is that all we have done is to throw lots of money at the health service and as a consequence have not seen real improvements. Frankly, that is disingenuous. First of all, we have always made the case for reform alongside investment. That has been the mantra from day one in the way that we have sought to improve our health and social care services. Secondly, it is disingenuous to pretend that there has not been tangible improvement in many of our front-line services as a consequence of the Government's investment and reform programme. I believe that many members of the public—it is not a question of an ungrateful nation—would acknowledge that.

The hon. Gentleman described the financial challenges of the year as the worst crisis in the NHS's history, but I would say that the worst crisis in the NHS's history developed during 1979 to 1997. One of the primary reasons why the Major Government were thrown out of office to the extent that they were was because of the public belief that the health service had been so starved of resources, particularly during the latter years of the Major Government. The Conservative party paid the political price. That was a real crisis. I remember the bed-blocking stories every year—year after year. They were almost accepted as an inevitable part of what was happening in the national

health service. One only needs to remember from a professional point of view, as well as from a patient point of view, the reality of those years.

The hon. Gentleman also raised questions about commissioning. I agree entirely with his belief in the centrality and importance of getting the commissioning right. The question is not just of commissioning at a practice level within the NHS, but also about how we can integrate commissioning in social and community care, as well as those commissioning functions currently under the national health service.

The hon. Gentleman also raised the question of health inequalities and making sure that, under the new configuration, we do not neglect or allow to become invisible again some of the most deprived and disadvantaged communities. In my view we have to make sure that post-reconfiguration we continue to target resources on those most disadvantaged, in areas where health inequalities are at their starkest.

The hon. Gentleman also raised the question of the NICE guidelines on infertility. I know there is a fear among some of the organisations involved, but I do not believe that the reconfiguration per se will be a problem for the NICE guidelines. I want to reiterate that we do not believe that the reconfiguration of primary care trusts should lead to that situation—

It being half-past Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Tuesday 4 July 2006

[MR. ERIC MARTLEW *in the Chair*]

Child Poverty

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Heppell.]*

9.30 am

Stephen Hesford (Wirral, West) (Lab): I am very honoured and in a way flattered by this opportunity; it is the first time I have participated in a Westminster Hall debate in the lead role—even if it is in Committee Room 10. A small but perfectly formed group of interested colleagues are taking part, and I welcome them to what I think is an important debate.

Why have I chosen this debate for my first time out in this Chamber? In years gone by, before I was elected, I was a regional organiser for the Child Poverty Action Group in the north-west, and the issue is one of long-standing interest to me, and to my party. Eradicating child poverty by 2020 is simply the civilised thing to do. The classic, if not hackneyed, answer to the question of how a society feels about itself is about how it looks after its young and old, and child poverty fits fairly and squarely into that.

The Government have already highlighted the issue, and I shall return to that point. It is topical, because other bodies have renewed their interest in it. For example, there is a coalition of outside interests on the subject, and I am sure that hon. Members will be familiar with many of the things that I am about to set out. The Fabian Commission on life chances and child poverty recently produced its report "Narrowing the Gap"; a similar research report is due to be published this month by the Joseph Rowntree Foundation; and the Institute for Public Policy Research and the Institute for Fiscal Studies have also commented recently on this important topic.

I shall not do a textual analysis of what those bodies have said, but an important point from the Fabian Commission serves as another reason for holding this debate now: among some worrying findings was the public's general reaction to the idea of poverty eradication and, specifically, child poverty eradication. The commission found, in conjunction with MORI, that the idea was not culturally understood and that there was not automatic acceptance of such issues among the broad public. That is a worry if there is to be a coalition to fight child poverty by 2020. As is almost self-evident, with such a cross-cutting agenda, it is vital to take the public with us; but MORI found that the public did not understand why we are taking the action that we are taking.

As worrying as low awareness was the denial of the existence of income poverty. I suppose that it is easy for people to look at themselves and their families, without realising what happens elsewhere. The report noted comments, such as that income poverty for children was due to bad parenting. There was a general lack of empathy. If we are to make progress towards 2020, general awareness must be raised and the public brought to accept that the goal is a good thing in itself. There are good, self-interested reasons for seeing things that way. It is good for the individual, raises educational attainment and keeps people out of trouble and away from drugs. It also gives a future back to what might otherwise be disorganised or dysfunctional families.

What do we mean when we talk about the eradication of child poverty? I shall principally talk about income poverty; there are other forms of deprivation, but that is the key to unlock the conundrum. How we deal with income poverty is the kernel of the debate. What is income poverty? According to the classic definition, it means a child living in a household with income below 60 per cent. of the median household income, either before or after taking housing cost into account. I shall not detain hon. Members with the question of which it should be: if pressed I should probably err on the side of "before", but whatever definition one takes, the general picture is broadly the same.

Miss Anne McIntosh (Vale of York) (Con): I do not want to pre-empt the hon. Gentleman, but does not the question of whether the definition is arrived at before or after considering housing costs go to the heart of child poverty and the Government's record? Housing costs should be included in the definition of poverty, which would probably show that more children are living in poverty than were before 1997, because housing costs have increased so dramatically.

Stephen Hesford: I do not accept what the hon. Lady says. If we want to bandy figures, I can do so but I do not think that the figures show what she claims. It would be unhelpful to go down that road, which is a way of avoiding the issue.

The Child Poverty Action Group recently calculated that the poverty line stood at £268 per week—an annual income of just under £14,000 for a couple with two children aged 5 and 11. However, for a lone parent in a similar situation it calculated that poverty-line income would be just under £10,000. Lone parents are, for that very reason, one of the target groups that I expect my hon. Friend the Minister to mention. Their access to income is different from that of a couple.

What is being done? In 1999, the Government, through the Prime Minister, gave a three-fold commitment. The first part was to reduce child poverty by a quarter by 2005, the second to reduce it by half by 2010, and the third to eradicate child poverty by 2020; hence the title of the debate. In some ways the first commitment is historical, because we have passed that point. We are approaching the 2010 target, but if we miss it, 2020 will be very difficult.

Sadly, despite a range of initiatives, the 2005 target was in fact missed by 200,000 children. Those children would not have remained in poverty had that target been hit. Between 2003-04 and 2004-05, about 100,000 children were taken out of relative poverty. If we do some simple maths, we see that, at a rate of 100,000 a year for the remaining years, we will miss the 2020 target. We have to do better than the 100,000 that we achieved between 2003-04 and 2004-05.

[Stephen Hesford]

Which measures were relevant to, and current at the time of, the first target in 2005? The working families tax credit was introduced in 2001 and has since become the working tax credit and the child tax credit. One significant reason why the Government did as well as they did is that child benefit for the first child has risen by 25 per cent. in real terms since 1997. That offers major assistance to single parents and, classically, the mother in a couple.

By October 2006, the poorest fifth—in real terms—of families with children will be an average of £3,400 a year better off, and that is significant. As I said, relative poverty is defined as having an income of below 60 per cent. of median income. That poverty line resides within the poorest 20 per cent., so they are the key target for action on child poverty.

The proportion of children living in workless households has come down from nearly 20 per cent. in 1997 to just under 16 per cent. in 2005. Worklessness was, and is, a key to explaining why families live in relative poverty.

Where does that leave us? Mike Brewer of the Institute for Fiscal Studies said that although the Government would be disappointed at missing their targets, they must be congratulated on taking on the issue and on removing about 800,000 children from poverty by the dates that I mentioned. Those sentiments have been echoed by Kate Green, the chief executive of the Child Poverty Action Group, and one can well understand the CPAG's reaction.

Perhaps I can just give a little plug for the CPAG, an organisation with which I grew up. It was set up under the Harold Wilson Government in 1965, and I understand, although I am slightly too young quite to remember this, that that was quite a shock to them, because poverty eradication was one of their key polices. They were quite shocked that such an organisation would form itself and was thought necessary.

The CPAG was formed because the system was not reaching a group of people in society, and, in some ways, we are still talking about that same group. Sadly, we may now be talking not only about the same group—the poorest 20 cent. and certainly the poorest 10 per cent.—but about the relatives of those then in it, because, unfortunately, the problem can be generational. Poverty of aspiration, poverty of opportunity and poverty of housing can all be passed down, literally, from father to son and from mother to daughter. As well as increasing income, we need to break that cycle of deprivation.

What is the problem that remains? Which is the hardest group to tackle? The target group is made up of four broad subgroups, and I have touched on some of them. One, for the reasons that I have indicated, is lone parents. Commonly, nine out of 10 lone parents will be female.

Another group is large families. Income poverty will hit large families, and, rather paradoxically, one can have in-work poverty. There must therefore be a way of helping not just the first and second children, but the third, fourth and fifth.

Another group is families with a disabled parent, which will also suffer income poverty because of unemployment. Unfortunately, not enough of our disabled constituents have the opportunity to work if they want to. The Minister may say more about that in due course; indeed, I believe that things may be said, or may have been said, about that today. That is an important part of the matrix, but it has been missing so far.

London also has its own problems, simply because of the cost of living. Although your constituency and mine, Mr. Martlew, are not a million miles from London, they might as well be culturally. Many people might say that that is a good thing—many of my constituents certainly would—because life pressures are different in London.

Let me just try to unpick those four areas a little further. On paid work, 75 per cent. of children in households with no adult in work are income poor. Some 12 per cent. of children are in households with all adults in employment. A key measure would be to get one parent and, if possible, both parents working.

Ethnicity, which I meant to mention before, is another area of concern. The CPAG has calculated that there are different risks of child poverty for different ethnic groups, and that 57 per cent. of Pakistani and Bangladeshi children, 44 per cent. of Chinese children or children from other ethnic groups, and 43 per cent. of black or black British children are categorised as being in poor families in the way that I have described. I have not resolved this issue in my own mind, but there is a suggestion that the Gini coefficient—the relationship between those at the bottom of the heap and those at the top—might be significant. I do not know whether it is, but others say that it might be. Despite the fact that 800,000 children have been raised out of poverty, the poorest tenth of the population still receives only 1.7 per cent. of the income received by the population as a whole, whilst the richest nearly 30 per cent. receives 17 times as much. CPAG calculates that despite the efforts that have been made, the Gini coefficient of proportional inequality, whether it be absolute or relative inequality, remains unchanged. Some would argue—I am not arguing this point because I have not decided whether it is a factor—that that relativity needs to be adjusted if we are going to crack this particular nut.

I come to the crux of the debate: where things are going. Clearly, child trust funds will bring benefits down the line and will be part of the mix towards 2020, although that policy is not universally adopted or respected across the Floors of the two Houses. That is a matter for debate.

Tax credits have been criticised, but I reject those criticisms, not because it is a party political issue, but because of my constituency experience. Having been a constituency MP for nearly 10 years, I have come to trust the evidence I get from people who come through my surgery door, or who telephone, fax or e-mail me, to show me where things are going. That has worked for many other issues, and I have absolutely no doubt that it is as true, or at least as likely to be true, for this issue as for any other.

Nearly 7,000 families in my constituency benefit from child tax credit and working tax credit. In the time that tax credits have been in operation—is it about two years?

Mr. David Laws (Yeovil) (LD): Just over three.

Stephen Hesford: I am grateful. In those three years, I have received about 50 complaints. While any complaint is regrettable, and I urge the Government to redouble their efforts to make the system work as we all want it to, that is 50 complaints out of 7,000.

Mr. Laws: Does the hon. Gentleman acknowledge that his experience may not be typical? In my constituency in the past two years, I guess that I have seen somewhere between 300 and 400 people with serious problems with tax credits. If one took the number of overpayments and spread them across constituencies, there would be many thousands in every constituency in the country.

Stephen Hesford: I do not doubt for one second that the hon. Gentleman is absolutely accurate about his constituency. I accept that and respect it, but I trust my own figures and what I have found. I cannot really comment on other people's experiences. I would find it extraordinary if my constituency were blessed on this issue for some reason. You will know from your postbag, Mr. Martlew, that when you pick up these things, it is very unusual not to pick up what your colleagues are picking up to some extent. Therefore, I am quite prepared to use my constituency work as a basis for assessing where tax credits are going.

When the new Secretary of State came into office, virtually the first thing that he said, which I very much welcomed, was that his No. 1 priority was to tackle child poverty. Given that, technically, the target was missed—that is admitted, and I have tried to deal with it in context—I suppose that he was saying that the effort was valiant, welcome and civilised, but the target was ultimately missed, so how do we get back on track? He said that the Government would redouble and renew their efforts, which I very much encourage. From my perspective, it was absolutely the right thing for the Department for Work and Pensions to focus on. In such a Department, many issues could be focused on and be the subject of debate. I am sure that we all have issues in mind that are dealt with by that Department and that we could debate, but they are not the subject of today's debate.

The Government have taken things on the chin by acknowledging that we have the worst rate of child poverty in Europe. That is not a pretty thing to say, but they acknowledge it. Over the years, Governments have denied, fudged and not dealt with the idea that income poverty is the issue. I began by saying that, and I maintain that position. The question is how we continue the process and make the system better so that it can deal with income poverty. In some ways, I have two different targets to consider: the shorter-term target of 2010 and that which is the subject of the debate—the 2020 target.

The Government need courage and ability to take this matter forward, and I know that that is their intention. My hon. Friend the Minister recently announced the welcome appointment of a so-called child poverty tsar. No doubt he can tell us more about that and about how the office will work from a cross-cutting position, with the appointee having feelers across a range of Departments. I wish it success because this is a cross-cutting issue.

Let us consider income poverty, which moves us from the general and cross-cutting to the specific. The Institute for Public Policy Research calculated that to get back on track to meet the 2010-11 targets the Government would have to inject a further £2 billion into the tax and benefits system, which is a frightening figure if it is at all true. Whether or not the figure is cast iron is perhaps not the issue; the issue is that there is an income gap for the poorest 20 per cent. If that gap is not addressed, no matter what kind of exhortation and other measures are put in place—even though they will be good things in themselves—the likelihood is that the 2010-11 target will not be hit and the eradication of child poverty by 2020 will not be achieved, which cannot be contemplated and should not be countenanced. That is not necessarily agreed on all sides, however, and there may be more to be said on the matter.

On the appointment of Lisa Harker, who has a relevant background in that she was the chair of the Daycare Trust, I wish her well. Will the Minister tell us more about what she might be expected to do and will do? That is important in terms of additionality: what more will we do that we did not do before 2005? What extra is being put into the pot?

I want to pick up on a few things that others have said. The "Narrowing the Gap" report by the Fabian Commission on Life Chances and Child Poverty made a number of recommendations. I shall not go through them all but shall pick up on some. They may be of exhortatory significance in putting a bit of steel into the resolve that I know the Minister has to ensure that these targets and others are met. The report says that the issue must be identified as a key "central national priority". That returns to my opening comments and the MORI review in respect of the public's understanding. Eradicating child poverty should be a key national priority, and I hope that there will be cross-party support to make it a central issue, target or whatever one wants to call it.

The report suggests that

"a regular annual Life Chances Audit"

should be instituted. So, there we are; I ask the Minister to get on with it.

While much has been done on maternity support, not least with maternity leave and increasing maternity pay, disadvantage is still inflicted on families, particularly the poorest, when pregnancy comes around. We have talked about trying to have two parents earning, and that is key when more children are involved. Rather like illness or unemployment, that kind of interruption can be the difference; it can knock somebody out of the cycle or knock them back down to where they came from. There should be redoubled effort on maternity support.

A key recommendation, which I understand does not fall outside the Government's direction of travel, is a system of what the report terms "universal high quality childcare". I know that child care places have been increased by about 100,000 over the past two or three years, but such provision needs to be bedded down everywhere. I do not know but guess that it is not universal. Although it may be good in certain areas,

[Stephen Hesford]

there will still be pockets of hard-to-reach families, so universal high-quality child care is key and must be available.

The report suggests that

"benefit rates for children should increase".

I have already talked about the 25 per cent. real terms increase in child benefit. That might be part of what the IPPR calls the £2 billion injection gap. Among other things, the Fabians would want the question of whether those increases can be in line with earnings to be considered. The minimum wage also needs to be maintained and supported. Finally, the Fabians suggest setting

"a target to reduce income and wealth inequalities".

That comes back to the idea of the Gini coefficient. As I said, I am undecided on that, although I see the argument behind the report's suggestion.

The final outside body that I shall cite for today's purposes is the Child Poverty Action Group. It suggests a 10-point plan, but I shall not go through all of it. I cannot apologise for this and am not trying to make things party political as I am just reading from the list, but at the top it states:

"all parties...to commit to eradicate child poverty."

It is saying that that should not be a vague aspiration or notion, but must be a hard and firm commitment to tackling what I have indicated is the crux of the issue—income inequality.

The CPAG says that there should be "poverty proof policies"—no doubt, Lisa Harker might be part of that in respect of the cross-cutting overview—making each policy consistent with eradicating child poverty. We need to avoid the silo idea and to ensure that one Department is not doing something that damages or acts against others' interests.

I have exhorted the Minister to do all he can to eradicate what I would term the "glitches" in the tax credits and benefits system—others might put that differently. I support the tax credits system, as does the CPAG, but I ask the Government to examine take-up, because it is classically known in welfare work that it is possible to have a perfect system of benefit for something, yet people do not take it up or access it. The latest Government figures that I have seen showed that in 2004, 79 per cent. of those eligible for child tax credits were accessing them. If we could up that figure, income inequality would be addressed, almost by definition.

In general terms, but not in terms of income inequality, we should ensure that all children have access to decent education, school meals, uniforms, physical activity and jobs that are, as the CPAG said, not just jobs, but better jobs.

My constituency has one of the largest council estates in the country, and the mums that we have been able to encourage back to work have benefited on two fronts. First, they gained confidence because they had never worked, or had not worked for such a long time that they did not have the confidence to go back to the world of work and had become convinced that they could not. Secondly, they gained upskilling and training around those issues and obtained national vocational qualifications in various subjects, such as maths, English and IT skills, which enabled them to work. It is important to ensure that training opportunities are available.

The Government set out in the right direction and should be congratulated on having the courage to take on the issue. One of the groups that I have referred to said that no one underestimates the scale of the task. It is not easy and could have been ducked. The Government did not duck it, but we are not quite there and we may miss the target, so I ask them to redouble their efforts.

10.12 am

Mr. David Laws (Yeovil) (LD): I congratulate the hon. Member for Wirral, West (Stephen Hesford) on raising such an important issue today and for an extremely thoughtful and non-partisan speech covering an extensive subject.

The hon. Gentleman talked about trying to engage the population at large with child poverty and to make them understand it. That is important. I regret that more hon. Members were not present to listen to his speech on what is a flagship element of Government policy. That may say something about the difficulty of engaging with an extremely large subject that crosses many portfolios. If we have problems engaging hon. Members in the debate, that demonstrates the difficulty of explaining to people in the wider country how extensive child poverty is and making them understand what poverty is in Britain compared with poverty in developing countries, which they understand better, and securing the sort of consensus that the hon. Gentleman and the Government talked about to continue the progress made in recent years.

I was pleased that the Secretary of State recently indicated that child poverty will be the No. 1 priority for his Department and I congratulate the Minister on having responsibility for the issue in the Department. Although I anticipated having less time than is available, this is still an extremely brief debate to cover an important and complex issue. I may be wrong, but I believe that this is the only debate on child poverty that we have had in the House since the general election. That is surprising, and it highlights the difficulty of engaging people with a subject that is the No. 1 departmental priority that we have not had other opportunities to debate it. I hope that the Minister will reflect on that and talk to the Secretary of State about it. Perhaps an opportunity can be found later this year for a more extensive debate to allow the issues to be aired in the main Chamber, in which many more hon. members could participate.

I started by congratulating the hon. Gentleman on raising the subject, and I must also congratulate the Government on making the matter a priority since they were elected in 1997. There was an extraordinary rise in child poverty after 1979 through the 1980s and into the early 1990s. During that period, our child poverty rate went from 14 per cent., which was towards the bottom of the European league table, to the astonishing level of 33 per cent. or one child in three living in relative poverty. The country should be ashamed of that horrific figure, which put us at the top of the European league table. It must be of concern to all of us that such

a large proportion of our children were growing up in poverty, and there must be a read-across from poverty to other problem areas such as low skills, which increase people's chances of staying out of the labour market and going into crime, social exclusion and declining social mobility. One concern in recent years has been that the figures seem to indicate that social mobility has been falling over the past few decades instead of rising as would be expected in a wealthier and more meritocratic society.

I congratulate the Government on making the matter a priority. There is a major challenge to make people in the wider country understand the relevance and validity of the concept of child poverty, which a number of recent reports, including the Fabian report, commented on. The hon. Gentleman referred to cross-party issues and the desire for cross-party consensus. I shall not comment on the position of the other Opposition party. All I say is that we are committed to continuing the Government's policy of reducing child poverty and are in the middle of a policy review dealing precisely with that issue. I hope that over the next year we will be able to set out our strategy clearly—I shall say more about that later—and how it compares with that of the Government.

Complex issues are involved in setting the right targets, which is why we have been determined not simply to sign up unthinkingly to whatever targets the Government have lifted off the shelf. We know that there is uncertainty about what their targets mean. The most important measure of poverty is the relative poverty indicator, and the Government have set a target of 2020 for eradicating child poverty according to that indicator. When we found out more about what that means, we found the target had been set to bring child poverty in the United Kingdom down to around the lowest rate in the EU. Perhaps that is the only sensible way of setting a target for child poverty, but it is not eradication and it depends to some extent on what is happening in other European countries. The Government have set a target that they cannot control.

Targets for child poverty must be seen in the context of the rest of the benefits system and poverty for other groups in society. The Government have made good progress in recent years in reducing child poverty and, to some extent, pensioner poverty. However, because those have been the two priorities, the poverty rate for people without children and who are out of work has remained unchanged. What is often forgotten is that children live in families with adults who are in poverty and if the benefits and incomes that those adults are on are anchored to price increases rather than earnings increases, it is more difficult to achieve targets for child poverty. I accept that child poverty has a special resonance and that we come from a position of having a particular problem with it, but the strategy for dealing with it must be seen in a wider context.

I shall comment briefly on three areas on which the Government need to focus in relation to their own policies if they want to help themselves achieve the child poverty targets: tax credits, the Child Support Agency and the regressive council tax. We could discuss tax credits for hours, and I would be more than happy to do so, as the Paymaster General knows. I can only say to the hon. Gentleman that his constituency experience does not match mine. I warn him that the more he talks about some of the problems with tax credits, which he may not do in his constituency, the more the people who come to his advice centres will not be the people who have defrauded the system or not bothered to inform the Inland Revenue of their problem, but those who, through no fault of their own, have ended up with overpayments that have driven them further into poverty.

Stephen Hesford: The hon. Gentleman gently chides me, because he finds it difficult to understand why my figures are so low. I assure him it is not because I have run away from the issue, which I have publicised through the local newspapers and my newsletters. Despite that, I am where I am.

Mr. Laws: I accept that. I remember having this debate with the Paymaster General a couple of years ago when I warned her of the number of cases of overpayment occurring in my constituency. She said that there must be something odd about the south-west or the Yeovil constituency. Then came the figures that confirmed the problems. The parliamentary ombudsman produced a fantastic report on the administrative problems with tax credits a year ago. Sadly, only about four of the 12 recommendations—probably the four least important—have been implemented to date. The most important was about not recovering money until it is confirmed that it is recoverable under the code of practice, and about mechanisms for recovering it and for writing off cases in which an official error has caused the overpayment. The Government have not adopted those recommendations, which would make a tremendous difference to those people whom the tax credit system is precisely designed to help, and who, in many cases, have been driven further into poverty.

The problems of the Child Support Agency are well known; we expect a statement on the matter within the next couple of weeks. Again, we could debate that for hours, but it is worth pointing out that £3.5 billion maintenance arrears have accrued since the CSA was set up by the Conservative Government in 1993. The £3.5 billion that has not got through to families with children would have made an enormous difference in tackling child poverty, and until there is a working CSA, it will be more difficult to tackle the problems of child poverty.

The Government policy that is pushing against their own targets on child poverty is council tax, which is probably the most regressive tax in Britain—it has increased by about 100 per cent. since 1997. There are about 800,000 households with children who are in relatively low-income poverty and not in receipt of the council tax benefits to which they are entitled. In other words, about 50 per cent. of households with children in poverty who are entitled to council tax benefit are not in receipt of it.

The Government's vehicle for dealing with the regressive nature of council tax is very ineffective, so we have a very regressive tax, which is making the Government's job of reducing child poverty much more difficult.

The hon. Member for Wirral, West gave us a number of signposts about future issues. He indicated that

[Mr. Laws]

without a continued increase in transfer payments from the Government it will be very difficult to meet the ambitious targets that have been set. I agree; getting more money into low-income families is a crucial part of the complex policy challenge of giving those children greater opportunities.

The hon. Gentleman's right hon. Friends have flagged up some major issues, not only in respect of the administration of the tax credit system, but about the balance between means-tested and non-means-tested benefits. The number of people facing very high marginal deduction rates as they go back into employment has risen, as the hon. Gentleman knows, by about 1 million since 1997. Although those facing the highest marginal deduction rates have come down, that figure remains extremely high. Recent reports, including that from the Fabian Society, suggest that there is a debate about the right balance between means-tested and non-means-tested benefits, and in that respect the hon. Gentleman's point about take-up rates is highly relevant. The Government should be engaging in a debate on that matter, and by retaining the child benefit element alongside the child tax credit, they clearly indicate that they think that those two elements need to be part of their child poverty strategy.

The hon. Gentleman mentioned the child trust fund. It is clear that under any Government spending rounds in the next few years will be considerably less generous than those since 1999. Scarce resources will have to be spent where they will make the most difference. Our view is that the child trust fund is not the priority when setting aside £2.25 billion per Parliament as money that will be accessible by an individual only when they reach 18, by which time most of their disadvantages, such as poverty and problems in early years education, will already have been consolidated. We would much rather that that money went in at an early stage and was spent on additional help to low-income families to make a difference to people's opportunities, rather than its coming to them at the age of 18.

I want to touch briefly on two other, vital, issues. Recently, in his speech on child poverty the Secretary of State questioned whether ultimately the strategy of simply increasing benefits and tax credits could ever deliver on the very ambitious targets that have been set, and he was right to do so. One reason why there are such high child poverty rates in this country is the number of children in workless households and in single-parent households, although it is extremely difficult for any Government to do much about the latter.

We need to get more parents into work; that is an issue that relates to single parents and to people on incapacity benefit who have been written off in the past but who could be moved into employment. I hope that they will be important elements in the Bill that has been published today. It is clear that low skills are associated with worklessness, so the skills agenda and early years agenda are vital.

Housing is also vital. About 32 per cent. of the income of low-income families is spent on housing costs, a much greater percentage than in higher-income households. Housing costs have been rising rapidly in recent years, and the housing market is not working. If we are to hope to meet the very ambitious targets, we cannot rely on one policy vehicle alone, we must tackle problems in the housing market and in worklessness, and we must address the skills agenda.

I again congratulate the hon. Gentleman on securing the debate and hope that we will have further opportunities during the rest of the year to debate the issue in greater detail.

10.26 am

Miss Anne McIntosh (Vale of York) (Con): I welcome you to the Chair, Mr. Martlew, and say what an honour it is to appear before you. I welcome the debate, and congratulate the hon. Member for Wirral, West (Stephen Hesford) on securing it. He is a brave man, perhaps lacking the political ambition of some of his colleagues who have chosen to stay away from this debate, for a reason that eludes me.

The debate is particularly timely and gives us a welcome opportunity to bring together some of the strands underlining child poverty. At the outset, for the benefit of the House, I ask the Minister for Employment and Welfare Reform whether the Government will confirm their definition of poverty for the purposes of child poverty? The Library briefing note prepared for today's debate states:

> "The standard definition of income poverty is living in a household with an equivalised household income that is below 60 per cent. of the median household income. Income is 'equivalised', meaning it is adjusted to take account of variations in household size and composition to make it a better measure of standard of living."

As we know from the Department's press release in March, the target on child poverty was only narrowly missed before housing costs were taken into account, yet on closer examination the gap in missing the target was greater after housing costs were taken into consideration, and there are a number of reasons for that.

Let us consider the geographic spread represented by those present in the debate—the north-west, Scotland, Yorkshire and the south-west. It is interesting to note that the average house in north Yorkshire is the most expensive in the country. It is important that housing costs are taken into consideration in setting child poverty levels. Will the Government confirm that that is their understanding, and that it will remain so?

It fills me with dread when the Government appoint a tsar to a policy area. The hon. Member for Wirral, West alluded to the appointment of Lisa Harker as the tsar for child poverty. The Minister issued a press release at the end of June setting out her remit. The Secretary of State yesterday set before the Select Committee the reasons for the Government's failure—that is perhaps why the hon. Member for Wirral, West, finds himself alone on his Benches today, regrettably—saying that of all the aspects of the Department's work, the hardest is eradicating child poverty. The Secretary of State claims that child poverty rates have been falling because of the introduction of tax credits and the improvement in the employment rate of parents, particularly through the new deal for lone parents.

If there is one thing that the tax credit system and the Child Support Agency share, it is a lamentable failure of their computer systems. The hon. Member

for Yeovil (Mr. Laws) referred to the £3.3 billion not yet collected by the Child Support Agency. I simply add that £2 billion of that is deemed uncollectible. What do we say to the parents with care who are owed that money and who will possibly never get it?

The Secretary of State claimed that the target had not been reached because not enough lone parents had got back into work. The Child Poverty Action Group, to which I pay tribute for its work over the years, commented in a November press release:

"Child poverty cannot be eradicated without significantly raising the safety net of the welfare state, supporting more people into employment, ensuring that work pays and making further improvements to the administration of tax credits".

That is absolutely vital.

The Secretary of State said that two key areas are focusing more heavily on getting lone parents back into work and improving child support. The National Audit Office last week came out with the most damning indictment of the Child Support Agency. That should be taken together with the damning report by the Work and Pensions Committee, which came out before last year's election, and which went to the heart of the matter. Some very good people work for the Child Support Agency—indeed, the Minister might take this opportunity to thank them for their work, often in difficult circumstances—but the Select Committee said that they lack training and that their skills were not necessarily deployed to best advantage.

We are poised to hear, any day now, a statement by the Secretary of State on the result of the David Henshaw review; obviously, that will give us more time to focus on the issue, but I would like to rehearse the reasons why the Government failed to reach the last target and to say why we believe a course of action can be followed that will eradicate child poverty more quickly.

Will the Minister say why Northern Ireland is not included in the figures? That gives a distorted view of the child poverty picture, because a third of children in Northern Ireland live in poverty. Will he provide a letter, to be placed in the Library for the benefit of all right hon. and hon. Members, giving the data with the figures for Northern Ireland aggregated into the total? Also, will he, on a regular basis, give the target both before and after housing costs are included, and explain which of the definitions the Government will use?

The Government have a quantifiable public service agreement target for child poverty in 2005; levels of child poverty are to be at least a quarter lower than in 1998-99, using the poverty line of 60 per cent. The Government missed their child poverty targets for 2005 and are on track to miss them again in 2010. I have to say that the two biggest problems in my constituency surgeries are overpayment of tax credits—that can have an impact in thrusting a household into poverty, because the Government try to claw back the overpayment in one go—and child support cases.

Stephen Hesford: I have already made a point about tax credits but, for the record, I do not think that I said I thought that the Government were on track to miss 2010; I think that I made the point that we ought to put in place measures that help us get there, having accepted that we missed 2005.

Miss McIntosh: Save the Children questioned Labour's success in tackling child poverty. In a press release last December, it said that

"there has been little or no improvement in the percentage of children living in severe poverty"

in Britain. It went on to say:

"The Government needs to sort out the absurd mess of 11 different departments working on child poverty without a joined-up strategy".

The hon. Member for Wirral, West, did mention tax credits, child support and lone parents, and we can see that already three Departments come into play there. The Government may wish to consider that.

The Government are on track to miss their target in 2010. The principal tool that they are using is tax credits, yet those have had a marginal effect that is diminishing, and that might well be squeezed in the next spending round. As the calculation of child poverty is a relative one that sits near the middle of the curve, a small movement in any direction has the effect of taking large numbers of children into or out of poverty. From our point of view, it is difficult to sign up to a target that the Government are clearly on course to miss.

We are committed, and state that we aspire, to eradicating child poverty by 2020. However, there are a number of issues that we would like to consider today. Does the Minister accept that the tax credits fiasco has probably impacted in such a way as to push more children into poverty? Does he further accept the mess that the Child Support Agency has got into and that the Government have failed to take up the mediation aspect, so strongly pushed by the former Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), who, in 1998, promised to commit more resources to mediation so that there would be fewer calls on child support? Those two policies, taken together, have had a negative impact on the child poverty figures.

Mr. Laws: The hon. Lady obviously shares our concerns about the administration of the tax credit system, but she implies that child tax credits may have deepened child poverty. I am sure that that was not her intention. The problems may have meant that there was not as much of an improvement as the Government aspired to make, but the hon. Lady would surely agree that child tax credits have reduced the poverty figures.

Miss McIntosh: The point that I was trying to make—I hope that the hon. Gentleman will accept it—is that there are cases where individual households may be pushed into temporary poverty because of the clawback, through the incompetence of the Government. I do not think that that was the Government's intention, but it has been the practical effect. We may not be talking about many households, but the problem has had quite an impact, certainly in my constituency, which, although it has pockets of deprivation, could not be described as a deprived area.

In addition to tax credits and Child Support Agency failings, there is the issue of the new deal for over-50s. There are insufficient advisers, as I think the Minister will accept, and there is a six-month wait before over-50-year-olds seeking work can get assistance; that

[Miss McIntosh]

is a failing through having an insufficient network of business advisers. The new deal for younger people has not helped as many young people as the Government claim.

The figures show that when the Conservatives left power in 1997, youth unemployment was on a strong downward spiral anyway.

There are two related aspects, and the hon. Member for Wirral, West touched on one. First, there is the impact on child poverty of the disabled parent who is unable to enter the workplace. Secondly, there is mental illness. A recent Joseph Rowntree Foundation paper recognised that aspect, whereby the parent is unable to work or seek work because of mental illness. It is a general problem to which I hope all parties will seek a solution. I shall set out the Conservative party's position. I do not know whether the hon. Gentleman or the Minister know that we have stated that we embrace the principle of active market intervention. It is the best way of achieving a skilled and competitive work force. The new deal might have had a role to play, but the Government have not carried out a sufficient cost-benefit analysis. As with tax credit, child support and other targets, the Government are so obsessed with targets that they have failed to reach the 2005 figures for reducing child poverty and are not on course to reach the 2010 figures.

We invite the private and voluntary sectors to play a positive role in reducing child poverty. We are committed to improving the lot of the most disadvantaged in society. My right hon. Friend the Member for Witney (Mr. Cameron), the Leader of the Opposition, recently set out in his speech on the family four factors that promise a pathway out of poverty:

"A loving and stable home life; A good education; Economic opportunity; A life free of substance abuse and serious debt."

My right hon. Friend the Member for—I cannot remember his constituency—

Stephen Hesford: Chingford.

Miss McIntosh: Indeed. My right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith), who chairs the social justice policy group, will report on those issues and set out a programme. One area that we are considering is transferable tax allowances to help support the institution of marriage and reform the welfare and tax system.

I praise the hon. Member for Wirral, West for drawing our attention to the Government's failings. We join the Government in the aspiration to reduce and eradicate child poverty by 2020. However, I join with the hon. Gentleman, in identifying the reasons why the Government have failed to act. We look forward with great interest to hearing how the Minister is going to get us back on track to eradicate child poverty by 2020.

10.43 am

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): I am pleased to have the opportunity to respond in this brief but thought-provoking debate. My hon. Friend the Member for Wirral, West (Stephen Hesford) was particularly thought provoking, and if truth be told, he is the only one of us who volunteered to attend today. All three other speakers are present, first because of our Front-Bench responsibilities and secondly, because of our general interest. I congratulate my hon. Friend on being the only Back Bencher in attendance from any party. I did not know that he had experience of working with the Child Poverty Action Group before he became a Member of Parliament. The detail in his speech displayed the knowledge and experience that he built up over those years.

I apologise to my hon. Friend and others that as there have been myriad comments, questions and suggestions, we may not be able in the 16 minutes available to cover them all. I hope to make a good attempt.

I welcome the points that the hon. Member for Yeovil (Mr. Laws) made. Although he has specific concerns about the Government's strategy, the tone and reasonable way in which he put his points across improved the quality of our debate. We look forward to hearing and analysing the outcome of the policy commission that is considering the Liberal Democrat attitude to child poverty. He suggested some reasons why they do not share the commitment to the 2010 target of halving child poverty and the 2020 target of eradication. I am sure that we will discuss that in more detail as the commission concludes its deliberations.

I get on very well with the hon. Member for Vale of York (Miss McIntosh), except when we have debates. From the tone of her comments, I do not sense that she is a fully paid-up member of the new, modern Conservative party. Rather than pressing on specifics, which is entirely reasonable, she might more appropriately have acknowledged that because of the generational nature of poverty, lack of ambition, the challenge of social mobility, and inequalities in education and public service provision, many of the problems with which we are dealing did not start on 1 May 1997. In many respects, but not all, finding a solution to those generational and long-term problems has been one of our greatest priorities over the past nine years. It would have been more appropriate for her to start with an apology.

The hon. Lady suggested that the Conservatives share our aspiration, but for the Labour party and the Labour Government it is not an aspiration but a determined target to deliver. It is not a wilful aspiration that we might one day aspire to achieve; it is a determined target that we have set out to achieve. Working with others, we will continue to drive public policy to achieve it.

Miss McIntosh: I am grateful to the Minister for allowing me to clarify our position. As he continues with his prepared speech, he will accept that we support the Government but recognise that they failed to achieve their ambitious target in 2005. They look as though they will also fail to achieve the target in 2010, by which time we aspire to be in government and will have to deal with the situation.

Mr. Murphy: That is one target that we intend to miss.

In my prepared speech, I was to going to welcome the tone of the hon. Lady's remarks. However, I am doing no such thing, because I thought that her tone was entirely inappropriate. Her suggestion that we are not hitting our target because we are obsessed with hitting our target raised three sets of eyebrows across the Chamber.

My hon. Friend the Member for Wirral, West intervened on the hon. Lady's comments about the experience of the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), the former Conservative leader. I do not doubt the right hon. Gentleman's motivation, based on his visit to a Glasgow housing scheme. However, for many of us who grew up in housing schemes, and certainly for myself, who grew up in a Glasgow housing scheme, it is not a visit to a housing scheme that drives us, but the life experiences of each and every individual with whom we grew up in those communities.

I am delighted about and thank hon. Members for their congratulations on the role that I have been invited to play at the Department for Work and Pensions. The Secretary of State rightly identified tackling child poverty as our No. 1 priority. There is no room for complacency, but child poverty is at a 15-year low. It more than doubled in the previous 20 years, when one in three babies in Britain was born into poverty. There have been policies such as Jobcentre Plus, the new deal, the minimum wage and tax credits. The hon. Lady and others have had their concerns about the latter, but despite the serious administration problems, which we do not seek to belittle, and having again put on record the apologies that other Ministers have made for the administration, I may say tax credits have made a substantial contribution to alleviating poverty in many of the poorest families in every constituency, including the hon. Lady's. Some 6 million families and 10 million children have received support through the tax credit system. Of course, we have to find ways in which to improve the administration. For people in relative poverty, a mistake in administration can have long-term effects on the stability of their income and the way in which they can live their lives.

As I have mentioned, there is a generational challenge, as identified by the statistics on life expectancy. If we compare the life expectancy of a child born in Kensington and Chelsea with that of one born in Wirral, West, there is a five-year gap. If we compare the life expectancy in Wirral, West with that in Calton in my home city of Glasgow, there is an additional 22-year gap. That does not need policies about tax credits, the minimum wage, primary education or getting lone parents into work, but a general approach to target and to focus relentlessly across government, along with business and the voluntary and private sectors, on the ways in which we can drive a sense of social mobility and real change in those families.

One of the interesting points that everyone has made today is the lack of awareness among many people about the nature of child poverty in this country. Of course, that lack of awareness exists not among those who continue to experience child poverty despite all their efforts—there is a real sense of what it means in those families—but in the wider public domain, which may be reflected in the attendance at today's debate, and perhaps among some journalists. I do not criticise them for it at all, but in preparation for some work last week I found myself having to persuade a journalist that child poverty was a continuing and real problem in our country. The hon. Member for Vale of York made the fair point that, for some, child poverty is something in the developing world, about which celebrities campaign vocally for good purpose and to great effect, which we welcome. However, although the nature and scale of child poverty are entirely different here, the challenge remains.

We seek to co-ordinate our work to maximum effect so that policies in education, health, employment and across all Departments are more focused in the way in which they are brought together. I welcome the appointment of my right hon. Friend the Chancellor of the Duchy of Lancaster as Minister for Social Exclusion. She has brought together a Cabinet Sub-Committee, and that means that Ministers from all Departments are working together and trying to support the poorest 5 per cent. in our communities.

Poorer children with a high developmental score as toddlers fall behind by the age of 10 compared with children from higher social economic groups who had a lower developmental score in early childhood. At key stage 3, fewer than half the pupils who receive free school meals reach their expected attainment levels. It is not only an issue of weaker educational outcomes; it goes much wider than that. An ever-increasing body of research attests to the importance of children's early years informing their life chances, which is why this debate is so important in focusing on what more can be done to eradicate child poverty.

The poverty and disadvantage that afflict people, and children above all, are not new phenomena, as we have already heard. They grew grotesquely, out of all sense of proportion and beyond all sense of justification, throughout the '80s and early '90s. The way in which that grotesque level of poverty was allowed to grow embarrassed this country and shamed public life through that period.

I shall now reflect on what more can be done. The Welfare Reform Bill, which we publish today, will be an important step towards improving life chances by no longer writing anyone off and by supporting those with incapacity benefit to give them the chance to build confidence, which is important, rebuild their skills, which is key, and find work, obtain work and stay in work through personal advice and support, which will be crucial. The city strategy, of which we will announce more details later this month, focused on many of our big cities where the problem is even more acute. Two thirds of people on benefit in the United Kingdom live in our big cities, which is the rationale for the city strategy. Today, we shall announce the national roll-out of the pathways programme, again involving the private and voluntary sectors. That is an important part of the overall strategy.

Miss McIntosh: I am listening with great interest. The Minister accepts that, as I mentioned, there are pockets of rural deprivation across areas such as the Vale of York, but the fact that the cost of housing is significantly higher than anywhere else in the country and the average wage significantly lower has an impact. Can he confirm the definition of poverty, so that we all

[Miss McIntosh]

know what we are talking about? Is it assessed in income terms, and is it assessed before or after housing costs?

Mr. Murphy: There is an accurate definition in the House of Commons Library note for this debate, which I will confirm to the hon. Lady in writing.

Miss McIntosh: And housing costs?

Mr. Murphy: Both sets of figures, before and after housing costs, will be published, so there will be maximum openness. As I say, our definition of relative poverty does not take into account the hon. Lady's specific point about regional variations in housing costs. Both sets of figures will be published so she will be able to make her observations as she chooses.

The key to our approach to child poverty is the drive on social mobility, which, as the hon. Member for Yeovil said, has stalled, and I have said that in public before. I argue that that is largely the consequence of the fact that the socially-immobile 30-somethings of today were the children of the '80s and a time of substantial mass unemployment. The nature of social mobility is such that there is a generational challenge about how we break the cycle of poverty of aspiration. Early education is key, family support is crucial, and the alleviation of child poverty is absolutely essential.

I was reminded again of that when I was in Liverpool last week, knocking on doors with an organisation called Streets Ahead. In the daytime, there were three generations of one family behind a door in the poorest ward, I think, in Liverpool, all of whom were able through interaction with Streets Ahead to see that there is some opportunity through the new deal and other employment programmes for them to get closer to the labour market. Such projects are absolutely crucial if we are to overcome the generational nature of the lack of social mobility that is so endemic in so many of our larger cities.

Breaking the cycle of disadvantage is not simple. It is not about one specific policy. However, we are seeking to refresh our strategy at the Department for Work and Pensions. We have not appointed a tsar, although the newspapers suggested that we had. We have invited Lisa Harker, who has vast experience of the subject of child poverty through the Child Poverty Action Group, Save the Children, and the Daycare Trust, to advise us on what more we can do to achieve our targets for 2010 and to get us on track to eradicate child poverty by 2020. I want her to challenge us and to see what more we can do, and to challenge our policy approach, our organisational approach, our systems, our prioritisation, the way in which we structure our employment programmes and the interaction between those programmes. However, although my Department is important, we will not simply deliver the alleviation of child poverty on our own. There is a poverty of public services in some communities, and some people's experience of public services is still take it or leave it, and take what you get. Despite recent improvements in extending equality of public services in such communities, we have to go much further in personalising public services in some of our poorer communities.

With that in mind, I thank my hon. Friend the Member for Wirral, West for introducing the debate in such an informed way and for giving the House the opportunity to reflect on what more can be done to alleviate child poverty in the UK by 2010 and to eradicate it by 2020, so that instead of having the highest levels of child poverty, as we did in the 1980s and 1990s, we can head the league table in Europe for the eradication of child poverty, rather than heading the table for its propensity and the grotesque way in which it was allowed to spread in many of our urban and rural communities.

Israel (War against Terror)

11 am

Michael Fabricant (Lichfield) (Con): Almost to the day, 12 months ago, Britain suffered its first ever suicide bombing attack. In one day, Britain became a victim in the global jihad. Fifty-two innocent civilians were killed, and hundreds were wounded. Israel has had to face that same threat every day of the country's existence, not only from hostile states whose aim is to wipe Israel off the map but from terrorist organisations, including Hamas, Islamic Jihad, Hezbollah and al-Qaeda, which target innocent Israeli citizens.

Mr. Crispin Blunt (Reigate) (Con): Will my hon. Friend give way?

Michael Fabricant: I want to get a little further into the debate before giving way.

This debate is not only about Israel's personal fight against terror, but about its role in the global fight against terror. The face of international terrorism changed on 11 September 2001. Former Israeli Prime Minister Benjamin Netanyahu said:

> "We have received a wake up call from hell. Now the question is simple: do we rally to defeat this evil, while there is still time, or do we press a collective snooze button and go back to business as usual?"

The threat posed by global terrorist organisations was not caused by the Israeli-Palestinian conflict, as many have argued since 9/11. That international radical Islamist terrorism is rooted in religious fundamentalism, not in national conflicts. Like the US, Britain, Spain and other western countries, Israel is a victim of this global jihad.

Some will argue that terrorism against Israel and terrorism against Britain are entirely separate. I disagree. They are closely linked. Like Britain and other western countries, Israel represents a bastion of western ideals—of democracy, capitalism and the rule of law.

I agree with our Prime Minister when he said in April 2004 that

> "the best long-term security for us is the spread of freedom, democracy and values that all civilised people share." [*Official Report*, 11 January 2006; Vol. 441, c. 278.]

Mr. Blunt: I am grateful to my hon. Friend for giving way. He is setting the historical context for this debate. However, we are approaching not only the anniversary of 7/7, but the 60th anniversary of the bombing of the King David hotel. Rather more people were killed on that day than were killed on 7/7. That attack was carried out by someone who, in 1946, was called a terrorist, but he went on to become the Prime Minister of Israel.

In setting the context for our debate, I hope that my hon. Friend will look at both sides of the argument and examine how movements develop, how the tactics of those engaged in a national liberation struggle have changed, and how people's view of the characters involved in an unfolding drama and an appalling history have changed over time.

Michael Fabricant: My hon. Friend raises an interesting point. Indeed, my father was in the British Army in the middle east at that time, and was based at the King David hotel. As it happened, he had just gone out for a sandwich, otherwise I would not be here today.

Of course, there are some big differences between the two events. We now know that the Irgun Zvai Leumi made an alarm call to the hotel but that it was ignored by the British forces. We must also remember that it was British forces who were based at the hotel, not innocent civilians. I do not condone terrorism, but to compare what the terrorist organisation Irgun Zvai Leumi did to the King David hotel with the blowing up of innocent civilians in night clubs in Israel is completely and utterly false.

It is our responsibility to take every conceivable measure to combat worldwide terrorism and to stand up to those who aim to destroy our values. We must ally ourselves with states such as Israel that share our ideals of freedom and democracy, and have enjoyed success in fighting terrorism. The terrorists who attack Israel and those who attack Britain have one aim—to destroy the western values of freedom and democracy, and to install an extremist form of Islam in the shape of a worldwide caliphate. We have seen the oppression inflicted through sharia law by the Taliban in Afghanistan and by the fundamentalist regime in Iran.

Anti-western hostility drives the global terror networks. Fundamentalist Islamists do not hate the west because of Israel; they hate Israel because the state of Israel is a bulwark of democracy, Judeo-Christian ethics of tolerance, western progress and freedom in the middle east.

The purpose of today's debate is to recognise the global nature of terrorism, which is supported and aided by state sponsors of terrorism, and to urge the Government to take all necessary measures against those states that prop up radical Islamist terrorist organisations and to co-operate with Israel in the face of continued threats to its existence by hostile neighbours—the state sponsors of terrorism, Iran and Syria, and the terrorist groups that they support.

There is no international terrorism without the support of states. International terrorism cannot be sustained for long without the regimes that aid and abet it. Terrorists cannot operate in a vacuum. They train, arm and indoctrinate their killers in safe havens in territories provided by radical states. Those regimes often provide the terrorists with intelligence, money and operational assistance, dispatching them to serve as deadly proxies to wage a hidden war against more powerful enemies.

The Iranian regime is a principal player in supporting global terrorism, as our forces in Basra have found to their cost. Since 1979, when the Islamic republic was established, the Iranian regime has viewed terrorism as a legitimate means to further its ideological and strategic aims—exporting the revolution, assisting worldwide Islamist groups and attacking Israel. Hezbollah, Iran's Shi'ite revolutionary proxy in southern Lebanon, is the spearhead for Iran's export of terrorism, aimed globally and particularly at Israel. Iran also supports Palestinian terrorist groups, including Hamas and Palestinian Islamic Jihad.

[Michael Fabricant]

Britain and Israel share a common interest—the common threat posed by Hezbollah. Not only does Hezbollah target Israelis and Jews across the world, from Argentina to north Africa, but it provides Shi'a militias in Iraq with weaponry and training in terrorist tactics to kill British soldiers. With representation in 40 countries, Hezbollah has the capability to prepare attacks against western interests.

Richard Burden (Birmingham, Northfield) (Lab): I am still struggling a little with the hon. Gentleman's definition of terrorism. I am sure that hon. Members on both sides of the House abhor the targeting of innocent civilians from wherever it comes. However, in answer to the hon. Member for Reigate (Mr. Blunt), he seemed to draw a distinction between the targeting of innocent civilians by what he called Palestinian terrorists and the killing of British regular soldiers in the King David hotel—although I am sure he does not approve of the latter. Would he also draw a distinction between the targeting of Israeli civilians by Palestinian fighters and the targeting of Israeli troops?

Michael Fabricant: In answer to my hon. Friend the Member for Reigate, I said that all terrorism is wrong. However, my hon. Friend was trying to imply a similarity between the dreadful attack on the King David hotel, when advance warning to evacuate the hotel was ignored, and attacks such as that on Mike's restaurant and discotheque in Tel Aviv, when no advance warning was given. All terrorism is wrong; the hon. Gentleman is absolutely right.

Moreover, there is evidence that Hezbollah is facilitating al-Qaeda's plans to attack Israel. On 27 December 2005, al-Qaeda claimed responsibility for firing Katyusha rockets into northern Israel from southern Lebanon, a feat impossible without the knowledge and permission of Hezbollah. We in Britain must not stand idly by while Iran arms and finances some of the most dangerous international terrorist organisations. Yet Hezbollah in its entirety does not feature on the British or European Union list of proscribed terrorist organisations. The European Union is lagging behind the United Nations Security Council, which, in June 2005, condemned Hezbollah's attacks on Israel and reiterated demands, under UN Security Council resolution 1559, that the organisation be disarmed and that Lebanon exercise sovereignty over its border with Israel.

If the Government are taking the fight against terrorism seriously, why are they not doing more to force Hezbollah on to the EU list of terror organisations, and to prevent the raising of funds to perpetrate acts of terrorism against British and Israeli targets?

Mr. David Gauke (South-West Hertfordshire) (Con): I congratulate my hon. Friend on securing this debate. On Hezbollah, is he aware of the view held by some academics that, in the event of the relationship between Iran and the west deteriorating—particularly if there is the prospect of a military intervention—one of the methods that the Iranian regime would very probably use against the west would be terrorism through Hezbollah? For the west, the threat of terrorists from Hezbollah is very real.

Michael Fabricant: My hon. Friend raises an important point. In this debate, I am talking about things that have actually happened and clear evidence of Hezbollah involvement; I do not wish to speculate on future events. However, I know that the view that he just expressed is very widely held by military and intelligence experts in the west. I thank him for that helpful intervention.

In April, it emerged that Iran has some 40,000 suicide bombers poised to strike at Britain and elsewhere. Dr. Hassan Abbasi, the head of the Centre for Doctrinal Strategic Studies in the Revolutionary Guards, has warned would-be martyrs to

"pay close attention to wily England"

and vowed that

"Britain's demise is on our agenda."

The Iranian regime is a major threat to international peace and security. A fundamentalist regime hellbent on acquiring nuclear weapons is a threat to the west because it would grant the terror network, including al-Qaeda, a nuclear umbrella and allow Iran to increase its support for global terrorism. While the UN Security Council grapples with the Iranian nuclear issue, Iran threatens Britain, the United States and Israel. Iranian president Mahmoud Ahmadinejad has threatened Israel with annihilation, denied the existence of the holocaust, and continues to incite anti-Semitism worldwide.

We in Britain must recognise that the threats issued by Iran are not empty and that they are directed not only against Israel, but directly against us in the west. Innocent British lives will be at risk if we fail to combat that brand of international terrorism. What is the difference between Iranian extremists promising to send suicide bombers to Britain and Iranian-funded Palestinian terrorists blowing up innocent civilians in Tel Aviv?

One of the most striking examples of the links between terrorism in Britain and that in Israel came in 2003. With direction from Hamas, two British-born Muslim suicide bombers—Asif Hanif, from London, and Omar Khan Sharif, from Derby—attacked Mike's Place, a popular British bar in Tel Aviv, killing three Israelis and wounding 60 others.

The media, including the BBC, use moral equivalence to compare Israeli reactions to terror attacks with the attacks themselves. However, let us be perfectly clear: there is no moral equivalence between a terrorist who blows up a bus, hotel, marketplace or ice cream parlour and a response by a democratic state to find and root out those terrorists.

I have considerable sympathy with those British troops serving in Northern Ireland during the troubles who were vilified for "overreacting" in the face of terrorist violence. It is only too easy for armchair commentators and politicians to criticise soldiers from either country, on the ground, defending us.

Make no mistake—the terrorist organisations in the west bank and Gaza are willing tools of the wider causes of Islamic jihad. Not only is Hezbollah training

and financing Palestinian terrorist organisations such as Islamic Jihad and Hamas, but, as confirmed by the Chairman of the Palestinian Authority, Abu Mazen, in those territories, there are now terrorist cells that have been recruited and funded by al-Qaeda networks operating from Israel's near neighbours, Jordan and, yes, Egypt too.

I recognise that there has been suffering on both sides of the Israeli-Palestinian conflict; many innocent lives have been lost. As our Prime Minister says, the only resolution of this conflict will be a two-state solution, reached through negotiation and a complete end to terrorism: a viable Palestinian state that lives side by side with a secure Israel.

Ms. Blunt *rose—*

Jeremy Corbyn (Islington, North) (Lab) *rose—*

Michael Fabricant: I give way to the hon. Gentleman, whom I have not yet let intervene.

Jeremy Corbyn: Does the hon. Gentleman not accept that in his discourse he should say something about Israel's breach of international law in its construction of the wall and in the killing of wholly innocent civilians by Israeli forces? For example, there were that poor family who died on the beach in Gaza and the children assassinated by Israeli troops operating illegally in the west bank and Gaza.

Michael Fabricant: I take issue with the hon. Gentleman when he talks about children being assassinated; that implies that there was a deliberate attempt by Israel to kill children. I do not accept that at all. Of course I have sympathy with those killed when Israelis go into Gaza and the west bank to try to eradicate the terrorists.

The wall has been the subject of other debates, and I shall not go into the issue now. In fairness, I have to say—and the hon. Gentleman should know—that I do not totally agree with the route that the wall is taking. However, the wall, or barrier, is a necessary defence. If—God forbid—Scotland got its independence and started attacking Britain, perhaps we would build a Hadrian's wall to defend ourselves. Of course I do not defend the route of the wall, but we are not discussing that issue now. For the benefit of any Scottish people listening to this debate, I hasten to add that I am sure that they want neither independence nor to attack England.

Let me move on. Every day since the Israeli disengagement from the Gaza strip in August 2005 and the total withdrawal of settlers and soldiers, rockets have been fired—more than 500 to date—by Palestinian terrorists into Israeli towns. Hamas, Palestinian popular resistance committees, Islamic Jihad and splinter groups of Fatah have all claimed responsibility and pledged further attacks against Israelis in community centres, schools, homes and shops. Despite Abu Mazen's condemnation, no Palestinian political leaders have taken any steps to curb the launch of Qassam rockets or other terrorist attacks, including suicide bombings.

The Gaza strip remains a safe haven for terrorists. Sadly, that is why the actions mentioned by the hon. Gentleman have had to happen. The Hamas-led Palestinian Authority has not only refused to take any action, but openly encouraged continued acts of terrorism against innocent civilians.

The 25 June terrorist attack against an Israeli defence forces position near a kibbutz, Kerem Shalom, was not, as media outlets have argued, a revenge attack—that was just sloppy journalism—but the culmination of a three-month project that involved the excavation of a tunnel originating from a Palestinian apartment block in Gaza. Clearly, that situation could not be allowed to continue.

I gave a rather clumsy argument about Scotland, but I ask again what Britain would do in such circumstances. Would it stand idly by as its innocent civilians were attacked? Of course not. We cannot have double standards and condemn Israel; we have to look at what Israel is doing. All nations have a duty of care to protect their citizens and since Israel's withdrawal from Gaza in August 2005, 36 Israelis have been killed and 436 others wounded.

Let us be clear that democratic and free nations need to work together to combat terrorism. Israel cannot be treated differently from countries in the western alliance because of the protracted conflict with the Palestinians. It is because of that conflict and decades at the hands of brutal terrorism that Israel should be accepted as part of the western alliance's global war against terrorism.

Israel has played a vital role in the struggle against global jihad. If it were not for its contribution to counter-terrorism and its daily struggle on the front line of terrorist attacks by global players such as Hezbollah and al-Qaeda, the middle east and the rest of the world would be far less stable. It is testament to Israeli security and intelligence services that its counter-terrorism activities in the middle east have had much success.

To support its war on terrorism, Israel has developed a highly co-ordinated and efficient intelligence apparatus. Britain must learn from Israeli examples of gathering human intelligence on terrorism by deploying undercover agents in Palestinian-controlled areas and recruiting local informants, and from examples of the vigilance and awareness of the Israeli public in preventing terrorism. Signals intelligence is no substitute for human intelligence, and MI6 is taking that on board. Incidentally, as we approach 7/7, I urge the British public to be vigilant, whether they be in London, Birmingham, Manchester or even in rural areas.

While paying tribute to the work of our own Secret Intelligence Service, Security Service and GCHQ, I also want to express our gratitude to the Israeli security agency, Shin Bet, and to Mossad, the Counter-Terrorism Bureau and the intelligence arms of the Israeli police service and defence forces. We recognise that the time may not be right for Israel to join NATO as a full and equal member, although I would welcome it, but there would be considerable advantages for NATO if it were to upgrade its relations with Israel. Israel meets all the NATO criteria: it is a democracy with a free market economy, and it has logistics and intelligence capabilities that have been vital in the

[Michael Fabricant]

global war on terrorism. For example, it recently launched the Eros B high resolution reconnaissance satellite to monitor Iran's nuclear sites.

Both human and signals intelligence can reduce the potency of global terrorism, but it should also be our objective to put an end to state support for terrorism and to cut off the financing, arming and training of terrorist cells.

In conclusion, may I ask the Minister four questions? I gave him prior notice of them and hope that he will answer them fully when he replies. First, will he confirm that Britain will take all necessary steps to combat international terrorism and will aim to add Hezbollah's political wing to the European Union list of terror organisations? Hezbollah's political and military wings are one and the same. Sheikh Hassan Nasrallah leads both. There are similarities with the odd distinction that was made between Sinn Fein and the IRA during the troubles. They, too, were one and the same.

Secondly, will the Minister encourage his colleagues to ensure that there is even closer co-operation between our Security Service and that of Israel? Thirdly, will the Government give an assurance that Britain will begin co-ordinated and effective steps to force state sponsors of terrorism such as Iran, Syria and the Sudan to stop supporting global terrorist organisations? Finally, will he assure the House, in the light of Israel's contribution to the global fight against terrorism, that the United Kingdom will guarantee Israel's security, particularly in respect of the threat that would be posed by a nuclear Iran? That nation exports fundamentalist ideology and terrorism.

Let there be no mistake: it is clear that Israel's security is wrapped up with our own. It is in the interest of our nation and the British people that we work with and defend the state of Israel in the global fight against terror.

11.25 am

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I congratulate the hon. Member for Lichfield (Michael Fabricant) on securing this debate. However, what he said bears scant relationship to what is in fact happening in the world. He condemns Iran, whose odious regime certainly challenges the balance of power and peace in the world, for sending killers all over the world. Of course, Israel, which is a nuclear power that refuses to sign the non-proliferation treaty, has sent killers all over the world. One can see in the film "Munich" by the American Jew Steven Spielberg, who also was the director of "Schindler's List", how the Israeli Government sent killers out after the Munich massacre at the Olympic games. They killed innocent people in many parts of the world.

The reflection of reality that the hon. Gentleman offers is in stark contrast with what was written recently by the Israeli Jew Gideon Levy in the respected Israeli newspaper *Ha'aretz* about what is taking place in Israel and the Palestinian territories now. He stated:

"A black flag hangs over the 'rolling' operation in Gaza. The more the operation 'rolls,' the darker the flag becomes. The 'summer rains' we are showering on Gaza are not only pointless, but are first and foremost blatantly illegitimate. It is not legitimate to cut off 750,000 people from electricity. It is not legitimate to call on 20,000 people to run from their homes and turn their towns into ghost towns. It is not legitimate to penetrate Syria's airspace. It is not legitimate to kidnap half a government and a quarter of a parliament...Everything must be done to win Gilad Shalit's release. What we are doing now in Gaza has nothing to do with freeing him. It is a widescale act of vengeance, the kind that the IDF and Shin Bet have wanted to conduct for some time".

Michael Fabricant: Will the right hon. Gentleman give way?

Sir Gerald Kaufman: Let me proceed a little.

The hon. Gentleman rightly condemns Hamas, which is a terrorist organisation that is responsible for the death of innocent people. He implicitly condemned the kidnapping of the teenage Israeli corporal Gilad Shalit but seems to imagine that somehow or other such events are peculiar to Palestinian terrorists. He does not refer to the fact that before Israel gained independence, Jewish terrorists led by two future Prime Ministers of Israel, Begin and Shamir, one of whom was a murderer and an assassin, kidnapped two British sergeants, hanged them and booby-trapped their bodies. Hamas has learned well from Jewish terrorists.

If the hon. Gentleman believes that the explosion at the King David hotel can somehow be legitimised, he ought to pay attention to the fact that not only 200 non-Jews but 19 Jews were killed there, and if he goes on about terrorism, let him somehow justify more than 200 innocent Palestinians being murdered by Begin and Shamir in the village of Deir Yassin. There are no clean hands on either side of this conflict.

I condemn Hamas. The party includes murderers, killers and terrorists, but it won a democratic election. President Bush, whose first election was not a democratic victory but a fiddled election that resulted in his appointment by the Supreme Court, seems to imagine that not only do we require democratic elections in the middle east but those elections can be accepted as democratic only if the people vote in the way we want. I did not want the Palestinians to vote for Hamas—I was there leading an Inter-Parliamentary Union delegation before that election—but they did so. The more the Israelis go on oppressing and killing Palestinians, the more support for Hamas will grow.

The father of Gilad Shalit is quoted in *The Daily Telegraph* today as regarding the Israeli Government's action, allegedly to free his son, as "delusional". Ehud Olmert, the Prime Minister of Israel, is quoted in the same article as having issued orders to the army to

"make sure that no one sleeps at night in Gaza".

That is collective punishment. It is in direct violation of every canon of international law; yet the hon. Gentleman says that it is all right because Israel is a democracy. However, Hamas was elected by a democratic vote—hon. Friends of mine went to see that election, and saw that it was democratically conducted.

Let us be clear: terrorists are murdering Israeli citizens. That is culpable to the nth degree, but at the same time, the Israelis have killed 4,000 Palestinians since the second intifada began, including hundreds of children. The hon. Gentleman says that children are

not targeted—but they are dead just the same. As long as we go on tolerating such unacceptable breaches of law by the Israeli Government, the more terrorism and support for it among the Palestinians will be fostered.

Mr. Brooks Newmark (Braintree) (Con): I have a brief question for the right hon. Gentleman. He has correctly pointed out that Hamas was elected democratically, but is it appropriate for the Foreign Minister of a democratically elected Government to say, as was said three months ago, that Hamas will not hesitate to kidnap Israeli soldiers

'to exchange for (Palestinian) prisoners, should the opportunity arise'?

That was said by the Hamas Foreign Minister, Mahmud al-Zahar, on 7 March 2006.

Sir Gerald Kaufman: Of course that is wrong, but equally wrong is the President of the United States kidnapping people and holding them in an illegal prison camp at Guantanamo Bay, which has just been condemned by the United States Supreme Court. As I have said before, there are no clean hands in this situation, but simply to target the evils of Hamas, which exist and must be condemned, is not enough if we are to see the whole spectrum of what is taking place in the middle east, and between the Israelis and the Palestinians today.

I quote again from the article by the Israeli journalist Gideon Levy:

"Did anyone think about what would have happened if Syrian planes had managed to down one of the Israeli planes that brazenly buzzed their president's palace? Would we have declared war on Syria? Another 'legitimate war'? Will the blackout of Gaza bring down the Hamas government or cause the population to rally around it? And even if the Hamas government falls, as Washington wants, what will happen on the day after? These are questions for which nobody has any real answers. As usual here: Quiet, we're shooting. But this time we are not only shooting. We are bombing and shelling, darkening and destroying, imposing a siege and kidnapping like the worst of terrorists and nobody breaks the silence to ask, what the hell for, and according to what right?"

Michael Fabricant: The right hon. Gentleman has quoted from *Ha'aretz* in Israel, where people are quite free, but I should like to point out that I have not condoned terrorism on either side. I do not think that the right hon. Gentleman listened to my speech, which was all about the global fight against terror, not the present Israeli situation, as I made clear early on. Does he think that there is a newspaper in Gaza or on the west bank that would publish criticism of its own Government on the same lines as the criticism against the Israeli Government that has been made in *Ha'aretz* and other Israeli newspapers? The answer is clearly no.

Sir Gerald Kaufman: The answer is not clearly no. However, it is of course a bit difficult to publish newspapers in the Palestinian territories at the moment, particularly in Gaza, since Israel has destroyed the power supply, taking away air conditioning and water supplies in the most densely populated area on the face of the earth, in the heat of the middle east mid-summer.

The hon. Gentleman knows that I have a personal regard for him, but I recommend that he study the situation a little more, instead of trotting out a few statistics and believing that if he does that and says that Israel is a democracy, everything is all right. Yes, Israel is a democracy, but democracies make mistakes, as this country did when it elected Margaret Thatcher three times running. To be a democracy does not necessarily involve total wisdom on the part of the electors—apart from the electors in the Gorton division of Manchester, who have an unrivalled record on these matters.

Richard Burden: Following on from the intervention by the hon. Member for Lichfield, I wonder whether my right hon. Friend would like to comment on the case of al-Haq, the respected Palestinian human rights organisation? Only yesterday it was circulating press releases that were critical of the actions of terrorist groups inside Palestine and of any support that they receive from the Palestinian Government. However, they also pointed out that 756 Palestinians are imprisoned in Israeli jails without trial.

Sir Gerald Kaufman: My hon. Friend is a great expert on such issues and makes a valid point. I do not claim for one second that Palestinian democracy has produced a satisfactory outcome. It has not. On the other hand, however, to my mind Israeli democracy has not produced a very satisfactory outcome either. I am particularly sad that a Nobel peace prize winner such as Shimon Peres, in the vanity of his old age and for the sake of holding office, is colluding in such actions. I am also sad that a man whom I particularly admire—Amir Peretz, the leader of the Israeli Labour party—not only is a party to such violations of international law, but is inflicting them.

Our Government have been right all along in saying that the only way the issue can be solved is through direct negotiation based on the road map. As long as we continue as we are, more innocent Israelis will be killed, more innocent Palestinians will be killed and there will be no way out.

11.38 am

Mr. David Burrowes (Enfield, Southgate) (Con): I congratulate my hon. Friend the Member for Lichfield (Michael Fabricant) on securing this debate. I wish to focus on the subject of the debate. It is all too easy to be partisan in looking at the details of the situation in Israel at present, but we should seek consensus on Israel as the focal point in the fight against terror. This country and others that have been victims of terror can join in that, but at the same time we should recognise that Israel is the focus of terrorist organisations. That must concern us all and we should all take action to deal with it.

I visited Israel in January, courtesy of the Conservative Friends of Israel, and have three abiding images that are relevant to this debate. The first memory is of going to northern Israel, to the southern Lebanese border, and seeing an armed Hezbollah terrorist standing 50 yards away on the border. That reminded me all too clearly of the presence of terrorist organisations. That needs to be tackled. As my hon. Friend said, it needs to be tackled by this Government

[Mr. David Burrowes]

as well through the way in which we deal with Hezbollah. As hon. Members will know, Hezbollah was established by Iran and Syria as a proxy for attacking Israel—as the spearhead for Iran's export of terrorism. It seeks the destruction of the state of Israel and the establishment of an Islamic republic in Lebanon.

We need to recognise that Hezbollah is a threat to Israel, the United States and, indeed, the entire western world and we need to tackle it seriously. As the Foreign Secretary said in reply to a written question from the hon. Member for Hartlepool (Mr. Wright), we need to do that by calling on Hezbollah

"to contribute to peace and security in the middle east by renouncing violence, disarming in compliance with UN Security Council resolution 1559, and entering into the democratic process on an exclusively non-violent basis."—[*Official Report*, 29 November 2005; Vol. 440, cc. 126-127.]

We can all unite on the response to that question, but we need to go further. As other countries, such as the US, Australia, Canada, Israel and, recently, Holland, have done, we need to recognise that Hezbollah is a terror organisation and to treat it accordingly. We cannot go along with the European Union in seeking artificially to differentiate between the political and military wings of Hezbollah.

I saw the situation for myself when I saw the terrorist standing there armed, guarding the border. I ask the Minister to respond on this particular point: Hezbollah is a terror organisation and we cannot separate the political side and what is called the external security organisation. We need to join the countries that I mentioned and recognise Hezbollah as an organ of terror.

As my hon. Friend the Member for Lichfield said, we need to recognise properly that Hezbollah is engaged in activities that are causing great damage to the region and instability beyond. It is threatening Lebanon's own fragile democracy and independence from the Syrian occupation and it is causing instability and conflict to cross the UN-drawn Israeli-Lebanese border. It is a cause of instability in Israel and further afield.

We also need to recognise the activities of al-Qaeda in the region. I am referring not only to activities that we can see, but to the words of the al-Qaeda leaders bin Laden and Zawahiri. They have mentioned not so much Afghanistan or Iraq but Palestine as a higher priority. In recent times, they have carried through phases of operations in Afghanistan and beyond. Now we are seeing, particularly in Israel, the results of their activities.

In August 2005, the Syrian citizen Louai Sakra was arrested while planning to blow up cruise ships containing Israeli tourists. On 27 December 2005, nine rockets were fired from Lebanon into Israel. Al-Qaeda claimed responsibility for that attack. On 2 March 2006, Palestinian security forces caught al-Qaeda operatives in Gaza and the west bank, and the Chairman of the Palestinian Authority, Mahmoud Abbas, admitted that there was proof of the infiltration of al-Qaeda into the west bank and Gaza.

We need to consider more broadly the war against terror, but inevitably the focus is Israel and the Jewish people. My second abiding memory is of Yad Vashem, the holocaust memorial. When I visited it, I was reminded that even when the war was over and Jewish people were going out of the camps, the killing of the Jewish people continued relentlessly. That reminds me and should remind us all that anti-Semitism and attacks on Jewish people continue to this day. We can see that in the words coming from Iran. As has been said, the Iranian President said that he wished to wipe Israel off the map. We should remember the words that have often gone in tandem with an attack on Israel and the Jewish people—words that constitute a denial of the holocaust, in which more than 6 million Jews were murdered.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Would the hon. Gentleman like to speculate on this issue in the context of what he has been saying and of the remarks of my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman)—who, it is fair to say, is a political hero of mine, so I do not disagree with him—on the behaviour of the Israeli Government? My right hon. Friend is the last person among us who needs a lesson in the history and travails of the Jewish people and the Israeli nation. Perhaps the hon. Gentleman would like to speculate on whether the current behaviour of the Israeli Government, rather than merely being dismissed as terrorist behaviour, should be put in the context of the recent and longer history of the Israeli state and the Jewish people and the current situation, which the hon. Gentleman is discussing.

Mr. Burrowes: I am grateful for that intervention. It is important to put these issues in the proper context, which is why this debate is so important and welcome. We need to consider the context of the fight against global terrorism and the context that I am seeking to draw out, which is the battle and the need for the Jewish people to have a safe place to go. That context is important and we should never dismiss it, because it is constantly under attack from terrorists. Indeed, it is constantly under attack in broadcasts of hate on the airwaves. That hate goes to the heart of the concerns for the Jewish people. It is anti-Semitic filth. We need to ask the Minister to consider how we can seek to tackle the funding for those broadcasts. We need to cut that funding off at supply, because it supports terrorist organisations. There are physical attacks on Israel and there are verbal attacks. We are dealing not just with a strategic battle, a battle of war, but with a state of mind that is built on hatred and evil. We need to ensure that the Government are at the forefront of tackling that.

That brings me to my third abiding memory from my visit to Israel, which is the words of Tommy Lapid, who was the last surviving victim of the holocaust who was a member of the Knesset. He gave an account of his experiences and what he saw as the rationale for the state of Israel. He sought to caution us about focusing only on the everyday occurrences and concerns in Israel and about the need to look more broadly at what Israel is about. He recounted how his family had in effect left him on his own when he was fleeing the ghetto, because they wanted him to run for it. He was completely isolated, fleeing from the ghetto, a place where the Star of David had to be worn and a place of

great vulnerability. At the very moment when he was seeking a hiding place in a closet, he realised that a place was needed for him and the Jewish people to go. He reminded us that that need still exists today.

That is why we need to condemn properly the words of, for example, Mohammad Samadi, a spokesman for the committee for the commemoration of martyrs of the global Islamic campaign, who was seeking to recruit suicide bombers to the terrorist cause. His words in that recruitment drive are very pertinent:

"The first target is Israel. For us, that is the battlefield. All the Jews are targets, whether military or civilian. It's our land and they are in the wrong place."

In relation to the fight against terrorism, we need to recognise that, at present, the first target is, sadly, always Israel. We need to hear the concerns of Tommy Lapid and others that they need a place to go. We need to stand four-square behind them to protect that place to go, so that we can tackle terrorism properly and support Israel and the fight for freedom and democracy.

Several hon. Members *rose—*

Mr. Eric Martlew (in the Chair): Order. I hope to start the winding-up speeches at 12 o'clock.

11.48 am

Mr. Iain Wright (Hartlepool) (Lab): I thank the hon. Member for Lichfield (Michael Fabricant) for securing this important and timely debate. In recent weeks and months, there have been several Westminster Hall debates on matters relating to the Israeli-Palestinian conflict and the wider middle east regional context. I was fortunate to secure a debate a couple of weeks ago on the prospects for peace in the middle east. My right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) initiated a debate on the subject a couple of months ago, and I seem to remember that the hon. Member for South-West Hertfordshire (Mr. Gauke) introduced a debate on Iran in recent months. I hope that this debate adds further strength to a request that I made to my right hon. Friend the Leader of the House a couple of weeks ago in business questions for a debate of a similar nature but much longer on the Floor of the House in Government time to discuss these vital issues.

The hon. Member for Lichfield raised some important points and I think that what he said about terrorism in Britain being similar to terrorism in Israel was accurate and appropriate. I also agree with him that there is no international terrorism without state support, and that is something that I want to discuss. Paying attention to the question of state-sponsored terrorism rightly puts the debate on Israel and the Palestinians in a regional context, which is necessary to understand the conflict properly. The conflict does not exist in a vacuum. It is played out on a regional stage, with global repercussions; the hon. Member for Lichfield and other hon. Members mentioned the role of Iran and Syria, and their contribution to the conflict through sponsorship and funding of terrorism, and it is right to raise those matters.

While the international community continues to exert pressure on the Hamas Government to recognise the state of Israel, it is important to remember that influential regional actors—Iran, Syria, Hezbollah, all of which exert various degrees of influence on Hamas—have also never recognised Israel's right to exist, and continue to vie for its destruction. Iranian and Syrian state-sponsored terror undermines the peace process and threatens regional stability. Groups supported, bankrolled, armed and in some cases even controlled by Iran and Syria include Hezbollah, Palestinian Islamic Jihad, and Hamas.

Mr. Blunt: As far as I am aware, Syria is fully signed up to the Arab League position and the Arab League supports the peace plan of Crown Prince Abdullah, which, indeed, would have recognised the state of Israel within the boundaries of 1967, so what the hon. Gentleman says is slightly misleading, rather as the link between al-Qaeda and the Government of Iran, as presented by my hon. Friend the Member for Lichfield, may have come as a slight surprise to the pair of them. We should try to use occasions such as Westminster Hall debates to arrive at a joint analysis, rather than to trade different sides of the story, and to understand why things are as they are in the middle east. If we can go forward on the basis of joint understanding, we shall be doing the House of Commons a favour.

Mr. Wright: I fully agree with the hon. Gentleman's comments, but the Hamas political leadership outside the Palestinian territories finds a safe haven in Damascus, with protection by the Syrian leadership, including Khaled Mashal, one of the leaders and founders of the Hamas movement and its charter. Syria, for example, hosted meetings between Mashal and the Iranian leader Ayatollah Khamenei and President Ahmadinejad in January 2006. Iran, for example, is believed to be a major source of funding for Hamas, including its wide network of social and welfare institutions. Iran offered to send $50 million to the Palestinian Authority to alleviate the budget crisis after the election of Hamas, when the rest of the international community suspended funding and pressured the Hamas leadership to accept the responsibility of being a democratically elected Government.

It is not only Hamas that Iran and Syria sponsor. Hezbollah, to which Iran provides training, weaponry and expertise, not only threatens Israel along its northern border, but is increasingly active in the west bank and Gaza, where it supports and trains terrorist groups and provides financial incentives for launching attacks against Israel. Similarly, while Iran continues to support and fund terrorist organisations, President Ahmadinejad launches rhetorical attacks against Israel. That, together with its attempted procurement of nuclear weapons, surely constitutes an existential threat to Israel and raises the alarm for the future stability of the region.

Michael Fabricant: I am enjoying the hon. Gentleman's contribution, but in the context of the extraordinary intervention by my hon. Friend the Member for Reigate (Mr. Blunt), who tried to exonerate Syria, I want to say that, in Iraq, let alone

[Michael Fabricant]

Israel, we know of the operations of the Syrian Government and Iran, with respect to British and American troops.

Mr. Eric Martlew (in the Chair): Order. May we have short interventions now?

Michael Fabricant: In fact, that will do, Mr. Martlew.

Mr. Wright: I agree with the hon. Gentleman.

The international community must continue to use its influence to encourage dialogue between Israel and the Palestinians. It is crucial to remember that the middle east peace process is just that—a process for the middle east region, requiring Iran and Syria to stop aiding terrorist organisations.

Jeremy Corbyn: Will my hon. Friend give us an idea of what he thinks Israel's borders are, and what position Israel is taking in negotiations on the matter of its borders and settlements?

Mr. Wright: I do not think that it is for me to say what Israel's borders should be. I think that there is consensus that the 1967 border gives scope for discussion, and that would be the most appropriate step.

Mr. Newmark: Is not the core of the problem the fact that today, on the road map that the right hon. Member for Manchester, Gorton was talking about, Israel does not exist for Hamas, Hezbollah or Iran? Therefore, Israel is in a position only to create a solution by itself. There is no one to negotiate with.

Mr. Wright: I agree. In the debate that I secured in Westminster Hall a couple of weeks ago on the prospects for peace in the middle east after the Israeli elections, I was struck by the comments of the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), who said that we all know the solution—it is Israel and a Palestinian state working together, side by side, with mutual economic and social co-operation. People recognise that and it is important that everyone should recognise it as the end point of the process.

Israel's war against terror will continue to undermine its efforts towards peace. The damage that terrorism causes is all too visible, and events in the region in the past week have highlighted how acts of terror can derail any positive trajectory for peace. In the midst of all the fighting that has been sparked since the attack on Kerem Shalom last week, and the abduction of Corporal Gilad Shalit, Hamas and Fatah signed what is known as the prisoners document. We should be cautious about reading too much into that. The document does not require Hamas to recognise the state of Israel or to cease its armed struggle, but it does recognise the Palestine Liberation Organisation as sole representative of the Palestinian people, giving President Abbas the power to negotiate with Israel and put an end to factional in-fighting.

In an area as volatile as the middle east, pigeon steps are welcome, and that was a relevant and right pigeon step. However, Palestinian groups working against peace and intent on a terror agenda have ensured that that development has been obscured by the murder of two Israeli soldiers and the kidnap of a third. If any progress is to be made in the peace process, Israeli citizens need to feel secure. They need to feel that they can go about their daily business free from the threat of suicide bombers—as, of course, do decent, ordinary Palestinians. They should feel secure as well and able to walk their children to school without worrying about being hit by a rocket launched from Gaza.

Israel needs to win its war against terror with the help of the international community, so that the cycle of violence can be replaced with moves towards negotiation, reconciliation and peace.

11.58 am

Richard Younger-Ross (Teignbridge) (LD): I congratulate the hon. Member for Lichfield (Michael Fabricant) on securing the debate, which is particularly appropriate after the events of the past couple of weeks. I also congratulate the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) and the hon. Member for Reigate (Mr. Blunt) on their contributions, which were very sound and full of a lot of sense, which is required if we are to help both sides in the middle east go forward.

The hon. Member for Lichfield—to whom I apologise for missing the first sentences of his speech—referred to Israel as a victim of global jihad. That is true. There is certainly some evidence that there are jihad attacks on Israel. However, to imply, as that statement does, that the whole basis of the attack on Israel is religious intolerance is to misunderstand the debate. The Palestinians have been used and abused for a long time. They were first thrown out of what they considered their homeland and then abused by the Arab world, which left them, often, in camps with conditions that were not very good, when most of the Gulf was swilling with oil and there was plenty of money that could have been used to relieve some of their problems.

The idea that the conflict is all religious is not true. I worked in Iraq in 1982 and was privileged to have lunch with one of the senior accountants. The gentleman concerned, whose name is long gone from my memory, was very articulate. He was educated in Great Britain, very western in his approach and very gentlemanly. We were having a very pleasant conversation, but as soon as we touched on the subject of Israel, he talked about pushing all the Zionists into the sea. Those remarks had nothing to do with religious intolerance; they had to do with a lot of other deep-seated animosities and a conflict that goes back not just to 1967 and the 1940s, but to the 1930s and, indeed, 1919. Ultimately, a lot of the responsibility goes back to the 1919 peace talks in Paris, which did many things, but did not secure peace in many parts of the world.

The Foreign Affairs Committee has been looking at the causes of the war against terrorism, and I recommend its report to hon. Members. I am not saying that I agree with every word, despite being on

the Committee, but there is a lot of common sense in it. On the issue of Palestine, I refer hon. Members to a contribution from the Foreign Secretary. Paragraph 2.20 of the report states:

"We asked Foreign Secretary Margaret Beckett what the Government is doing to impress upon the Israeli government the need for a negotiated settlement. She told us:

We have made it extremely clear to the Israeli Government, and the Prime Minister did to the Israeli Prime Minister yesterday, that we are looking for negotiations and for a negotiated settlement and that we would view any unilateral action by the Israeli Government as—I was going to say very much second best, but we would be reluctant to see such unilateral action because we believe that negotiation is the right way forward."

I hope that the Minister will confirm that, despite the events of recent weeks, we are still committed to negotiation and bringing other parties on side, rather than to unilateral action.

Mr. Newmark: The hon. Gentleman still has not answered the question that I posed earlier: how can Israel do anything but be unilateral when the other side does not actually recognise the state of Israel?

Richard Younger-Ross: Memories are very short. Fatah never used to recognise the state of Israel, but, eventually, it was brought to the negotiating table and accepted a two-state solution. Recent discussions with Hamas indicate that it, too, was moving towards accepting a two-state solution and accepting that the Palestinian territories could exist on one side of the 1967 border. De facto, Hamas is recognising the Israeli state, although it has not explicitly said so. There is still a long way to go—I am not saying that the problem is not significant—but the way to resolve it is to bring third parties in to talk to Hamas and to bring it to the negotiating table.

Mr. Gauke: Will the hon. Gentleman give way?

Richard Younger-Ross: I am not taking further interventions. We have only a short time.

We have only to look at the past to see how other Palestinians can be brought forward and to see that that can work. That is what we need to do. Hamas did not expect to win the election, but it has now found itself in a position of power. That was a shot out of the blue, and Hamas is coming to terms with it, but that will take time.

Jane Kennedy (Liverpool, Wavertree) (Lab): I am grateful to the hon. Gentleman for giving me time to intervene, but will he not accept that it is extraordinarily difficult to insist that Israel should negotiate with Hamas when we do not have a ceasefire because Hamas has broken away from it and declared its intent to kidnap people and use them as bargaining chips in what it clearly perceives as an armed conflict? How can we insist that Israel take only the route of negotiation when the people with whom we insist that it negotiates are not even prepared to bring about a ceasefire?

Richard Younger-Ross: We can insist on negotiation because that is the only way in which we can achieve a resolution, although that is not always easy. History shows that, whenever there has been a terrorist insurgency—in Kenya, Northern Ireland or anywhere else in the world—the Government at the time have said, "We will not talk to terrorists." However, to resolve the conflict, they have always sat down behind closed doors in third-party negotiations and talked to the terrorists, and they have actually brought about a resolution by doing that. We will not bring about a resolution, however, by unilaterally attacking, destroying and alienating.

The Old Testament saying that one should take an eye for an eye and a tooth for a tooth is often linked to Israel. However, Israel and its supporters—particularly the United States—should consider another old saying, which is that one should divide your enemies if you wish for victory. If people take actions that unite their enemies, it will be far harder for them to gain peace and achieve victory in the longer term. Those who support unilateral action are the same people who supported the arguments for war against Iraq. It was argued that we had a big stick and could get rid of Saddam Hussein, but we did not realise the can of worms that we were opening. Our history and our actions teach us that, if we had had a bit more negotiation and a bit more time, we would not have the mess that we do in Iraq. We would not have British soldiers being killed on the streets of Iraq, where they should not be, if we had got the negotiations right in the first place and sorted things out.

To conclude, the Prime Minister of Israel, Ehud Olmert, declared:

"We are prepared to renounce parts of the land of Israel so precious to us, in order to bring about the conditions for you"—

the Palestinians—

"to bring about your own dreams and to live side by side with us in peace and tranquillity. The time has come for the Palestinians to adapt their dreams to recognise the reality of Israel."

To an extent, that sounds very good and very reasonable. However, writing in *Jane's* on 1 June 2006, Lawrence Davidson responds:

"From the Palestinian perspective, Olmert's intention to fix Israeli 'borders' unilaterally by 2010 would mean the annexation of at least 46 per cent. of the West Bank, including all of East Jerusalem. This would be accompanied by Israeli withdrawal from outposts beyond the security fence. Palestinian Prime Minister Haniya responded to Olmert's declaration by stating: 'We will obviously not prevent Israel from withdrawing, but this does not mean that we consider the borders they set to be those of the Palestinian state."

That is one reason why the contention that religious war is the primary cause of the present problems is wrong. In many ways, the Palestinians are fighting an old-fashioned war over territory, not religious belief. If we forget that, we do both sides a disservice.

12.8 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I, too, warmly congratulate my hon. Friend the Member for Lichfield (Michael Fabricant) on securing the debate. As the hon. Member for Hartlepool (Mr. Wright) said a few minutes ago, this is not the first time in the past few months that we have gathered to discuss the wider aspects of the middle east. Rather like Captain Renault in "Casablanca"—the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) will

[Mr. Keith Simpson]

appreciate this analogy—we could be said to have rounded up the usual suspects, and the passionate speeches that we have heard have been similar to some that we have heard before. They have been passionate, of course, because the issue divides not only the people of the middle east but colleagues in the House of Commons.

I was very much taken by the point made by my hon. Friend the Member for Reigate (Mr. Blunt), who said that we should try as far as possible to look ahead and decide what, if anything, we in Britain, and particularly the British Government, can do to help resolve what appears an almost intractable issue.

My hon. Friend the Member for Lichfield stated very strongly that he wanted to make it clear that Israel was participating in a global war on terror and that it was therefore up to the British Government to back the Israeli Government at every possible level. I adopt a slightly more subtle approach on this. We know that the Government and my party resolutely stand by Israel's right to exist, and to take measures against those who carry out acts against it. Indeed, the British Government and our intelligence and security forces regularly co-operate with the Israeli Government. However, that does not mean that we think the Israeli Government have the right to take complete, unilateral action whatever the consequences.

Many people in Israel and within the Israeli security establishment realise that a proportional reaction is more likely to achieve the desired overall results, the first of which is to ensure that there is wider support within the region and the western community. The second aim, which we are partly debating, is to resolve the immediate issue of extracting alive the Israeli soldier who is being held somewhere in Gaza. That is the objective of his parents and the Israeli community. I can well understand why the Israeli Government have always refused to compromise on any form of prisoner exchanges, but we need to keep that measure in mind.

In relation to the war on terror, the British Government rightly have to work in conjunction with other Governments in the middle east. The political, diplomatic and intelligence relations that we have—imperfect though they sometimes are—with Israel's neighbours in Egypt, in Jordan and in the Gulf are of absolute, fundamental importance.

I spent much of my life, in a previous existence, teaching British military personnel, and learning as much from them as they ever learned from me, about counter-insurgency, insurgency and terrorism. In one sense, the wheel has come full circle. One thing that I learned was that one cannot take out the narrow, military-intelligence, police action against terrorism without thinking about the wider political and economic context. That is summed up in the understandable logic behind Israel's defensible border strategy, which I recently saw on the ground from both the Israeli and the Palestinian perspectives, which is to secure Israel against suicide bombers. That is a laudable and understandable action, but as Israeli security officials said to me, it will not resolve the issue. At the end of the day, the resolution will be a political one, in one way or another.

We are always in danger of reliving Major-General J. F. C. Fuller's constant tactical factor. I apologise for bringing in a bit of an anorak element here. Dear old Major-General J. F. C. Fuller believed that any advances that are made in strategy, operational planning, organisation or technology that aid the offensive or the defensive will always be countered. What happened with Israel's defensible borders was that a Palestinian group decided to dig a tunnel; they decided to operate Major-General J. F. C. Fuller's constant tactical factor. In the war against terror, whether in Israel or in the wider war against terror facing us today, there is no complete military-intelligence solution. There will always have to be a political one.

In the context of this debate, the bottom line for my party is that we stand by Israel's right to exist. We are absolutely firm on that, but we also recognise, as do most Israelis, that peace will come about in that part of the middle east only when there is recognition of an independent Palestinian state that is not a security threat to Israel and that provides a decent standard of living and security for its people. If we do not have that, there will be endless terror and counter-terror operations of one kind or another.

I recognise that it is incredibly difficult to imagine negotiating directly with Hezbollah, Hamas or any other such organisations, although I take the point made by the hon. Member for Teignbridge (Richard Younger-Ross) that invariably negotiations do take place, often at third hand. However, the objective, at least in the long term—for many Israelis the long-term objective is actually the very short-term objective of securing the release of this particular Israeli soldier and preventing the attacks that are taking place—must be to bolster the activities of those living in the Arab world, to make certain that they are not prepared to support such terrorism, as it is not in their interest to do so. It may well be that taking purely military action against them is not the most subtle way to do that.

Sir Gerald Kaufman: Is the hon. Gentleman aware that Abba Eban, the former Israeli Foreign Minister with whom I worked closely on trying to resolve this issue, and who was wiser than the entire present Israeli Government put together, once said to me, "If you're going to make peace, who else do you talk to but your enemy?"?

Mr. Simpson: Yes, I understand that, and it is true unless one is ultimately faced with a war of annihilation and extermination. I understand, from an Israeli point of view, having been in that position once before, that they are sceptical to say the least. It is up to us collectively to make certain that that does not happen, through robust support of Israel while recognising that we want to work for a political solution.

12.17 pm

The Minister for Trade (Mr. Ian McCartney): Good afternoon, Mr. Chope. The last time we were here together was six years ago, when you initiated a debate on Government drugs policy. I do not know if you remember that, but I do.

I thank the hon. Member for Lichfield (Michael Fabricant) for initiating this important debate, which is part of the framework of discussion and debate on this and related issues taking place in this House. It marks this place out as a democratic institution. What we say here is listened to not just within the confines of this place but outside it. Today's debate may give some people hope that there will be co-operation across the piece regarding the strategic importance of the region and the need to resolve the problems there through dialogue rather than conflict in all circumstances.

I thank the hon. Members for Enfield, Southgate (Mr. Burrowes), for Reigate (Mr. Blunt), for Mid-Norfolk (Mr. Simpson) and for Teignbridge (Richard Younger-Ross) for their timely contributions, and my colleagues, my right hon. Friend the Member for Liverpool, Wavertree (Jane Kennedy) and my hon. Friends the Members for Birmingham, Northfield (Richard Burden), for Islington, North (Jeremy Corbyn), for Hartlepool (Mr. Wright) and for Birmingham, Erdington (Mr. Simon).

I thank also my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) who has shown his knowledge and skill on this issue, as he has on many issues in the Labour movement, and who gives wise counsel on occasions. Like my hon. Friend the Member for Birmingham, Erdington, I, too, am a fan of my right hon. Friend, who has a quiet courage. More than 15 years ago, when it was not the thing to do, he was one of the first people to speak out on this issue about the need to bring together enemies to discuss, debate and ultimately reach a decision about recognising Israel and its secure borders and recognising the right of the Palestinian people within their secure borders. Part of the development of this policy has been due to my right hon. Friend. On almost all occasions, he has taken the first step in the development of such policies, and I thank him for that.

In the time that I have left, I will try to deal as best I can with all the issues raised by hon. Members. However, at least 12 issues have been raised, so if I cannot deal with them all, I will write to hon. Members and place the letters in the Library, so that all those who took part in the debate will get responses, if that is helpful.

The current situation in Gaza is deeply worrying. It is a serious concern for all of us and for our international partners. I would like to reiterate the deep concern that my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs expressed on behalf of the Government on 25 June, after the attack near the Sufa crossing, in which two Israeli soldiers were killed and one was taken captive.

The UK continues to call for the immediate and unconditional release of Corporal Shalit. We, and our European Union and G8 partners, are also urging Israel to show the utmost restraint at this time of crisis. We have made clear our concerns about the destruction of essential infrastructure affecting power and water supplies. We will continue to urge Israel to protect civilians, and to call on the Palestinians to put an end to all acts of violence and help to seek the safe return of Corporal Shalit.

My hon. Friend the Member for Islington, North raised a particular point about the wall—the barrier. I confirm to him that although Israel has the right to self-defence, the building of the barrier in occupied land is contrary to international law. There is no doubt about that. On 15 September 2005, the Israeli court ordered the rerouting of the barrier because of its damaging impact on some Palestinian villages in the west bank area. The Government continue to be concerned about the route of the barrier in the occupied territories, because it is illegal.

Richard Burden: I know that the Minister has to get through his 12 points, so I shall be as brief as possible. On his last point, perhaps he, in consultation with his ministerial team, could make the strongest possible representations to the Government of Israel about the latest construction of the barrier. It is already uprooting olive trees in the Cremisan area of Bethlehem, which is home to a monastery where some fairly fine wines are made. It is one of the world's greatest heritage sites and the routing of the wall means that it is being cut off as we speak.

Mr. McCartney: I fully take on board what my hon. Friend says, and I shall take the matter up as he requested.

Today, all democracies around the world face a common threat: international terrorism. Terrorist networks do not recognise borders, and their deadly attacks have been perpetrated in different nations across the globe, irrespective of religion, ethnicity, or culture. The threat is of a new order because of the willingness of small groups to inflict mass casualties in pursuit of radical objectives.

The international response over the past few years has made significant ground, and for the first time many nations and cultures are working together to combat this menace. The concept of an international community, based on core, shared values, recognising the need to uphold civil rights, and prepared actively to intervene and resolve problems, is an essential precondition of a nation's future prosperity and stability.

In bilateral and multilateral forums, the UK is working to weaken the capabilities of terrorist groups by promoting international co-operation and building political will and government capacity in key countries. We are promoting reform abroad to address the structural problems that can push people towards extremism with violent consequences. We are also learning from other countries, such as Malaysia, Egypt and Saudi Arabia, where there is good engagement in programmes of de-radicalisation.

State sponsorship of terrorism is totally unacceptable; it is beyond tolerance, in fact. It is an instrument that Governments should and must abandon. Where Governments continue to believe that agreement with terrorists' objectives justifies their methods, the British Government's view is simple: such state promotion of terrorism is unjustifiable and must cease. There is no moral distinction between an attacker who deliberately targets civilians or a state that wittingly provides the resources that facilitate such a terrorist attack in the first place.

We are actively examining the problem of states that offer refuge or support to terrorists, and are tackling other areas where they may enjoy a safe haven. We

[Mr. McCartney]

continue to encourage international action to curb those who advocate or champion terrorism. I shall say a little about that later.

I also want to make it clear that our relationship with Israel is vital. There are cultural, trade, investment, education, defence and political links, and a regular exchange between our two countries. We also have a vibrant Jewish community here, and that is so important. The contribution made by that community, and other former immigrant communities, makes this country what it is: a proud, diverse, multicultural and tolerant society. The contribution is not only welcome, but recognised. It brings about a flourishing bilateral relationship. I shall be visiting the region in the months ahead.

My right hon. Friend the Member for Manchester, Gorton and the hon. Member for Lichfield raised the issue of the middle east peace process. The Government remain absolutely committed to the process that will lead to a negotiated two-state solution. Our immediate priority is to create the conditions to allow negotiations to get under way. Only through a negotiated settlement can we achieve a lasting peace; there can be no violent solution to this conflict. We remain firmly committed to reviving the final status negotiations as soon as possible on the basis of the Quartet road map, and we continue to give every impetus we can to moving the process in that direction. We reiterate our call to Hamas to adhere to the three Quartet principles: renounce violence; recognise Israel; and accept previous agreements, including the road map.

We are clear that we need to see a change in Syrian policy in a number of key areas before Syria's standing in the international community can be fully rehabilitated and before our bilateral relationship can improve. It needs to fulfil its obligation under Security Council resolution 1559, which calls for an end to all foreign interference in Lebanon, and to co-operate fully and unconditionally with the United Nations commission investigating the terrorist attack in February 2005 which resulted in the death of the former Lebanese Prime Minister, Rafik Hariri, and 22 other innocent people.

Syria also needs to do more to improve co-operation in Iraq, and must think carefully about its relationship with Iran. We must also seek progress towards internal reform in Syria and greater respect for human rights. It is absolutely clear to the Syrians that we expect them to use their undoubted influence to secure de-escalation and restraint in the region. They must dissociate themselves from the terrorists responsible for the tragic, untimely and futile violence in the region.

The hon. Member for Lichfield also raised the issue of Iran and set out widely held concerns about its approach to terrorism. Progress in our relationships with Iran will depend on its acting in this and other areas, including the proliferation of weapons, and human rights. We have repeatedly pressed Iran to renounce all links to groups using violence and to support a solution to the Palestinian issue based on the principle of the two states living side by side in peace and security. Iran funds and has strong connections to Lebanese Hezbollah and Palestinian Islamic Jihad, and provides financial support to Hamas. We are continuing to investigate the improvised explosive device attacks in Iraq, where the nature of some of the explosive devices used against our troops continues to lead us to Iranian elements or to Lebanese Hezbollah.

The proliferation of nuclear weapons in the middle east would severely threaten peace and stability in the region. We, together with France, Germany, the United States, Russia and China, have been at the forefront of international efforts to encourage Iran to address serious international concerns about its nuclear activities. We have proposed a way forward to give Iran everything it needs to develop modern, civil nuclear power programmes, while meeting international concerns. To create the conditions for talks to resume, Iran should reinstate its suspension of enrichment-related reprocessing activities, as required by the International Atomic Energy Agency board and the Security Council. We would then suspend action in the Security Council. We hope that Iran will take the positive path that is being offered. Should it not do so, there should be no doubt that the matter will return to the Security Council for further responses.

On Iraq, our complete commitment is to a democratic and stable Iraq, to bring about peace and prosperity not only to the people of Iraq but to the region as a whole.

Hon. Members have spoken about intelligence co-operation. It is not normal practice to discuss intelligence matters, and they will understand why, but I give an absolute assurance that there is close co-operation between the UK organisations, including the police, security and intelligence agencies and Departments, and many other countries, not just Israel.

Finally, I again thank the hon. Member for Lichfield for initiating this in-depth debate. I shall return with a more detailed reply on some of the issues that he and other hon. Members raised.

Counter-terrorism measures exist to help us preserve democratic and free societies. At the most basic level, measures that protect innocent civilians of whatever religion, ethnicity or culture from an attack are supporting one of the most basic human rights—the right to be alive—and they protect people's ability to enjoy fully their other rights. We respect and promote human rights not only because it is the correct thing to do, but because it is one of the most effective ways to undermine the terrorists. I again thank the hon. Gentleman for this debate.

Engineering Training

12.30 pm

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I thank Mr. Speaker for granting me this debate.

Engineering is a subject that is close to my heart for one simple reason. Before I came to the House I was a practising engineer, and since then I have worked closely with the professional engineering bodies, as well as my own professional body, the Institution of Chemical Engineers. As Member of Parliament for a constituency in the north-east I represent a large chemical and process engineering sector, which is important for our country as well as Europe.

Today, I want to highlight the most important aspect of engineering, which will affect our future, and some of the causes for concern in the training of engineers, which pose a real threat to Britain's excellent reputation for engineering. I also want to suggest one or two ideas for the Minister to take away if he cannot respond to them today.

Many of the national and global challenges facing us in the 21st century can be addressed only by the scientific and engineering community. Finding sustainable energy sources and reducing their impact on the environment, addressing climate change and fighting global poverty are all areas in which engineers have a huge role to play. That is why we must ensure that national and international Governments play their part in training and preparing the future work force that will build our nuclear power stations and research the new technologies that could save lives in Africa.

Engineering is crucial to our country's economy. The strength and growth of our economy depend on new technologies. We need a work force of expert engineers to build, research and maintain those technologies. Britain and my region in the north-east have a huge role to play. Our goal should be to elevate Britain to the level of our international competitors and ensure that Britain is not merely a consumer of the new technologies but also an agenda setter.

I come to the debate as someone who strongly supports my Government. I am proud of their record in promoting science and engineering. I pay tribute to our Prime Minister and the Chancellor for setting the pace and for their support for science and engineering. The figures for financial support show that in 1998 there was a 15 per cent. increase in the budget for science, which was the largest increase in any area of Government expenditure. I am proud to say that during my lifetime I have never known a Government of any political complexion to show its commitment and to increase the budget as much as the present Government. I speak as a strong friend of the Government and champion them, but I want to raise one or two issues.

I know that the Government have set up a science and innovation framework target to increase the UK's spending on research and development from 1.9 per cent. to 2.5 per cent. of gross domestic product by 2014. That is a tremendous challenge, but unless we ensure that enough engineers are being trained effectively in our universities to meet future demand, the UK will be left behind compared with our international competitors.

The shortage of maths and physics teachers seriously undermines the quality of secondary education in this area. That is no surprise to the Minister because the matter has been raised on the Floor of the House many times. A crucial problem is that teachers are often expected to teach subjects outside their own discipline. On average, only 19 per cent. of science teachers specialise in physics and only 25 per cent specialise in chemistry. Those shortages have become even more pronounced in schools with pupils with greater needs such as those with a higher percentage of pupils who are eligible for free school meals and those with more special needs pupils. Teachers are undoubtedly more comfortable and enthusiastic teaching the subjects that they specialise in, and that enthusiasm rubs off on pupils. Given that maths, physics and chemistry underpin engineering, that is a cause for concern among engineering professionals.

There has also been a considerable downturn in the number of those studying maths and physics at A-level. Those subjects are often required to study engineering at university and that downturn will no doubt have an adverse effect on the number of people who are able to do so. While the number of those entering university between 1994 and 2004 rose by almost 40 per cent., the number of those opting for engineering degrees remained almost static at 24,500. That was a drop from 11 per cent. to less than 8 per cent. of entrants. The Minister will say that the figures have risen as well as dropped, but those are the latest figures that I have.

The Universities and Colleges Admissions Service higher education figures reveal that applications for some engineering courses at some UK universities are down by around 25 to 30 per cent. I am thinking of electronic engineering. If that trend continues, many of the courses will disappear. What is even more worrying is that less than half of engineering graduates chose to enter the profession. How do those shortages impact on industry? The 2006 engineering skills survey by the Institution of Engineering and Technology found that nearly 35 per cent. of engineering companies did not expect to be able to recruit enough suitably qualified staff this year. The study found that senior engineers with five to 10 years' experience are in most demand, with more than half of respondents saying that they are having trouble recruiting them. The institution suspects that that is due to engineers leaving the profession as well as to problems with graduate recruitment. The study also found that 23 per cent. of respondents were having problems in finding suitable graduates and 21 per cent. in finding qualified technicians.

If I may, I should like to refer to another survey, which was carried out by Henley management college on behalf of the Royal Academy of Engineering. The study, "Educating Engineers for the 21st century: the Industry View", surveyed more than 400 UK engineering companies and found that companies are seeing a shortage of high-calibre UK engineering graduates and believe that they will need even more in future, which will deepen that shortage. Of those companies that responded to the industry survey 30 per cent. said that they were already seeing an impact on

[Dr. Ashok Kumar]

their company performance caused by engineering shortages. That included an impact on productivity, creativity and business growth. I need not emphasise that that is very worrying.

The survey also concluded that undergraduates are not being given appropriate experience of applying theory to real, open-ended problems. That is nothing new because when I was studying, exactly the same thing was said about us. I went on to work in industry after graduation. Nevertheless, the problem still exists and industry is still saying that. The teaching of engineering at undergraduate level needs to be overhauled to meet the needs of industry. Again, that has been said for as many years as I can remember.

However, positive messages also came out of the survey. One is that 90 per cent. of the companies employing more than 50 people have graduate training schemes, but of the companies with 250 or fewer employees, less than half have any graduate training schemes. Larger companies should be encouraged through their supply chains to support small and medium-sized enterprises and their graduate training requirements.

The Royal Academy of Engineering's secretary for education and training, Julia King, concluded that

"action is needed now. Every day that passes is costing UK industry money in delayed product development and recruitment costs...unless skills shortages are tackled head-on Britain's reputation for innovative engineering is at risk."

On the whole the report was comprehensive and I hope that the Minister will look at some of the proposals and comments that I do not have time to mention now.

Another major problem that has come to my attention is that of private training providers nationally and especially in my area, the Tees valley. These organisations offer a useful and beneficial service, and often have close links with industry. They operate through franchise or partnership arrangements with colleges but cannot access capital, which is available only to colleges with direct contracts with the Learning and Skills Council, which has caused them great concern. Not only does it give them an unfair business disadvantage, but it seriously restricts the services that they can provide.

For example, the Teesside Training Enterprise has been faced with a lack of financial provision for those over 19 years of age who are not employed in engineering. Their contracts with colleges and other bodies do not offer funding to train people over the age of 19. That means that they are forced to reject 40 or 50 potential engineering trainees every year simply because of their age. Given the shortages in trained and qualified engineers, that it unacceptable and should be rectified.

The proposed introduction of the specialist diploma in engineering for 14 to 19-year-olds, which I believe will be available in some schools from 2008, has been encouraging for the engineering profession. I hope that it will succeed where the GCSE and GNVQ in engineering failed.

However, the engineering community is yet to be fully convinced that it will be a success. Given that it will run parallel to GCSEs and as an alternative to A-levels, parents and potential pupils will have serious reservations. The course must provide excellent links with industry and promise good employment prospects, or parents may see it as too much of a risk, with their children missing out on other subjects in the curriculum.

I have had lengthy discussions with representatives from industry about most of the problems I outlined earlier, and those problems recur time and again in our discussions. Some of them are more general and long term, while others, which I highlighted, such as the Teesside Training Enterprise in Tees valley, are more specific and can be addressed directly.

In order to tackle these problems, the Department for Education and Skills and the Department of Trade and Industry must seriously consider overhauling the way in which engineering is taught at every level of education. The 2006 engineering skills survey by the Institution of Engineering and Technology also asked respondents what needed to be done. The most common proposed solution was to improve engineering in the education system. Suggestions included better resources and laboratories, and more practical classes. Another common solution proposed was the need to promote engineering and technology to young people more effectively and at the earliest opportunity.

The other main suggestion focused on the need to introduce a scheme to create a uniformity of engineering qualifications across Europe. Given students' increasing mobility, and the high numbers of students from overseas who study in our universities, engineering qualifications that apply throughout Europe would be beneficial to industry.

The value of engineering as a profession and as a central foundation of our economy should be emphasised to pupils from an early age. Engineering must become an integral part of the teaching of maths and sciences at secondary school and the national curriculum must reflect that. We must ensure that we train teachers who understand and believe in the value of engineering.

The possibility of extended school opening hours presents a great opportunity to emphasise the importance of science and engineering. Representatives from the industry could be invited into schools more regularly. However, schools need guidance and possibly funding tailored to promoting engineering and emphasising its importance.

Universities and colleges must be encouraged to develop even closer ties with industry to make their courses more relevant and reflect the needs of industry. I say that as someone who recognises the contribution that both sides have made. Twenty or 30 years ago that may not have been the case, but in the past decade there have been strong links, although we must do better.

The changes in communications over the last decade or so have been immense. Children now acquire knowledge in ways that are very different from the way that I did when I was at school: iPods, mobile phones and the internet are central to their everyday lives, but maths, science and engineering are still taught in very much the same way as they were 20 or 30 years ago. Education must reflect those changes and become more relevant and exciting.

I would like more than 50 per cent. of engineering graduates to go into the profession. Although it is good

to see engineers representing their profession in other areas, as I do, the shortages can be addressed by simply maintaining students' enthusiasm or love for their subject. The Department must encourage larger companies, through their supply chains, to support science, maths and engineering graduates and their training requirements. I hope that the Minister will consider allowing private training providers such as Teesside Training Enterprise to access funding from the Learning and Skills Council, which would allow such companies to train more potential engineers and could alleviate some of the shortages in key areas.

In conclusion, I hope that my hon. Friend the Minister for Higher Education and Lifelong Learning will meet me and members of the Royal Academy of Engineering, to explore some of the ideas that I have suggested today. I hope that by working together we can face some of the challenges ahead.

12.47 pm

The Minister for Higher Education and Lifelong Learning (Bill Rammell): I am pleased to have this opportunity to respond to the debate. I congratulate my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing it and raising this important subject. It is the second time in a week that he has raised these issues with me in Parliament, and I know that he takes a significant interest in them.

I want to respond to my hon. Friend in the context of the recent report by the Royal Academy of Engineering and to take up his invitation to meet him and colleagues from the academy, which I will be happy to do.

It is essential to this country's continuing prosperity to produce the very best in science, engineering and technology research—STEM research—and to develop world-class scientists and engineers. The supply of skilled science, technology, engineering and mathematics graduates is as important today as it has ever been, which is why our priority is to stimulate and maintain student demand for engineering and related subjects. It is noteworthy that in respect of the supply and demand of STEM skills, the overall UK position is favourable according to the most recent figures available from the Organisation for Economic Co-operation and Development. There are some areas in which we are weaker, but a large stock of STEM skills and a steady flow into the labour market mean that we are well placed to take advantage of any likely growing demand in these areas.

In respect of the national picture, enrolments on undergraduate engineering courses, which, as my hon. Friend said, were in decline during the 1990s, have risen 6 per cent. since 2002. However, as he is aware, the overall increases mask increases in some areas and declines in others: for example, in 2005, entrants to general engineering courses were up by 10 per cent. and to civil or mechanical engineering by 4 per cent., but entrants to electrical engineering fell by about 8 per cent. We are most certainly not complacent, but it is encouraging that the national demand for and supply of courses is improving overall. We absolutely must keep that under review.

There are some encouraging recent signs about student demand across the STEM subjects. Overall, applications and acceptances through the Universities and Colleges Admissions Service indicate that there has recently been a higher-than-average increase of 10 per cent. or more in the number of students accepted to study maths, physics and chemistry. Previously, there had been a significant downturn, but we may be beginning to see the turn of the tide, although I do not want to over-egg it. Chemistry courses, for example, rose by more than 12 per cent. last year compared with the national average increase of 7 per cent.

My hon. Friend talked about the importance of science teaching in schools. It is significant that in the last three or four years there has been an increase in the number of science graduates going into initial teacher training. Also, when I last looked at the evidence, the proportion of graduates going into ITT with a 2:1 or a first had risen significantly, and that gives us grounds for optimism that, in the longer term, there will be higher-quality teaching in our schools.

Particularly important are the changes that we are making to the school science curriculum, in order to move away from rote learning to ensure that young people understand the processes of science. There are two other things that we need to do to stimulate and enthuse young people and engage them in science. First, and very practically, we should underline the importance of the graduate earnings premium in STEM subjects; it is about 30 per cent. compared with 23 per cent. for non-STEM subjects, so there is a significant additional earnings premium for those students who undertake those subjects. Secondly, we have to do much more through the media to present and depict science properly and positively, through newspapers, television programmes and drama. A number of initiatives are in train to ensure that that happens.

Let me say a few words about what specifically we are doing in the higher education sector. I very much take my hon. Friend's point that we need greater collaboration between industry and the higher education sector as a whole. Foundation degrees, for example, are an important and exciting development in that area, designed, as they are, in partnership with employers to provide the specialist knowledge and employability skills that employers demand, as well as the broader understanding that equips graduates for future professional development. They not only provide a flexible and valuable entry level into higher-level engineering study, but make it accessible to people who might not otherwise have considered that route. These initiatives and qualifications address an important skills gap at the associate, professional and higher technician level identified by private and public sector employers. That is an important initiative, in terms of collaboration between industry and higher education, as is the higher education innovation fund, which works on knowledge transfer directly from higher education into industry.

It is important to ensure that the demand for engineering courses is maintained, and that there is Government funding of a number of projects to facilitate that. The Department of Trade and Industry, for example, is expanding the science and engineering ambassadors scheme, one of a number of successful schemes to encourage young people to continue science, technology, engineering and mathematics in higher education by supporting teachers and engaging

[Bill Rammell]

and enthusing pupils. By 2007-08, the total number of ambassadors will be 18,000—an increase of 50 per cent. on the current year. That is an important and significant step forward.

The Higher Education Funding Council for England is using money from its strategic development fund to support the development of proposals from science, technology, engineering and mathematics subject areas to stimulate demand for higher education courses; that is a positive way forward. As part of that, the London engineering project, run by the Royal Academy of Engineering, brings together schools, universities and employers to engage with young people through enrichment activities in our schools. The programme is aimed at attracting new engineers from diverse backgrounds, and contributes to our goals for widening access to higher education from under-represented groups.

I am pleased that there have been proposals for funding from both the Royal Academy of Engineering and the Engineering Council UK. Projects proposed include using work experience placements to recruit young people into engineering and developing models of flexible pathways into and through higher education, leading to professional status in engineering.

Fundamentally, if we are to get an increase in demand from students for science and engineering courses in higher education, we need to take action at all levels in the education system, and most importantly, frankly, at a much earlier stage than higher education. That is why the 14-to-19 agenda is so important; we are talking about those who, at the age of 14, may arguably be switched off education and further personal development on being presented with a purely academic route. My hon. Friend is right that engineering is recognised as one of the key sectors of the economy; from 2008, it will be among the first five sectors to offer the employer-led specialist diplomas that we are developing. If we can get those diplomas right, as I believe we can, we can attract young people into that vocational pathway and into engineering in a way that we could not previously. The development of the specialised diploma is one of the most exciting opportunities of recent years to provide a strong route of mixed theoretical and practical learning for people of all abilities. As they are employer-led and designed, industry will get the people with the skills that it thinks necessary.

Schools, particularly those specialising in engineering and science, have a key role to play in encouraging young people to consider a career in engineering. The Government's specialist schools programme plays an important part in our plans to encourage more people to study and understand engineering. There are currently 656 schools with a specialism in engineering or technology—that number is growing, and we need that trend to continue.

Science and maths in schools are typically thought of as the building blocks of engineering. The recent pledges that the Chancellor made in the Budget raised our ambitions further—rightly, in my view. Our "Science and innovation investment framework 2004-2014: next steps" document, published in March, set out clear aims for improving the stock and flow of skilled scientists, technologists, engineers and mathematicians, and set out measures across the education system to support that. To drive forward improvements to science teaching and learning, the Chancellor made a commitment to £32 million-worth of new measures over the next two years, supported by £18 million-worth of new funding.

We have new commitments: first, to increase the number of pupils achieving level 6 in science at key stage 3 and good science grades at GCSE; and secondly, to raise the number of A-level science entries and improve the percentage of teachers with physics, chemistry or mathematics as a specialism. That is a really important area. In the longer term, we want many more teachers who actually specialise in the core STEM subjects to teach them in the classroom.

My hon. Friend mentioned teacher numbers. It is worth noting that although there are still some challenges on that front, since 1997 there has been a 30 per cent. increase in the numbers of new science teachers, but we know that we still need to do more. To increase further the number of science teachers, we have improved the value of recruitment incentives. The teacher training bursary rose to £7,000 in September 2005 and will rise again to £9,000 this September. Also, the "golden hello" for new science teachers rose to £5,000 for trainees entering the postgraduate certificate of education or equivalent courses in September 2005. We are also recruiting and training a new cadre of science specialist higher-level teaching assistants and enabling every secondary school to recruit at least one by 2007-08. Those initiatives are beginning to bear fruit and are ensuring that we have more properly qualified teachers teaching science in the classroom, supported by able teaching assistants.

Furthermore, we have been encouraging science and maths students at university to consider teaching as a career, while helping to enthuse young people in the classroom through the student associates scheme. Of the 20,000 students placed in the past three years, 3,000 have been science undergraduates. The recent Budget rightly made £700,000 of new money available in each of the next two years to create more science and maths placements on that important, excellent scheme.

The engineering sector can make a vital contribution by working with the education system. Listening to employers is essential for a strong economy and a fully prepared work force. It is worth noting that engineering falls within the footprint of several sector skills councils. All are contributing to the development of foundation degrees. The Department for Education and Skills is working with the Science, Engineering and Manufacturing Technologies Alliance to support the delivery of the challenging GCSE double award in engineering, as well as the planned roll-out of the engineering diploma in 2008.

In conclusion, I reassure my hon. Friend that we take the issue extremely seriously. There are some encouraging signs at the higher education level, in terms of the numbers of students coming through, but real progress in the longer term is dependent on the changes that we are making to our schools system at the moment. If we look at the evidence, those changes are beginning to bear fruit, but I am not complacent; we need to keep driving the issue forward, and with the support of my hon. Friend I am sure that we can do that.

Flight N481EV

12.59 pm

Mr. Lee Scott (Ilford, North) (Con): This debate is about an incident involving an aircraft of the Boeing 747-132 series, flight N481EV. Two issues need to be addressed: first, the safety of those on the ground, and secondly, what the aircraft was carrying.

The incident took place on 24 April 2004 at 10.48 am. The aircraft was run by the Evergreen International Airlines corporation, based in McMinnville, Oregon. It was en route from Ramstein in Germany, although it originated in the middle east, where it had encountered a sandstorm, to Wright Field, New York State—allegedly. I shall return to the issue about its destination later.

The aircraft was heading west up the Thames estuary when it began to experience problems. The outer port engine ran down and it was producing no power whatever. The aircraft flew over London, from east to west, and after passing Reading the crew made an attempt to relight the engine, but it could not be restarted. The flight engineer then contacted the operator's maintenance control, and he was instructed to return to Ramstein where maintenance support was available. Shortly afterwards, air traffic control at the London air control centre approved the intended routing change. A 180° left turn took place, and the aircraft headed west to east, back over south London.

As the crew approached Maidstone, they determined that the three remaining engines were not producing the selected thrust. They declared an emergency and requested a diversion to London Heathrow airport. Their exact words were:

"We're just not sure we're gonna get enough power to land",

and they called an emergency.

The aircraft then flew clockwise in a loop around Tenterden and over Tunbridge Wells. As it approached London for a second time, just south of Croydon, the controller informed the crew that the aircraft was still too high for the approach about which the co-pilot had informed the controller. That is when they said that they did not have enough power to land the plane. The crew did not have approach charts for Heathrow.

In response to a question that I asked the then Minister with responsibility for the matter, the hon. Member for Regent's Park and Kensington, North (Ms Buck), I was told that although Stansted is the designated airport for emergencies, Heathrow was chosen because the crew could see it from where they were. I do not profess to be an aviation expert, but from that height, I think one could see Heathrow, Stansted, Gatwick and just about every other airport in south-east England.

Although the crew had no maps for Gatwick, Luton or Heathrow, they had maps for Stansted, but the aircraft went to Heathrow. Given the aircraft's height and its proximity to Heathrow, the radar control instructed that a 270° turn to the right should be executed to lose the excess height and speed. The crew accepted the instruction and the manoeuvre was flown. It took the aircraft over the centre of London and, at that time of day, hundreds of thousands of people. The pilot put the aircraft through a number of "S" turns to lose height and to manoeuvre to the runway and make a safe landing. It was only in the final stages of the approach that the engines responded with forward acceleration and the aircraft was able to land.

The air accidents investigation branch report says:

"During the handling of the emergency, there was some speculation within ATC concerning the nature of the cargo onboard the aircraft."

When I asked the then Minister what cargo was on board, I received the answer "cargo". Again, I am not an aviation expert, but I could have worked that one out for myself. I was asking for a better description of what the cargo might have been and what hazard it might have presented to the residents of London. They deserved a better answer than they received.

We were told that the aircraft's destination was Wright Field in New York State. Wright Field is actually in Dayton, Ohio, and it is more correctly known as Wright-Patterson air force base. It employs more than 10,000 staff. I have maps of it, and from the satellite picture that I have, one can see that it is an extensive air force base. What is the base used for? It is home to the 88th air base wing, a logistics and transport unit moving US military personnel and materials throughout the world. It also includes specialist research and development facilities, and advanced engineering activities—in layman's terms, I guess that means the development of weapons.

A number of concerns come out of the AAIB report. The cockpit voice recordings during the incident are unavailable, because they have been wiped. Police were notified of the plane on the ground at Heathrow, but they did not board it. Nor, according to answers that I have received, was the cargo checked. On top of that, there has been press speculation about what might have been on the plane. I know not whether it is correct, but without conclusive answers about what was on the plane, including whether it had a pulse, as it originated in the middle east, the speculation will continue until an answer is given or it is admitted that no one, including the aircraft owners, has any idea what was on it.

The Lockerbie disaster involved a jumbo jet coming down on a low-density area. We know the tragedy that occurred there. What tragedy would have occurred if the jumbo jet, flight N481EV, with whatever was on board, had come down over London? Why did it not go to Stansted, where it would not have had to fly over such populated areas? One could speculate that at Stansted, which is mainly used by carriers such as Ryanair and easyJet, a jumbo jet would be quite visible, whereas who would take any notice of one at Heathrow? That is the cause of the speculation.

My concerns have always been about the safety not only of my constituents—I, too, live under the flight path—but of flying the plane over the whole of London, when it has radioed in and said:

"We're just not sure we're gonna get enough power to land".

That is a worry.

When the plane was on the ground, I assume that the authorities would have been notified about its contents. If they were, I have had no notice of it. I should like to end the speculation today, and I ask the Minister to consider carefully whether we might view the information. Perhaps it cannot be made public, and

[Mr. Lee Scott]

if so, I accept that. However, if it can, it would kill the speculation once and for all.

The carrier was asked what improvements could be made and why it did not have maps for Heathrow. It claimed, and this is all in the incident report, that there was no need, because it usually flies military personnel or equipment, and the maps that it has for bases are perfectly adequate. In such situations, it might be advisable for the crew to have maps of every destination to which a plane might be diverted on its route.

Why was it not mentioned that Wright Field is not in New York State? It does not exist. Dayton, Ohio is a long way from New York State, so why the inaccuracy? And why was the cockpit recording not kept? In such an incident, surely it is one of the fundamental things that one would do.

A number of points have been wrung from the internet, and I have before me just a little bit about Wright-Patterson air force base. It has its own website, interestingly enough. Some of the pictures here are of shooters trying out their new equipment.

Mr. Christopher Chope (in the Chair): Order. The hon. Gentleman is referring to pictures. As he knows, he will have to describe them for the *Official Report*. It is not possible to print photographs in the *Official Report*.

Mr. Scott: Thank you, Mr. Chope; I am happy to describe the picture. It is of three soldiers, one with headphones on, in a firing range shooting at I know not what because one cannot see it in the picture. The picture clearly demonstrates that the soldiers are firing something at something.

The base is used for the development of weapons, engineering and technology. That is on its website; it is a matter of no doubt whatever. Again I ask the Minister: what was on that plane? What could have come down on the heads of the constituents of London? What danger were they in? Why was the plane not diverted to Stansted? If it is possible for the Minister to answer those questions today—

The Parliamentary Under-Secretary of State for Transport (Gillian Merron) *indicated assent.*

Mr. Scott: From her nods, I believe that the Minister will answer my questions today, so that should end some speculation and, if nothing else, keep me quiet. I am grateful to the new Minister, who was not the Minister responsible for aviation when the inquiry first started, for agreeing that we can meet up at a later date to go further into the subject.

There has been a lot of speculation in the media and press about extraordinary rendition, about weapons being flown over Britain and about denials being given. That might well be true. All I am asking is that it clearly be proven that this flight, N481EV, was not part of that and that with such incidents, when Londoners' lives are at stake—I am not being over-dramatic; one can tell that they were at stake by reading what the cockpit controllers said to air traffic control—we should be told why. If such a plane is airborne and the pilot has—let us be kind—bad eyesight and cannot see Stansted, Luton or Gatwick but only Heathrow, surely we should consider that he should be directed to the safest area for all the constituents of our country rather than the airport that seems to be the least safe? Not only that, but for that plane to fly round in circles again and again over London while clearly calling in "Mayday" is unacceptable. I look forward to the Minister's response.

1.11 pm

The Parliamentary Under-Secretary of State for Transport (Gillian Merron): I congratulate the hon. Member for Ilford, North (Mr. Scott) on securing this debate on an important matter. I am grateful to him for giving me the opportunity to set out a number of facts that I believe and hope will end the speculation to which he refers and reassure not only his constituents but any other of our constituents who has worries.

Before I attempt to answer the specific points that have been raised, I want to put it clearly on the record that aviation safety is a matter of paramount importance. Our air transport industry has an excellent safety record and accident rates have stayed low despite the rapid rise in traffic levels. The Civil Aviation Authority oversees the safety of the UK's air traffic services, and produces annual reports on the National Air Traffic Services' safety performance on air traffic control. I am pleased to note that in the latest report, the Civil Aviation Authority has assessed that NATS has continued to maintain a positive safety performance.

Turning now to the Evergreen incident, I want to make it clear that the aircraft was engaged in normal commercial operations and was handled by controllers in line with guidance on handling aircraft in emergencies. Every incident is unique and, naturally, we always learn from such experiences and guidance is modified as appropriate. That is exactly what happened in this case.

For clarity, it would be helpful to confirm the facts surrounding the events that led to the incident. On 24 April 2004, the Evergreen aircraft was carrying out a cargo flight from Ramstein in Germany to McGuire air force base in New Jersey. I shall come back to the hon. Gentleman's point about the destination in a moment. Shortly after reaching a cruising height of 36,000 ft; to the east of London, the left outboard engine ran down and could not be restarted. As a consequence the commander decided to return to Ramstein and the aircraft descended to 21,000 ft and commenced an easterly heading.

The crew then determined, when overflying Kent, that the three remaining engines were not producing the selected thrust. The commander declared an emergency, and requested a diversion to London Heathrow airport. The aircraft was radar-vectored on to the final approach track and the commander completed a successful approach to a safe landing.

On the subject of the intended destination, the aircraft was not going to Wright Field in New York State as stated in the air accidents investigation branch report. I have looked into that, and the error was a genuine mistake by the AAIB, which has only recently

come to light. The AAIB has suggested that the confusion may have arisen during the interview with the commander of the aircraft when attention was necessarily directed at the more salient points of the incident, which were those related to safety.

I shall now refer to the process for handling aircraft in such an emergency, which is vital. The notion that an aircraft in emergency may divert to an airport other than the intended destination is a founding principle enshrined in the International Civil Aviation Organisation's international standards and the UK Air Navigation Order 2005. Both documents clearly stipulate that the commander of an aircraft is ultimately responsible for the safety of that aircraft, and of the persons and cargo on board. The commander, in an emergency, may request information from air traffic control to enable the selection of a suitable diversion airport but the responsibility for determining what represents the safest and most suitable diversion airport rests with the commander of the aircraft.

The hon. Gentleman raised the question of why the aircraft was diverted to Heathrow. During the incident, the commander decided that an emergency landing was required as soon as possible. The lack of thrust in the three operative engines limited the choice of airports to those within gliding range and with adequate runway length to meet the landing distance required. London Heathrow and Gatwick were both within range, while Stansted and Luton were rather more distant.

The crew decided to divert to Heathrow because the weather and visibility were good. In addition, the commander had physically seen and identified Heathrow when overflying that airport before the engine trouble occurred and had good visual recognition.

The hon. Gentleman also asked why air traffic control allowed that diversion to Heathrow. As I have explained, the choice of a diversion airfield is the decision of the commander of the aircraft. For that reason, air traffic controllers safely facilitated the commander's request to land at London Heathrow. That was entirely in line with guidance.

I come now to the AAIB recommendation that followed. The report recommended that the Civil Aviation Authority should review guidance to controllers on handling aircraft in emergencies and, in particular, whether

"sufficient guidance is provided on the avoidance of built up areas when vectoring aircraft in emergency",

a matter of particular and understandable concern to the hon. Gentleman. The Civil Aviation Authority accepted that recommendation and issued revised guidance to controllers in April this year.

It will be helpful if I spell out what the revised guidance now says:

"It is desirable that aircraft in emergency should not be routed over densely populated areas, particularly if there is reason to believe that the aircraft's ability to remain in controlled flight is compromised or that parts of the aircraft could detach in flight. If this is inconsistent with providing the most appropriate service to the aircraft, for example when any extended routing could further jeopardise the safety of the aircraft, the most expeditious route is the one that should be given. Where possible, when expeditious routing is not required, suggestions of alternative runways or aerodromes together with the rationale that the routing would avoid densely populated areas and be consistent with safety, shall be passed to the pilot and his intentions requested."

That revised guidance meets the concerns raised by the hon. Gentleman. I understand his concern about aircraft overflying populated areas in emergencies. However, I am sure that all will agree that preventing accidents must always be the overriding concern.

I turn to some of the specific questions raised by the hon. Gentleman. First, he asked about the cargo. I understand that the contents of the cargo were not revealed to air traffic control during the diversion, but I assure him that that is not unusual. Information on what is carried normally resides on board the aircraft and at the airfield of departure. Such information is not readily available to air traffic control, and I am sure he will understand that it would be inappropriate for controllers to ask the crew for the information when, as should be the case, they are preoccupied with an emergency. As noted in the AAIB report, the cargo was subsequently identified as an aircraft engine. There were no munitions or explosives on board.

The hon. Gentleman asked whether the aircraft had been boarded. I confirm that, following the incident, the aircraft was not boarded by officials from the Civil Aviation Authority or from any other transport agency because there was no reason to suppose that the aircraft was likely to be flown in contravention of the Air Navigation Order 2005 or in a condition unfit for flight.

The police and immigration and customs officials also have powers to board aircraft. I am advised by my colleagues at the Home Office and Her Majesty's Revenue and Customs that neither immigration service nor customs officials boarded the Evergreen aircraft or inspected its cargo. That is because checks for immigration and customs purposes necessarily focus on the points of embarkation and disembarkation, and the aircraft was not scheduled to land in the UK. As the Evergreen flight originated in Germany, its cargo was subject to free circulation within the EU, so no customs declaration was required. Fire services and police attended the incident, but no police officers boarded the aircraft as there was no reason to suspect that a crime was being committed.

The hon. Gentleman mentioned rendition. I shall answer that question directly. Evergreen International Airlines was established in 1960. It specialises in air freight, and some of its contracts are with the United States military, but it also has an extensive customer base with well known commercial organisations. I emphasise that there is no evidence to suggest that the flight was involved in a rendition operation.

We are clear that the US would not render a detainee through UK territory or airspace, including overseas territories, without our permission; and we have made it clear that we would not grant that permission unless the rendition was in line with UK law and our international obligations. In particular, we would not facilitate the transfer of an individual from or through the UK to another state if there were grounds to believe that the person would face the real risk of torture.

I shall now deal with the remaining points that the hon. Gentleman raised. First was the erasure of the

[Gillian Merron]

voice cockpit tapes. I shall raise the matter with the AAIB, and write to the hon. Gentleman.

Secondly, the aircraft was carrying US Department of Defence charts, showing mainly military airports. The aircraft operator noted that that is more convenient as it invariably covers their military destinations, but the maps also include a number of civil airports throughout the world. It is important to remember that the plane was not scheduled to land in the UK, and by way of reassurance I reiterate that the commander chose Heathrow as being the safest and the most appropriate because he had had sight of the airport and was able to get there safely.

Thirdly, the hon. Gentleman referred to the middle east. That is taken into account in the AAIB report. He is obviously referring to the rumour that the aircraft was parked in the middle east during a sandstorm. The aircraft flew from the middle east to Germany prior to diverting to Heathrow. There is no evidence to suggest that that flight was anything other than commercial.

I hope that I have addressed the points raised by the hon. Gentleman. I wish to put on record once more that aviation safety is of paramount importance. Without doubt, the Evergreen incident was serious. It raised serious issues, and I am grateful to the hon. Gentleman for giving me the opportunity to deal with them. However, the incident was handled in line with guidance and brought to a safe conclusion.

Furthermore, guidance has been modified and strengthened in direct response to the incident—specifically about overflying densely populated areas—and I assure the House that it is continually reviewed. Action does not stop there. However, each incident is unique, and it is not feasible to issue prescriptive guidance to controllers on handling aircraft in emergencies—nor would it be wise.

I state again that it is the commander of the aircraft who is responsible for its safety, and he is responsible for determining what represents a suitable diversion airport. None of that is done in isolation. I hope that my response has reassured the hon. Gentleman, and that the clarity of my response will ensure that speculation can be put aside. We can now concentrate on what happened, and on the advances that have been made on further developing aircraft safety for the benefit of all, including the hon. Gentleman's constituents.

Housing Benefit

1.27 pm

Mr. Andrew Love (Edmonton) (Lab/Co-op): This debate is prompted by three things. The first is the publication today of the Welfare Reform Bill, which I welcome. The second is the concern that the Government response to the Green Paper, which was published before the Bill, made no mention of the single room rent and did not comment about responses on that subject. The third is the fact that many young people face continuing acute difficulties, which are highlighted by the research into the new local housing allowance pathfinders.

I shall give some background. Single room rents were introduced by the Conservative Government in October 1996. They were opposed by the Labour party, and the shadow Minister said somewhat presciently that single room rents could have a devastating effect on whether young people could live in safe, sound and affordable accommodation. Indeed, he went on to say that landlords were likely to withdraw from lettings based on single room rents. Sadly, that has proved to be the case. The number claiming single room rent fell from 32,000 in 1997 to about 12,000 last year. Financial hardship has undoubtedly resulted.

The single room rent is, on average, only 60 per cent. of the local reference rent; a gap exists between that and the rents that have to be paid. Indeed, research shows that 87 per cent. of those on the single room rent face some form of shortfall in the amount that they receive. That and the fact that young people receive smaller sums for living costs—£44.50 rather than £56.24 for those over the age of 25—has resulted in many young people living in poverty and being threatened with homelessness. Add to that the fact that many cannot access appropriate forms of accommodation, and we find that very large numbers of what we now term "the hidden homeless" exist in informal lettings or sleep on friends' or relatives' floors. According to the research, many of them stress that such circumstances make it more difficult for them to enter or sustain employment, one of the Government's overall objectives.

Estimates of the savings made from the single room rent restriction vary, as do the estimates of the costs of phasing it out. In answer to a parliamentary question in April, the Government said that the costs would be about £20 million, not taking into account any behavioural impact. Previously, in December, they had indicated that would be £60 million-plus. The Government's calculations are obviously based on there being a significant behavioural impact, although under the new deal there has been a significant reduction in youth unemployment. My first question for the Minister is about what lies behind those behavioural impacts that the Government believe will lead to costs as large as £60 million, and what importance that has for decisions taken on the single room rent—or shared room rate, as it is now called.

In 1997, the Government decided to stick to the Tory spending plans of that year, and I supported that. The Minister at the time promised to commission a survey and to monitor the impacts of the single room rent restriction. Those impacts have been almost entirely

negative. Under the previous Act, there were 100,000 determinations, but in the past five years the number has reduced to just under 15,000.

Few of the young people involved have been successful in negotiating the lower rents that we hoped would ensue from the introduction of the single room rent. A YMCA survey showed that 35 per cent. of its residents found it almost impossible to find suitable shared accommodation to move on to. As a result of the findings, the Government introduced a modest change to the definition of the single room rent; the definition now includes access to a shared living room, and that is to be welcomed. Ministers suggested that it would more adequately reflect the housing costs faced by young people. It certainly went a small way towards improving the circumstances. For example, it led to an increase in benefit of about £1.30 over the first nine months to a year of its introduction. That reduced the shortfall between the payment and rent that people were having to meet to about £35, but that was still significantly higher than the £16 shortfall for those above 25 who were paid the local reference rent.

However, the change did not have much impact on young people's ability to access accommodation or sustain a tenancy. Indeed, lots of evidence from all the research carried out over the years shows that it undermines the efforts to access employment or training opportunities. The fact that such people have no stable housing base makes it very difficult for them to undertake training, or to gain employment.

Particular problems are faced by vulnerable young people such as those coming out of care, those who are disabled, those with mental health difficulties and those with alternative lifestyles, for whom shared accommodation may not be suitable. Some of the more recent research has been carried out for the Department by Dundee university. It concluded that a wide body of opinion among those involved was in favour of extending in two ways the exemptions under the single room rent restrictions. First, it was thought that the existing exemption for under-22s who have left a caring situation should be extended to include the under-25s. No one could understand why it was considered that 22 was a natural boundary. If someone is vulnerable because they have been living in care, surely they will be vulnerable at 22, 23 or 24.

Secondly, it was thought that the exemption for the severely disabled should be widened. Many are disabled, but not defined as being severely so, and they have real needs and difficulties in working and finding suitable accommodation. My second question for the Minister is about whether either extension of exemption has been considered by the Department in respect of the new shared room rate.

I move on to the contents of the Welfare Reform Bill, which I hope will be debated in the House later this month. The process started in November 2003, when the Government introduced pilot areas for the new flat-rate local housing allowance. Nine local authorities were originally chosen in 2004; another nine were later added to the list. At the same time, the Government not only made a very welcome change to the title, which changed from "single room rent" to "shared room rate", but provided a more generous definition of what the shared room rate would be: all or some of the facilities lived in had to be shared.

That produced a small but welcome increase in the benefit provided to young people. However, although research on the pathfinders concludes that, overall, the gap between the rent that has to be paid and the benefit received has gone down—in some cases, significantly—there are, unfortunately, no specific figures for the new shared room rate.

A number of organisations, Shelter in particular, have carried out their own research. Shelter concluded that although rent was affordable for 46 per cent. of those living in one-bedroom accommodation and receiving the local housing allowance, it was affordable for only 26 per cent. of those living in shared accommodation under the new shared room rate.

There is also evidence that there was a reduction in the availability of suitable accommodation for young people. For example, Shelter undertook a study of adverts for accommodation in the pilot areas: 33 per cent. excluded those in receipt of housing benefit, and the figure rose to 50 per cent. for those in receipt of the single room rate. Follow-up research, involving telephoning and going round to the accommodation available, revealed that 15 per cent. of landlords were prepared to accept benefit recipients on the local housing allowance but only 7 per cent. were prepared to accept people on the shared room rate.

On top of that, it is clear from wider evidence and evidence from the pilot schemes that the supply of non-self-contained accommodation has been falling in recent years. The ability of young people on the new rate to engage with such accommodation is being more and more restricted. Although the shared room rate has improved the situation, because of the change in definition, there is no doubt that, as is shown by all the research, poverty, hardship and homelessness persist among those who are on the new shared room rate.

We cannot escape the reality that, given that the restriction on non-self-contained accommodation is forcing young people to move into self-contained accommodation, the living costs that they have to face are exactly the same as those faced by people of any age. Therefore, the boundary that exists between the over-25s and under-25s is causing severe hardship. The first question that arises from that work is whether in drawing up the Welfare Reform Bill the Government considered widening the definition of the shared room rate to reduce the gap in affordability. It is possible to use a wider definition to ensure that the gap that undoubtedly exists with the local housing allowance is reduced and that affordability becomes less of a problem for an adversely affected group of young people.

The second question is about the age range, which at present does not go to 25. Many of those vulnerable people face real difficulties in gaining employment. If we are to provide care in the community or make a reality of welfare to work, is there a case for narrowing the age range in which people are covered by the new shared room rate?

Finally, the evidence produced by the Department for Work and Pensions and by Shelter, the citizens advice bureaux and indeed everyone involved in this area confirms several things. The shared room rate undermines attempts to support young people, especially in getting from welfare to work, and that undermines the Government's objectives. The shared

[Mr. Andrew Love]

room rate is ineffective in ensuring that young people live in shared accommodation because the amount of such accommodation is decreasing at this time, as I mentioned earlier. There is a continuing high risk of poverty, large debts—we talk continually in the Chamber about the debt taken on by young people—and homelessness, and that exists whether people are in low-paid work or on benefits.

The shared room rate is not achieving the Government's objectives. Therefore, my final question is whether the Minister would outline the rationale for including the new shared room rate restriction in the local housing allowance regime in the Welfare Reform Bill. Surely the Bill is an ideal opportunity to equalise the situation for young people, to give them the options that we proclaimed in all our manifestos and to create opportunities for work, independence and improved living standards. That can all be achieved if we do something about the shared room rate.

1.42 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): I congratulate my hon. Friend the Member for Edmonton (Mr. Love) on staging this debate. It has been useful to listen to his points, and it is particularly appropriate that the issue should be debated today because, as he rightly said, the Government launched the Welfare Reform Bill today. As he knows, the Bill contains proposals to introduce the local housing allowance across the country. Indeed, I was in Coventry this morning for today's launch. It was one of the pathfinder authorities for the local housing allowance. I discussed its impact in the area not only with the staff in the local authority and the benefits offices who administer the system but with local landlords and tenants, all of whom confirmed that the local housing allowance is a distinct improvement on the old housing benefit and welcomed many aspects of the reform.

I can tell my hon. Friend that we have listened and are listening carefully to the experiences of the 18 pathfinder authorities in respect of all the issues to do with housing benefit. I have been particularly interested to talk to them about support for younger people in private sector rented accommodation and the impact of single room rate measures. We are very much in listening mode and want to hear what the experience has been, but it is good to know that everyone who reports to us confirms that local housing allowance is an improvement on the old housing benefit, as I believe my hon. Friend acknowledged.

I am sure that my hon. Friend would agree that we have all been awaiting the introduction of the Welfare Reform Bill and that it is therefore only right that we should use this opportunity to reflect on our priorities for reforming the welfare state, on the central role that support for meeting housing costs plays in that and on how young people fit into the picture. I believe that he and I would also agree that welfare reform is a huge challenge, but that we have come a long way in addressing it in recent years. After all, we have increased the number of people in work by nearly 2.5 million, decreased the number of people in long-term unemployment by three quarters and virtually eliminated youth unemployment since 1997.

However, there are still tough challenges ahead, and we are now setting the barrier even higher. We believe that work is the best way out of poverty, and we want to deliver an opportunity to work to everyone in our society for whom it is relevant. Despite our success so far, there remain groups and communities that have not yet been able to share in the improvements in living standards that work brings. That is why we are now setting ourselves the considerable challenge of an 80 per cent. employment rate.

Key to achieving that 80 per cent. rate will be engaging and interacting with young people who are trying to enter the labour market. Work is important as the ladder out of poverty for everyone, but, as my hon. Friend said, it is especially important for young people. If we can give them a vital step up in their early years, we will make good progress towards achieving our ambitious goal.

The homes that we live in and our ability to pay for them can have a huge effect on our ability to gain and retain a job. The simple fact of having a roof over one's head that is affordable from month to month can make all the difference when looking for work. For 4 million families across Britain—nearly 16 per cent. of all households nationally—that is exactly the kind of support that local housing allowance in the private sector will provide now and in the future.

However, we always want to make things better where we can, which is why we are undertaking a radical reform of housing benefit, as outlined through the Government's recent response to the welfare reform consultation. My hon. Friend spoke about the views that we received during that consultation, and I confirm that we have seen Shelter's submissions. My right hon. Friend the Secretary of State and I met Shelter representatives just a few days ago and again discussed their wide-ranging views about the housing aspects of the welfare reform Green Paper. We had and still have a willingness to meet them to discuss their views, and that will continue to be the case as we take the Welfare Reform Bill through Parliament.

Shelter agrees that rolling out local housing allowance across the private sector will make housing benefit clearer, simpler and more transparent for everyone, including young people. In our meeting a few days ago, it confirmed that in principle it fully supports our reforms, and it too has been reassured by the experiences of pathfinder authorities. It had doubts about the reforms at the outset, but it now broadly supports them, and I am pleased that that is the case.

My hon. Friend asked a few specific questions which I shall try to address, in particular the one about the cut-off at 22. The evidence is that most people leave care between 16 and 18. By putting the cut-off at 22, we have built in a margin that in many cases allows people up to an additional four years without restrictions. That is a concession, given the age at which most people would normally leave care. Wherever we draw a line, there will always be the question whether someone is still in that position after that age. My hon. Friend suggested considering the age of 25, but I suspect that there will still be those who are aged 26 or 27 and in the same circumstances. There is a rationale for choosing 22.

My hon. Friend asked whether we had considered any further exemptions to the single room rate. We will continue to assess the impact that the local housing allowance has on young people as we evaluate the local housing allowance in the pathfinder areas. We will continue to assess the details of that while we develop the regulations that will be introduced following the passage of the Welfare Reform Bill, assuming that it succeeds in passing through Parliament.

Mr. Love: I thank my hon. Friend for his welcome for the discussion of the research that lies behind some of the issues that I have raised, but can I press him about the disabled? The definition of "severely disabled" is restrictive and does not cover many people who are very adversely affected in attempting to live independently. Bringing them within the concession would help enormously with their living circumstances.

Mr. Plaskitt: I understand my hon. Friend's point, but he will be aware that other aspects of the benefits system can be utilised to support people in exactly that position. We are looking to make further improvements to those and other parts of the system in the Welfare Reform Bill. However, I take on board his point, which we shall consider as we go through the stages of implementing the Bill.

My hon. Friend wanted me to address the rationale behind retaining the principle of the single room rate in its slightly altered form, as we move into the local housing allowance. I recognise that the abolition of the single room rate is still a priority for many of our stakeholders and for many Members of the House. However, we feel that we must uphold the fundamental principle of fairness and equity across the benefit system, and that includes housing benefit. Let me expand on how that relates to the allowance.

As I am sure my hon. Friend would accept, young single people under 25 have earning prospects that are well below those of older people. In fact, 60 per cent. of those renting in the private sector who are not on housing benefit rent shared accommodation. It is therefore reasonable to expect young housing benefit claimants to share too. Doing otherwise would allow them to access better housing than that which was available to their working peers, which would not represent a fair deal for those in and out of work.

My hon. Friend is concerned about potential shortfalls in the benefit and about whether that would contribute to poverty among young people, with which he is rightly concerned. In his local authority area, where about 100 young people are affected by the single room rate, there is quite a sizeable nominal shortfall of £80 a week, which would of course be a concern. It is relevant and interesting that, where the young people concerned have gone into shared accommodation, the shortfall between their allowance and the rent is £22 a week, which is less than the average shortfall in his constituency for tenants in the private rented sector who receive housing benefit. That shows that if people respond to the pressure in the system to move into shared accommodation, they are not at any greater financial disadvantage than anybody else in receipt of housing benefit, and are possibly even at a smaller disadvantage. However, my hon. Friend makes a valid point about the supply of appropriate accommodation, which I shall address briefly if I have time.

In some areas young people might have difficulty accessing shared housing, and for them the choice is limited. However, extra help is available in the form of discretionary housing payments and flexible support from local authorities, which can be added in on a case-by-case basis. Under the local housing allowance, single under-25s will be able to see in advance what their maximum level of benefit is in the area. That will help reduce the risk of signing a tenancy agreement in good faith, only to discover subsequently—as currently happens—that the housing benefit is not sufficient to meet their rent.

Local housing allowance brings additional benefits, as has been demonstrated in the pathfinder authorities. Simplifying the scheme has produced quicker processing times for local authorities. Local housing allowance is paid directly to claimants, rather than to landlords, in an average of 85 per cent. of cases, thereby extending the benefits of personal responsibility and financial inclusion, which in turn helps people to prepare for and move into work.

I assure my hon. Friend that as we move forward with housing benefit reform we will continue to review the single room rate, to ensure that young people can access appropriate accommodation. However, as I hope I have explained, the rationale for doing so remains—namely, that of encouraging work. We could not endorse a situation in which benefit dependency was fostered, which would result in young people being trapped on benefits and in poverty more than otherwise. Therefore, to be blunt, the incentive issue must be considered in what we do. We want to pursue the programme of welfare reform, always mindful of our ambition to raise the level of employment and help people who want to enter work to do so. The right mix of incentives and encouragement must be in the system to achieve that.

I am pretty sure that if we were just to abolish the single room rate, we would produce outcomes that would quite probably leave more young people on benefits, and therefore poorer, than under the present arrangements, in which there is a work search incentive. I would not want to do anything in the name of welfare reform that left people dependent on welfare for longer than would otherwise be the case. The drive throughout the programme must be to help people to access work in every way that we can.

Although I understand the point behind my hon. Friend's question about whether the right sort of accommodation is available, where that is an issue—and I fully accept that in some parts of the country it is—the answer does not lie so much in reforming the welfare system as in what my right hon. and hon. Friends in other Departments are doing to address housing supply and housing need. They will have more to say about that in the near future.

Mr. Love: I thank my hon. Friend for that detailed reply. I believe that we will return to the question whether the restrictions, in whatever form, help or hinder in moving people from welfare into work. There is a lively debate to be had on that, which I hope will be

[Mr. Love]

joined when we discuss the Welfare Reform Bill, but let me press my hon. Friend on supply. There is growing evidence to suggest that shared accommodation is becoming harder to enter. In those circumstances, young people who cannot remain in whatever situation they were in previously will have to access more expensive accommodation, making the threat of homelessness, poverty and debt ever more prevalent.

Mr. Plaskitt: I hear what my hon. Friend says, but he will understand that I cannot speak on behalf of colleagues in the Department for Communities and Local Government who are responsible for such matters. They are actively engaged on that very issue and have already made various statements about the eventual policy development, which I am sure he will hear more about.

My hon. Friend is right that the debate that he has correctly initiated will be joined by many others as we proceed with the passage of the Welfare Reform Bill and its subsequent regulations. I look forward to making further contributions on the subject over that period.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 5 July 2006

[MR. DAVID MARSHALL *in the Chair*]

Policing (Northern Ireland)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Cawsey.]*

9.30 am

Mr. David Marshall (in the Chair): Order. In view of the climatic conditions, it would be in order for Members to remove their jackets if they so wish.

Sammy Wilson (East Antrim) (DUP): I hope that the temperature does not rise because of anything that I say. The weather is sufficient to warm the Chamber this morning.

I welcome the opportunity that this debate grants us. However, I am somewhat torn, because I would have liked to be with the Select Committee on Northern Ireland Affairs this morning in Northern Ireland, where it is launching its report on organised crime, an issue of equal importance. If the goal of devolution is to be realised, agreement on policing in Northern Ireland will be an essential component of any arrangement. While this debate takes place, the Committee is launching its report just outside Armagh. It is significant that a Committee of this House has taken its message on that aspect of policing to an area associated with so many of the criminal activities of IRA-Sinn Fein. A range of witnesses gave the Committee the messages that dealing with organised crime is essential to political progress in Northern Ireland and that the unwillingness of one political party—IRA-Sinn Fein—to back the police in that endeavour makes the task more difficult.

The effective policing of communities by the Police Service of Northern Ireland is equally essential to political progress. However, that objective becomes impossible if a major political party openly discourages the public from co-operating with the police and undermines them at every turn. That creates a policing vacuum, within which people have to live, and there can be no confidence in any political institutions that require the inclusion of those who, while making laws, will not support the very people and organisation who have to enforce them.

There is an important political message to send out from this debate. The Democratic Unionist party is committed to achieving devolution. We have made it clear that we will work with IRA-Sinn Fein in government, although that may be unpalatable. That is a big step for people in my community, and, indeed, for the whole community in Northern Ireland, who have suffered at the hands of IRA-Sinn Fein for 35 years. We will work with them in government, but in return, we require them to relinquish terrorism and criminality and to support the police.

Support for the police means not only sitting on the Northern Ireland Policing Board or on district policing partnerships. It means giving a lead to the public by helping the police with investigations and supporting them when they take on criminal godfathers—I do not really care what side of the community those godfathers come from. It is totally reasonable to make that a requirement of entry into government, but the Secretary of State has rejected it as the creation of a new precondition. He knows that it is nothing of the kind, of course. It is simply the outworking of the commitment that all parties were supposed to give to work towards exclusively peaceful and democratic means. Sinn Fein has rejected a move in that direction, because it requires the demonisation of the police in Northern Ireland and the use of its own armed wing to keep control of its core areas. Its criminal connections are a useful source of funds, so it cannot afford normal policing.

Rather than face down Sinn Fein, the Secretary of State has reacted in a weak, and I must say, politically cowardly way. He has chosen to ignore what would be regarded as an essential requirement of any Minister or any party in the rest of the United Kingdom—to support the police in the execution of their duties. He has sent a message to Sinn Fein that he will facilitate its intransigence. In doing so, he makes the task of achieving devolution by the deadline of 24 November even more difficult. Oddly, he has made it clear that all Sinn Fein has to do is promise to support the police at some time in the future. But it does not have to practise that support for its members to become Ministers in Northern Ireland.

More worrying is the way in which the Administration seek to facilitate Sinn Fein when it comes to policing, especially in republican areas. The Administration are prepared to alter policing arrangements locally to facilitate the Sinn Fein-IRA version of community policing: policing that they control.

That brings me to the heart of what I want to say. In December, the Government issued a consultation document, "Draft Guidelines for Community-Based Restorative Justice Schemes". There are 18 such schemes in Northern Ireland—four in what would be regarded as loyalist areas, mostly staffed by ex-paramilitaries and people who were involved with loyalist paramilitary groups, and 14 in republican areas, almost exclusively staffed by people who had associations with the IRA, of whom most have served time in prison for terrorist offences. Until now, the schemes have been financed mostly from America. The money was running out and the funding period coming to an end, and there were moves to try to bring the funding into the mainstream. That meant that there had to be guidelines on how the schemes would qualify for funding.

The idea is that the schemes deal with those who have committed offences in local areas. Victims report the incidents and those administering the scheme take action to administer punishment and, sometimes, to resolve the disputes by bringing victims and perpetrators together. However, the schemes are seen by many as an IRA court and an IRA police force. The hon. Member for Foyle (Mark Durkan) has described it as the lords of gangsterism becoming the law lords in those areas. The schemes give Sinn Fein considerable control over a local area, and since it neither recognises the legitimacy of the police nor co-operates with them, Sinn Fein is, in effect, an alternative police force in republican areas.

[Sammy Wilson]

I see the same happening in loyalist areas, and the schemes provide local Sinn Fein representatives, or indeed local representatives of one of the loyalist political parties, with considerable ability and strength. If there is a problem in an area, they refer the person and the perpetrators to a scheme that they control, and they get it sorted out. On one occasion in my council ward of East Belfast, someone came to me about people who were behaving antisocially next door to them. I went through all the normal channels—the environmental health department, the noise monitoring service, the police and social services—but still the behaviour went on. The lady met me in the road one day and said, "It's okay, Sammy, I got it sorted out." She named one of the people who sat with me on Belfast city council, and said, "I went to him. The boys came round and they sorted it out on Friday night." Now, that undermines legitimate public representatives who do not have access to that kind of muscle. Secondly, it undermines the bodies set up by the state to do such jobs. That is why Sinn Fein wants that form of policing in republican areas. It gives it control, enables it to hold its grip on its communities and, in effect, gives it the power to police its own areas.

I will go through the guidelines and would be interested to hear the Minister's response. The Government have issued guidelines that only strengthen the ability of the community restorative justice schemes to ignore the police and the criminal justice system and to exercise their own control. Once public funding goes into the schemes, they will become an integral part of the criminal justice system. The objective of the draft guidelines, they say, is to make the schemes an integral part of the system. Yet at the same time, the funding facilitates the schemes in ignoring the most vital part of the criminal justice system, which is the police.

At every turn, there are ways for the schemes to bypass the police. Of course, the reason is quite clear. Those who are involved, especially on the republican side, do not recognise the legitimacy of the police. They will not accept that the police are an acceptable police service in their areas. The danger is that if we proceed down the road that the Government are following, we will make schemes an integral part of the criminal justice system while the police are kept outside. The schemes are part of the Government's efforts to get Sinn Fein to accept policing in Northern Ireland. Rather than make it live up to its responsibilities, as any other democratic politicians would have to do, and to accept that the police service that is in place is the legitimate police service in Northern Ireland, the Government are seeking to find alternative ways to allow it to police particular areas.

The objective of the guidelines is to help

"promote confidence in the criminal justice system".

How can they hope to promote confidence in the criminal justice system if they allow one arm of that system, namely the community restorative justice schemes, to ignore the police and to set them aside?

Mr. Christopher Fraser (South-West Norfolk) (Con): I agree with everything that my hon. Friend has said so far. The Minister was quoted in a document entitled "Partnership policing key to success", published on 31 May, saying:

"Effective policing is about working in partnership with local statutory and voluntary groups; it's about listening to and responding to the concerns of local communities."

It is impossible to achieve that if a major political party representing part of that community disparages co-operation with the police force, in which case what is said here stands for nothing.

Sammy Wilson: I thank the hon. Gentleman for that perceptive intervention. It goes even further. The Government are going to fund one of those community partners and say, "We will find ways of allowing you to bypass any involvement with the police."

Let us look at what the guidelines say. I hope that the consultation, which the Minister will have received, will lead to significant changes and a substantially different emphasis. The guidelines will not even apply to some schemes, because as paragraph 2 states:

"the guidelines do not relate to non-criminal matters, or to anti-social behaviour which does not reach the criminal level."

Some schemes claim that 80 per cent. of their case load involves dealing with antisocial behaviour. I am not sure how the distinction is made. To me, antisocial behaviour in most of its aspects involves some degree of criminal behaviour. I suspect that that is an easy way of exempting some schemes from the guidelines and escaping even some of the weak requirements that could be placed on them.

In most countries where community restorative justice schemes are used, the normal method is that someone commits an offence, the police investigate, the case goes to the public prosecution service and then it goes to court. Then, the court can recommend that the person is dealt with by the community restorative justice scheme. Indeed, even before the case goes to court, the police can say that they believe that it would be more appropriately dealt with by the scheme. That will not be the case in Northern Ireland, however. Paragraph 6 of the guidelines makes it clear that the initiative will be taken by the victim, who can opt whether he or she goes for the community restorative justice scheme or whether the case is referred to the police.

Of course, the guidelines make it clear that

"neither victim nor offender should be coerced, or induced by unfair means, to participate in the process or to accept the outcome."

The people who will give advice to victims or perpetrators might well be people, certainly in republican areas, who do not accept the legitimacy of the police. Of course, they will have a vested interest in saying, "You go down this route", and I suspect that, in many cases, rather than giving advice, they might give instructions that that route should be followed.

When the Northern Ireland Affairs Committee went to Northern Ireland, we met people who had been victims of crime, had gone down the community restorative justice route and were very unhappy with how their case had been dealt with. In fact, they claimed that in some cases they were pushed down that route because the people who perpetrated the crime had associations with a local paramilitary group that,

of course, had control of the community restorative justice scheme. Those victims found that they, rather than the perpetrator, were the ones being punished and ostracised.

The danger with the guidelines is that they allow such things to happen. Despite the fine words in the document, I do not believe that people will be able freely to make a decision. I believe that many community restorative justice schemes would rail against referrals to the scheme by the police, since they do not accept the legitimacy of the police in the first place.

I want to consider the way in which the police are to be actively excluded from the schemes. Paragraph 7 suggests that the only role of the police will be to investigate a crime. The police will have no role in what happens in the community scheme. Where an offence has been committed, the job of the police is to take measures to bring the offender to justice. The paragraph states:

"The Police Service…has responsibility for the investigation of crime, and carries out its functions with the aim of securing the support of, and acting in cooperation with, the local community."

After that, it is passed to the community restorative justice scheme without police involvement. Indeed, the next paragraph shows that any police involvement that there might be can be circumvented. Rather than having to interface with the police, the scheme can go through the probation board of Northern Ireland or the youth justice agency, which

"may assist in the communication of information to PSNI"

about the offence, and what is happening to the offender under the scheme. They do not even have to have face-to-face communication with the police: it can be circumvented by the use of intermediaries.

If the guidelines are meant to build confidence in the criminal justice system, why have the Government gone out of their way to ensure that the police are held at arm's length if the scheme organisers decide that that is what they wish to do?

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): To extend the point that my hon. Friend is making—the hon. Member for Foyle (Mark Durkan), too, has made the point on a number of occasions—the risk is that in some of areas the paramilitaries, or proxies for the paramilitaries, will become involved in the schemes. That is one reason for the desire to hold the police at arm's length; the paramilitaries want to present themselves as an alternative form of policing in local communities.

Sammy Wilson: I thank my hon. Friend for that intervention. I think that that is already happening under the system that pertains at present.

I turn to those who will be involved in running the scheme. As my hon. Friend the Member for Lagan Valley (Mr. Donaldson) pointed out, they are by and large from paramilitary backgrounds. The Government, using fine and honeyed words, speak of the schemes operating to

"high standards in order to comply with human rights requirements".

Those are fine-sounding words, but how can the Government ensure that the schemes operate to the highest standards? Indeed, the guidance continues by saying that it would be

"unacceptable for anyone involved in paramilitary activity or criminality to work in schemes."

Again, everyone would say that that is right; but how can the Government ensure it?

The proposal is that the schemes will police themselves, and assess the suitability of their staff in light of that. It is unlikely that anyone applying for a job in a scheme will say, "By the way, I am a paramilitary" or "I'm a criminal". In fact, those who interview them will probably know very well that they are criminals or paramilitaries—they might even be mates. None the less, the schemes will assess their own staff.

It is suggested that one way of determining whether an individual is suitable will be to put them through the "protection of children or vulnerable adults" machinery. However, that will record only whether someone already has a criminal conviction. The only way to vet those who do not have a criminal record is to use normal police procedures and police intelligence. The police will know whether someone is currently involved in paramilitary or criminal activity and has not been caught. Again, however, that would involve the police.

On the face of it, the consultation provides a safeguard, but when we dig deep we find that there is no safeguard. Indeed, a researcher from Magee college at the university of Ulster has written a paper called "The Restoration of Restorative Justice". In it, he says:

"What about CRJ indeed being a new role for the IRA?"

That is the sort of thinking of many who support the scheme. To allow schemes to vet their own staff would be an abrogation of responsibility. There should be an oversight body to vet the staff, with information being supplied by the police; it would be same as the normal vetting procedure for a job of such significance.

The schemes will be responsible for training their staff. Paragraphs 19 and 20 contain high-sounding words about the highest possible standards, but how can we ensure such standards? There will be occasional inspections to ensure that the training is adequate. Again, I believe that an oversight body is necessary; it should be responsible for the training and personal development of those staff who have been vetted and selected. The schemes will also be able to handle complaints against themselves. Given those who currently people many of schemes, anyone making complaints against them might want to think twice.

Mr. Donaldson: On the question of schemes considering complaints against themselves, is it not the case that the police were required to move self-investigation and establish the office of the police ombudsman for the purpose of ensuring impartiality in investigating complaints against the police? Surely we should not expect a lesser standard to apply in respect of community restorative justice schemes.

Sammy Wilson: My hon. Friend reads my mind. He anticipates what I was about to say. He is right that the police require independent investigation of complaints against them, yet self-investigation and self-assessment

[Sammy Wilson]

seem to be allowed for the schemes. I believe that the Government are seeking to find ways to accommodate those who want the lowest common denominator when policing their own communities and who are therefore making those kinds of demands.

The guidelines are an abdication of policing in republican areas. They a sop to Sinn Fein and an attempt to allow it to fill the policing vacuum caused by its opposition to the PSNI. The Government have shown a typical lack of backbone on policing. I trust that this debate will at least help raise the importance of the issue. I emphasise again—I hope that the Minister carries this back to the Secretary of State—that political progress will depend on how the Government deal with policing in Northern Ireland.

I made it clear at the start that we are up for devolution. We are even prepared to take on the hard decisions that devolution may require, including with those who were previously wrecking our economy, but we will not do it on the basis of allowing them to choose the kind of policing that should be acceptable in Northern Ireland. That kind of Government would not be stable, it would not be acceptable, and it would not be supported by the majority of the population.

9.58 am

Mark Durkan (Foyle) (SDLP): I congratulate the hon. Member for East Antrim (Sammy Wilson) on securing this debate. He touched on a number of important matters. I have some sympathy with much of what he said, although I come to these issues from a different direction.

In his opening remarks, the hon. Gentleman spoke generally about the political situation and the prospects for devolution, and he linked possible political developments to the attitudes of the various parties in Northern Ireland to policing and to the Police Service of Northern Ireland. He criticised the Secretary of State's response to his party's attitude on those matters. I am not averse to criticising the Secretary of State from time to time for how he handles political affairs in Northern Ireland. However, I am at one with him in warning people about the dangers of turning objectives—no matter how valid—into preconditions. The history of our political process should tell parties that doing so only creates self-frustrating demands.

The worthy objective of ensuring full support and co-operation for the Police Service should not be made a precondition for the restoration of our political institutions. Flawed and wrong as Sinn Fein's position on policing and justice is, it did not bring about suspension. Such matters should not be made into preconditions for the restoration of the institutions. If the factors that caused the suspension of the institutions are, in the judgment of the Government, the Independent Monitoring Commission and so on, resolved and settled, then restoration of the institutions should take place and parties should pursue all the other issues through all the appropriate means and channels—challenging each other, testing themselves and so on. That is how things should be done, or else we will get lost in another pub crawl of preconditions.

Sinn Fein will have preconditions for its support, or nominal support, for policing, and funding community restorative justice schemes in a way that suits it and its personnel could be exactly one of those demands and preconditions. I warn the hon. Member for East Antrim that in making Sinn Fein moves on policing almost a central prerequisite for restoration of the institutions, he could assist Sinn Fein's attempts to extricate concessions on the quality and fabric of policing and justice, about which he expressed such concern.

There are huge contradictions in Sinn Fein's position on policing, and it should be tested and challenged on them. It should not be comforted by the Government with all sorts of side deals on community restorative justice. Nor should it be assisted by the creation by other political parties of a framework within which it can happily do various side deals—some of which we might see, others of which we might not.

The new dispensation in respect of policing derives from the Patten report. The Patten commission was established by the Good Friday agreement, and its report set out 175 main recommendations; it was a 10-year plan to change the nature and face of policing. We are in only the fifth year of that plan, but there is already huge progress; nearly 90 per cent. of the recommendations have been delivered. That huge success rate is due to the leadership in the Police Service and to the role and work of the Policing Board. If the SDLP had followed Sinn Fein's advice and approach and refused to take part in the board, that board would not have been established and would not have driven implementation of the Patten plan. Essentially, we would have been left with the status quo.

Sinn Fein needs to be challenged and tested, by the Government and others. I welcome the Minister, who deals with policing and security matters, but I hope that he will strike a tone different from that of his immediate predecessor, who seemed obsessed with spending a lot of time flattering Sinn Fein. During one broadcast, he actually credited Gerry Kelly of Sinn Fein with the Patten report and its implementation. He bent over backwards to humour Sinn Fein and told a very basic big lie, which was an offence to all the good and responsible people who took part in the leadership and management of the Police Service, or were on the Policing Board or in the district policing partnerships. The Government need to come to the issue with more consideration than they are showing.

Alongside the Patten commission, the Good Friday agreement established a criminal justice review. That review, among many other things, saw a role for restorative justice and, rightly, positively identified a place for such justice within the entire suite of the criminal justice system. The Social Democratic and Labour party fully supports that recommendation, just as we support the criminal justice review more widely. However, there is a difference between restorative justice as part of the fabric of the administration of justice—as one of the options or channels that can be pursued—and setting up the highly privatised version of administering justice that the Government seem to favour in their guidelines.

We should remember that in their approach to community restorative justice the Government set about accepting the existing schemes as a given. They did not conduct consultation on the broad principles and precepts of restorative justice. They did not ask questions about what qualities, principles and protections they needed to build in, what resources they needed to commit or

what legal framework they needed to build, so that people from anywhere in Northern Ireland could have access to the good model of restorative justice. The Government did not engage parties on what they saw, or on how examples from elsewhere in the world—Australia, Canada or wherever—could be applied to Northern Ireland, or how they could be varied to do so.

No, the Government set out to fix a funding problem for some existing schemes, particularly those run by an organisation called Community Restorative Justice Ireland. Those schemes' philanthropic funding was going to run out, and there was a crisis about how to keep them going. As part of keeping Sinn Fein engaged on policing and politics, the Government obviously decided, "Well, we'll see what we can do to fix things for you. We'll come up with a way of funding." That is where the whole question of guidelines and so on came from.

The Government had to consult on the guidelines only because a number of people identified and raised questions about what was going on. Initially, the Government denied that such engagement was even going on and that such plans were even afoot. Ministers did not know what we were talking about—there was total, blank denial that it was going on. Even the Prime Minister made it clear that he did not know. In meetings with us, he said, "Where did this come from anyway? I don't know what it means." Even he was in denial, but as the documents emerged, it was clear that things had not happened suddenly; there had been exclusive engagement between the Government, the groups directly involved in the scheme and one political party only. That was simply wrong. Anything that comes from such behaviour and dubious engagement is bound to be dubious itself.

The Government are happy to create twilight-zone arrangements, on the edge of or underneath policing, that might suit Sinn Fein. The Government are prepared to create a policing twilight zone in another direction, outside the Patten principles and the Patten plan; they have plans for an expanded and enhanced role for MI5 in Northern Ireland, to give MI5 primacy in intelligence policing. The Patten report is, however, very clear that intelligence policing should be in the hands of the Police Service of Northern Ireland. The difference is that in a matter of national security, the Chief Constable should report not to the devolved interest, whether that is the Policing Board or a devolved Minister, but to the national Government, through the Secretary of State for Northern Ireland.

It seems clear to me that the Government are quite happy to do a deal by which they try to tell us they will bacon-slice the Patten report from two sides. On the one hand bits of policing and the administration of justice will be privatised by way of community restorative justice and recycled paramilitaries. In many cases in the communities affected it will be a case of warlords turned law lords. On the other side, the bacon-slicing of Patten will consist of the expanded role that is to be given to MI5 in intelligence policing in Northern Ireland; so we may have crooks on the one hand and spooks on the other. Of course, the Government will then tell us that there is a balanced approach and that what we are left with in the middle, between the two sides that have been sliced, is the core of Patten. Of course, that will not be so.

I ask the Minister and the Government to think again and to return to Patten. I hope that the Minister will not rely on the briefings that he is getting from his Department to the effect that the changes are consistent with Patten. I hope that he will read the Patten report properly and come at the issue honestly and straightforwardly.

The hon. Member for East Antrim raised specific points about community restorative justice. One was about the way the proposed guidelines would strengthen the ability of people involved in the schemes to ignore the police, bypass the formal justice system and pretty much do their own thing. The main way in which that will happen is through the notion of what is called third-party referral. Let us consider that notion. Only last year Ministers, like the rest of us, condemned Sinn Fein's sidestepping evasion in response to the murder of Robert McCartney. When Sinn Fein belatedly started to answer some of the challenges and questions about Robert McCartney's murder, the most it did was begrudgingly say, "Yes, this was a terrible crime for which people should be brought to book, and if people have any evidence they can maybe make it available"—although it fully understood why they would not make it available to the Police Service.

The ruse that Sinn Fein came up with was giving the information to a third party. It made it sound very good and strong by including the police ombudsman among the third parties to whom it suggested people could give information. Some people did make statements to the police ombudsman. Some people made such statements and then did not sign them, which made them worthless as evidence. Some people made fairly vague statements to the police ombudsman, and, of course, many people made no statements at all. That was in relation to a vicious murder, which had been followed by a clear effort to clean up the bar and stage a cover-up, and which involved pressure being put on witnesses. The ruse to show that Sinn Fein was making an effort was the notion of reporting to a third party.

People rightly perceived the cynicism of that. The Government told us that they thought it was terrible—awful. The Prime Minister told parties that it was terrible and awful. He told the McCartney family that it was a terrible, awful, crude and cynical thing, which should not be allowed, and that he was making it very clear to Sinn Fein that that approach was not of an acceptable standard and was not on. But what have the Government gone and done now with the guidelines? They have incorporated exactly that standard as the new going rate for approaching the question of justice and policing. They are rewarding Sinn Fein's cynicism and saying, "That will do nicely. That will be the rule, the law, from now on. We will work it that way." People can pretend that so long as they engage under such justice schemes with a third party, that will be it.

That of course undermines the role of the police. Let us be clear. I should have my doubts in some situations about whether some police officers and senior police officers might abuse community restorative justice to abdicate their responsibilities in certain areas. Some police officers would be happy to take the line, "Well, we just police the highways and we let someone else police the alleyways and byways", and to use people in the community in that way. Many police officers would

[Mark Durkan]

be happy to wash their hands of some of the details and use the existence of the schemes to abdicate responsibility. I am not basing my objections and concerns about community restorative justice on the idea that only the police have a role and the police are wonderful; they, like other public services, will try—pardon the pun— to cop out, when they can and to land responsibility elsewhere. Indeed, that is already happening. In many cases, senior police officers are saying, "Well, there is nothing, really, that we can do. You should maybe go and talk to so and so. Have you talked to such and such about that? They might be able to do something."

We want a system of policing and justice like the one Patten promised. We want something consistent with the Patten vision, which was equal access to acceptable, active policing—not police who are more active in some areas than others or a localised form of policing that does one thing in one area and has a completely different standard in another. We do not want to privatise policing to former paramilitaries, as though it is some sort of occupational therapy for them, or a way to recycle those groups as they decommission and withdraw from active criminal behaviour.

The hon. Member for East Antrim made other points about how widely permissive the Government's guidelines are in enabling community restorative justice schemes to do their own thing—setting staffing criteria, investigating complaints against themselves and so on. I do not accept the idea that the schemes can investigate themselves—first, because of the point made by the hon. Member for Lagan Valley (Mr. Donaldson) that we have not accepted that the police should investigate complaints against themselves. We have been very demanding about requiring a full independent investigation mechanism, through the police ombudsman's office, so why should we accept something less in relation to the matters in question, which affect people's rights, and policing responsibilities, fundamentally?

Secondly, I do not accept the idea because community restorative justice as it is practised in Northern Ireland has already been subject to a number of complaints and challenges, including in the context of the McCartney case; personnel from the CRJ were involved in that. Subsequent to the murder there was a meeting in the Short Strand area to establish a restorative justice scheme, and among the people on the committee was someone known to have helped to direct the clean-up of Magennis's bar and someone else who was definitely and clearly identified as having been involved to some extent on the night. Those are the sort of people involved. We have put that evidence directly to the Prime Minister and his shocked Secretary of State—his shocked Secretary of State—but to no effect, because the guidelines, and the Government's intention, roll on.

My final point about complaints concerns Jeff Commander, a friend of Robert McCartney and the McCartney family who was viciously assaulted. His family has been trying to get that criminal offence dealt with properly, as the McCartney family did. One of the issues that has arisen is that a senior figure in Community Restorative Justice Ireland actually witnessed the assault on Jeff Commander, but he has still failed to give his evidence to the Police Service of Northern Ireland. The Government are still acting as though that is okay and as though that will be the going rate for co-operation on policing and justice issues. The CRJI is not even trying to deny that the crime was witnessed, and the family is being offered mediation with the CRJI and the republican movement. Indeed, it is being offered anything but justice—any way of handling, burying or sidelining the issue, but not justice.

I ask the Minister to think thoroughly about this issue and to talk to people who know how the CRJI works and who have seen it completely mishandle cases in which it has been way out of its depth. In cases involving sexual abuse, other sexual crimes and domestic violence, it has brought the victim and the perpetrator together in a way that is absolutely inappropriate and that breaks all the rules, all the guidelines, all the advice and all the standards. Do the Government not care about that? They let these people do their own thing and set their own standard, but that is not justice or policing. No notion of law will be worthy of its name if the Government say, "That's the way your society is to go."

Several hon. Members *rose—*

Mr. David Marshall (in the Chair): Order. The winding-up speeches will start at 10.30 am, but if hon. Members co-operate, both of those who want to speak will get in.

10.21 am

Mr. Christopher Fraser (South-West Norfolk) (Con): I concur with the comments of my hon. Friends. However, it is important to put some facts on the record.

As we all know, the Government are downscaling the number of British troops in Northern Ireland. In 1994, at the time of the IRA ceasefire, the number of soldiers was approximately 12,700. That number has since been cut to 9,300, and the plan is to reduce it to 5,000 by next July, and further if the Assembly is restored after talks with Sinn Fein and the Democratic Unionist party.

Further action will include the withdrawal of the military from five of the 10 joint police-Army bases, the closure of two military bases, which will bring the total to 22, and a 28 per cent. reduction in the flying hours of British Army helicopters. Part of the plan also involves the defortification of police stations to make them resemble normal buildings, which will involve the demolition of towers and observation points.

Public safety must the overriding priority, and there is enormous pressure on the Police Service of Northern Ireland to fulfil the role that will be left when the Army goes. That pressure is ongoing, and funding is necessary over and above that needed for the ordinary operation of the force. I completely agree with the Independent Monitoring Commission's report, which made that point, and I should like the Government to walk up on the issue.

In all that is being done, it is police officers on the streets who are being overlooked. As my hon. Friend the Member for East Antrim (Sammy Wilson) said, the Select Committee on Northern Ireland Affairs has visited

the Province on many occasions, and we have seen at first hand the difficult conditions in which police officers must work. The facts that I have just given, and the number of officers out there, mean that there is enormous pressure on people to do their job. Unless matters are handled in a coherent and co-ordinated way that is, most importantly, accepted by all political representatives across the community, I fear that officers who put their lives on the line every day for the peace that we all so want will be put under further undue pressure and that the aims that we all have will not be fulfilled.

10.24 am

Mr. Nigel Dodds (Belfast, North) (DUP): It is a pleasure to follow the hon. Member for South-West Norfolk (Mr. Fraser), and I entirely agree with the thrust of his remarks. I congratulate my hon. Friend the Member for East Antrim (Sammy Wilson) on securing this extremely important debate. A wide range of general political and more specific issues has been highlighted, and it is absolutely right that they should be. No issue is more important for the people of Northern Ireland than their security, and policing is central and fundamental to people's confidence as they move forward.

On the general situation, I listened to the warning from the hon. Member for Foyle (Mark Durkan) about making support for policing a precondition. The Secretary of State and the Prime Minister have referred to that on several occasions. I have to say that the Prime Minister looked extremely uncomfortable during a television interview in which a leading reporter put it to him that it would be absolute nonsense to suggest that someone could be in government in any other part of the United Kingdom who would not even recommend that people should give evidence or information to the police about a rape, burglary or murder. We put the same point to the Prime Minister when he visited Belfast last Thursday, and he admitted that that situation would be absurd. He talks about a deadline of 24 November, but if that situation is absurd today, or on 23 November, it will be equally absurd on 25 November, if not more so. It will be absurd if Martin McGuinness or some other member of Sinn Fein has responsibility for producing and for proposing laws in the Northern Ireland Assembly, but refuses to tell his people, or anybody else in Northern Ireland, to help the police to implement them. That would be absolute nonsense.

It is not the creation of a new precondition to say that support for the police and the institutions of law and order is a prerequisite for being in government. As we have said all along—the authors of the Belfast agreement voted this into the agreement—there must be a commitment to exclusively peaceful and democratic means. In my estimation, and in that of most reasonable, ordinary, decent people in Northern Ireland, someone who is committed to exclusively peaceful and democratic means should support the police—that is not rocket science. We should not get into the business of saying, "We would like you to support the police. We hope that you will in due course. However, it shouldn't be a precondition."

Let us face the fact that if Sinn Fein gets into government in Northern Ireland and does not then support the police, there will be absolutely no pressure on it to start supporting them. The hon. Member for Foyle referred to the lessons to be learned from the current process, and the biggest lesson, which the Ulster Unionist party did not learn—costing it its seats in this House and its position in Northern Ireland—concerns what happens when we pander to Sinn Fein and do not take a zero-tolerance approach to such issues, but say, "We'll have a parallel process. We'll let you into government." The Ulster Unionist party did not learn what happens when we say, "You can decommission alongside", or, "You can get involved in the democratic process and wean yourself off criminality, terrorism and paramilitarism when you get into government and start to work Government institutions. That's the way to go." When Sinn Fein went into government, it was quite clear that it did little or nothing about any of the rest of the stuff; it carried on with its paramilitarism and criminality and did not decommission its arms. The lesson that we must learn is that if we want Sinn Fein-IRA to commit to supporting the police and the institutions of law and order, they must do so before they get into government. After that, there will be no means to exert pressure on them to do anything else.

I agree with a large amount of what has been said about community restorative justice. I simply make the point that there are community restorative justice projects in Northern Ireland that work alongside the police and that involve the police not only in their day-to-day operations but in their management committees. I mention Northern Ireland Alternatives, which works in my constituency, in North Down and in other constituencies. Where community restorative justice programmes involve the police and do not give rise to the problems to which my hon. Friend the Member for East Antrim and the hon. Member for Foyle alluded, there is a case for saying that they should be looked at differently from schemes run by Community Restorative Justice Ireland, which refuses to have the police anywhere near. There is a distinction there.

On the general point, it is essential for the confidence of the people of Northern Ireland that their local areas and housing estates are policed in a way that is transparent, so that they have confidence that things are not being run by paramilitaries or those associated with them. Community support police officers give rise to the same sort of concerns among ordinary people, who think there is a danger that local paramilitaries could gain a foothold in the policing of local areas if such officers are recruited from local communities. It is essential that we examine draft legislation and terms of employment before any final decisions are made and that, whatever happens, there are clear procedures for vetting officers, so that no one becomes a community police support officer who would not be entitled or able to become a regular police officer. There can be no double standards or lower standards in respect of anyone who seeks to become a community support officer, as there are real concerns in areas that I represent and in others that it could be a back door for paramilitaries.

The lack of public interest in the operation of local district police partnership arrangements and the fact that members of the public are not turning up to meetings has been highlighted recently, particularly in

[Mr. Nigel Dodds]

the *Belfast Telegraph*. On some occasions, meetings have been abandoned because there was not a quorum. Colleagues and I have been involved for a long time in local police liaison committees in my patch of north Belfast. They have worked well and have had good attendance. The police have come to meetings and responded to local concerns. Those committees believe that they are being bypassed in favour of DPPs, which are formal and structured and which do not allow the same input from the local community on bringing the police to account.

I ask the Minister to justify the millions of pounds that have been spent on the DPP structure across Northern Ireland. Many people believe that it is not working. It does not bring the police to account in the way envisaged in Patten. Rather than sticking to every letter of what Patten said, people should think about what works, what is effective, and what, in fact, delivers. Something may well have been in Patten, but it should be reviewed if it is not working. We must be prepared to be flexible and think about structures that can properly bring local police to account.

10.32 am

Lembit Öpik (Montgomeryshire) (LD): I thank the hon. Member for East Antrim (Sammy Wilson) for giving us the opportunity to debate policing in Northern Ireland. He will know that the issue that has been vexing many of us in Wales is whether the four forces of the Welsh police service should be merged. However, in comparison, the problems in Northern Ireland policing dwarf the difficulties faced anywhere else.

We have heard much about community restorative justice schemes. We have heard criticism as well as support. My judgment is that they have an important role to play in dealing with the low-level crime that most commonly concerns local communities. Such schemes can sometimes provide a more effective and productive route for both the offender and the victim. A more victim-oriented solution is possible that brings to the attention of some offenders the reality of their actions. There is some evidence to suggest that well-run CRJ schemes reduce the risk of reoffending.

In addition, CRJ may be useful in preventing young people from taking a more formalised criminal path. Such schemes seem to work well in places such as New Zealand, United States and Canada.

However, as we have heard, there must be safeguards. They were set out in the review and included upholding the human rights of all participants, receiving referrals from the criminal justice system—I shall return to that—being open to inspection by the independent criminal justice inspectorate of Northern Ireland and adhering to high standards. The real danger is of such systems operating outside the law, and we heard strong arguments about that.

I am sorry to say that many schemes seem to have fairly clear-cut, albeit indirect, links to paramilitaries, in that they employ individuals with terrorist records. They rationalise the role of paramilitaries in society and take referrals from such organisations. A recent Independent Monitoring Commission report highlighted the dangers of CRJ schemes operating without proper guidelines, or weak and ineffective ones. Therefore, any firm proposals must be accompanied by rigorous safeguards and proposals.

It is fair to say that over the past few years the Police Service of Northern Ireland has become the most heavily scrutinised and accountable service anywhere in the world. Therefore, it would be totally unacceptable for policing functions to be devolved to the community, which has much less demanding procedures in place, in a way that appears to bypass the police.

I have good news for hon. Members: in October 2005, Northern Ireland's finest political party, the Alliance Party of Northern Ireland—I believe that I can say that without fear of contradiction—*[Interruption.]* Perhaps not. I seem to have created the greatest controversy in the debate so far with that comment.

The Alliance party put forward several key principles that should guide any formal state co-operation with or recognition of community-based restorative justice schemes. Whether or not hon. Members vote for the Alliance party, I hope that they will consider the five key elements of the recommendations. First, there must be protections to ensure that neither the victim nor the alleged perpetrator is coerced into participating with any scheme, and must have the right to exit the process at any stage. Coercion can be actual or perceived, and some schemes, particularly those with perceived paramilitary links, can carry with them the undercurrent of threat, based on who the people involved are or with whom they are associated. That is unacceptable.

Secondly, statutory agencies including the police must be represented on the boards of such schemes. Thirdly, the police must be informed of all referrals and should be able to make an independent judgment regarding whether a particular suspect would be better processed through the formal criminal justice scheme or through the scheme.

Fourthly, those running CRJ schemes must receive formal training. It is not good enough for them to say, "I will deal with this, I have plenty of experience", not least because often that experience itself can lead to concerns that a paramilitary operation is functioning under the cloak of legitimacy. Fifthly, the operation of CRJ schemes and their funding must be subject to annual review by the Northern Ireland Office to prevent any risk of corruption in respect of funds.

CRJ schemes must not be an alternative to the existing policing and criminal justice system but a complement to it. That point was made by the hon. Member for East Antrim and others, and I very much agree. Indeed, I would not support any proposal that allowed a CRJ scheme to bypass contact with the police, for all the reasons that we have heard. However noble and thorough the Probation Board of Northern Ireland or the Youth Justice Agency may be, they are not the police.

Many people have swallowed bitter pills in the re-formation and restructuring of the police specifically to make it easier for Sinn Fein and others to participate in the police service. We can go as far as saying that if certain people are not prepared to accept the legitimacy of the police, it calls into question their fitness to operate CRJ schemes. CRJ can operate only in conjunction with the PSNI. There can be no equivocation on that point, as anything else or anything less gives succour to the argument that the police in some way are not legitimate. We must leave that thought behind.

It is also objectionable to recognise any scheme that places or entrenches paramilitary organisations in a position to control the procedure in any part of Northern Ireland, thereby subverting the interrelated values of respect for human rights, democracy and maintenance of the rule of law. We have heard good arguments about that which I shall not repeat. I am committed to maintaining the highest standards of justice and the rule of law in Northern Ireland, and, as we form the details of CRJ schemes, I am concerned to ensure that we take seriously the issues that, with the best will in the world, could create the unintended consequence of entrenching paramilitarism within the state structures. I look forward to hearing what the Minister has to say about that.

We are opposed to the efforts of paramilitary groups to police communities through beatings and shootings. We must recognise that, whatever a person's view about CRJ schemes, paramilitary beatings must become a thing of the past. Such attacks are wrong in all circumstances and should in no sense be tolerated on the spurious grounds that they fill a vacuum, pending the formation of a more legitimate police service. We have a legitimate police service. Now is the time for Sinn Fein and others to adhere to the rule of law and to participate within a law enforcement process that is there for all to see. We must recognise that paramilitary beatings constitute actual or grievous bodily harm under criminal law and are offences in themselves, not restorative justice by any stretch of the imagination.

To that end, I make a direct appeal to Sinn Fein. If there is to be public confidence in the IRA's statement of last July, Sinn Fein must demonstrate its declared commitment to exclusively peaceful and democratic means by participating in the policing arrangements of Northern Ireland. Although I have a lot of respect for many in Sinn Fein and the long journey that they have made, it remains a bald fact that Sinn Fein must show that it has truly broken its links with the IRA. The best way to do that now is to indicate that there are no alternatives to the Police Service of Northern Ireland by henceforth participating in its management.

10.41 am

Mr. Laurence Robertson (Tewkesbury) (Con): I congratulate the hon. Member for East Antrim (Sammy Wilson) on securing this debate and on the typically passionate and eloquent way in which he spoke. Policing in Northern Ireland is obviously a subject close to his heart, as it is close to my heart and those of many in Northern Ireland. I do not intend to speak for long, as I want to give the Minister a chance to answer the many points that have been raised, but I entirely endorse the points that the hon. Gentleman made about the requirement for Sinn Fein to support the police.

A few weeks ago, I and the shadow Secretary of State for Northern Ireland, my hon. Friend the Member for Aylesbury (Mr. Lidington), sat in front of Mr. Adams and Mr. McGuiness and made that very point. Mr. Adams responded by saying that he was not sure that he could take his community along with him. If that is the case, I really do not know where we go from there. How can we have someone sitting in government who not only does not support the police, but does not recognise their legitimacy? The reason those in Sinn Fein do not recognise the legitimacy of the police is that they do not recognise the legitimacy of the British Government—as they refer to them—in Northern Ireland. Sinn Fein does not even call Northern Ireland Northern Ireland; it calls it the north of Ireland and talks about the British Government, as if they were nothing to do with them at all.

I hope that we can get the Assembly kick-started again, because this afternoon this place will have to deal with yet another statutory instrument, which covers a number of issues. We shall have to take all of it or leave all of it—we cannot amend any of it—yet most of us on the Committee do not even live in Northern Ireland.

I hope that the Assembly can get up and running again, but is it fair to ask my hon. Friends in the Democratic Unionist party to sit alongside people who have committed dreadful crimes in the past? People can repent and move on; but moving on is the requirement, and that means that people should accept the legitimacy of the Government and the police and do everything that they can to support them. As my hon. Friend the Member for East Antrim said, that does not just mean joining police boards—we can all go and join a club tomorrow—but going with hearts and minds. Until the hearts and minds are right, we will not get the Assembly up and running, and we will not make progress.

I mention my hon. Friends in the Democratic Unionist party, but on Monday and Tuesday I was in Belfast for meetings with all the political parties, apart from Sinn Fein; it is not that I do meet Sinn Fein—I do—but it was not possible on that occasion. I spoke to the leader of the Ulster Unionist party, who said that he very much hoped to get things up and running. I asked, "Well, would you go into Government with Sinn Fein with the situation as it today?" His response was, "I think I'd want to see some movement on policing first." So, it is not just my hon. Friends in the Democratic Unionist party who say that. All legitimate parties recognise that there must be some movement—the hon. Member for Foyle (Mark Durkan) came at the issue from a different angle, but he has also been concerned about the situation for a long time.

On my previous visit to Northern Ireland, I went to south Armagh and spoke to the police there, who are very concerned about the proposed reduction in the Army numbers. They told me that their police officers cannot even go into shops in the area and be served, and that the MP for the area will not even speak to them, never mind support them or encourage his people to go to them if they have witnessed a crime. Is he to sit in the Government? In my judgment, it would be difficult for him to do so.

When I went past Magennis's bar on Monday, I was reminded of the IRA's continued activity. At the very time when it was negotiating to sit in Government, 18 or so months ago, it was planning the Northern bank robbery, the money from which has not been fully recovered. There was the dreadful murder in Magennis's bar, which the IRA cleaned up to hide the evidence, rather than taking it to the police, and there was the dreadful gang rape of a young girl shortly after that. Was evidence taken to the police? No: an attempt was made to clean up the scene. Although I share the desire for the Assembly to be up and running again, for the

[Mr. Laurence Robertson]

reasons that I have given, the more often I visit Northern Ireland, the more I am convinced that Sinn Fein-IRA have to support the police in their hearts and minds.

Something odd about going over to Northern Ireland regularly is that one reads the local newspapers, which one does not much see in this country. They report much that is not reported over here, which is significant. It is easy for Members to sit in this Chamber and say, "Oh, they should join the Assembly and sit in Government—they should give it a go", but it is very different over there and much more difficult than we perceive to say such things.

I entirely endorse everything that my hon. Friend the Member for East Antrim and other hon. Members have said. I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on making a robust speech, as well as my hon. Friend the Member for South-West Norfolk (Mr. Fraser) on his telling remarks about the reduction in support that the Army will be able to give to the police, which is a worrying development.

I have gone on for slightly longer than I intended, but I wanted to express, on behalf of Her Majesty's official Opposition, our entire agreement with the words that the hon. Member for East Antrim so eloquently put to us.

10.48 am

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): I congratulate the hon. Member for East Antrim (Sammy Wilson) on securing the debate. He has a significant track record on such matters and was an assiduous member of the Policing Board for a number of years. Just as his presence is felt here, so I am sure his absence is equally felt there.

The hon. Gentleman raised issues of local policing, which are top priorities for our constituents wherever we are in the United Kingdom. He focused on a number of issues in relation to Northern Ireland, with which I shall deal in a moment. I am sure that he would join me in paying tribute to the fine work of police officers in Northern Ireland and their continuing success in tackling crime at all levels.

Hon. Members have referred to publication of the report later today on organised crime in Northern Ireland. The tenacity with which the police and other agencies are dealing with that threat is commendable. Equally, dealing with community policing issues is important. During meetings with the Chief Constable and senior colleagues, as well as with officers in a number of locations, such as Omagh, Foyle, Newry and south Armagh, I have been struck by their absolute commitment and dedication to ensuring that the communities of Northern Ireland can live in safety and security.

The context for policing is changing, as I think we would all acknowledge. The political and security contexts have improved. The symbolism of the Select Committee on Northern Ireland Affairs publishing its report in Armagh today speaks volumes for the progress that we have made, notwithstanding the fact that it will highlight some of the remaining challenges. The organisational changes that have emerged from Patten are also highly significant. We know from the oversight commissioner's report that three quarters of those recommendations have been implemented.

I was struck by the comment from the hon. Member for Montgomeryshire (Lembit Öpik) that the policing structure in Northern Ireland is probably one of the most accountable in the world. With the Policing Board, district policing partnerships, the police ombudsman and so on, the system is very transparent. It is far too early to be sure, and it would be utterly naive to describe Northern Ireland as normal in relation to policing, but we should not be over-pessimistic either. We are moving to a situation in which things that we might take for granted in other parts of the United Kingdom, such as police being able to police in their own areas, where they live, should become the norm in Northern Ireland. In the past, that has not been the case.

I shall deal briefly with points made by the hon. Member for South-West Norfolk (Mr. Fraser) and his Front-Bench colleague, the hon. Member for Tewkesbury (Mr. Robertson) on the reduction in the number of Army personnel in Northern Ireland. We have made it clear that as we move down the path of normalisation there will be fewer military in Northern Ireland. From August next year, there will be a garrison presence of 5,000, which will represent a reduction from current numbers. We should take encouragement from what is happening. No military personnel at all were engaged with the Whiterock parade just over a week ago. We need to acknowledge that that is a move forward.

I am sure that all hon. Members present would join me in congratulating the police officers acknowledged in the recent community policing awards, which take us to the very essence of effective local policing. I pay particular tribute to Constable Chris Murdoch in Coleraine, who received the top award for being the community police officer of the year. He was recognised as a highly visible, accessible police officer who makes a contribution to improving the quality of life in his area. He is also very good at catching criminals, which is a rather good characteristic for a police officer.

Public confidence is high. Some surveys reveal that more than three quarters of people in Northern Ireland have confidence in police and policing arrangements, and Northern Ireland is, despite all the difficulties and challenges we face, one of the safest places in the United Kingdom in which to live in terms of crime.

I shall move to some of the specific points that the hon. Member for East Antrim and others raised. There was discussion of the position of Sinn Fein in relation to policing. Of course, the Government want to see Sinn Fein take its seats on the Policing Board and support policing at the earliest possible opportunity. I gathered from what the hon. Member for East Antrim said that, for all the difficulties in the past, he, too, wants that. However, it must be active support, not just sitting on a seat, and I fully support what the hon. Gentleman said about that. I do not accept—he will not be surprised at this—his description of my right hon. Friend the Secretary of State for Northern Ireland. The point that my right hon. Friend has made is that the

pledge of office is sufficient. The commitment to exclusively peaceful and democratic means is an unequivocal commitment.

Mr. Dodds: But the same Sinn Fein Ministers took exactly that pledge previously when they took office, and they did not support the police then. Given that, what gives the Minister any confidence for the future?

Paul Goggins: What gives me confidence is the progress made since then. That progress is backed by the IMC report, which both the hon. Gentleman and I have read. It clearly indicates the path to peace, which is now a clear commitment from the Provisional IRA. We look forward to further reports, as I am sure the hon. Gentleman does. He will be looking carefully at the next IMC report when it is published in October.

Let me move on to the core issue that the hon. Member for East Antrim raised and on which other hon. Members commented: community-based restorative justice. In a way, the wrong Minister is responding this morning, in that justice as an area of policy is the responsibility of my hon. Friend the Minister of State, Northern Ireland Office. Hon. Members will know that he has been engaged in a consultative process. They referred to the guidelines that have been out for consultation. My hon. Friend hopes to make an announcement relating to community-based restorative justice and the conclusions of the consultation in the very near future and certainly, he hopes, before the summer recess.

I am pleased that the hon. Member for Lagan Valley (Mr. Donaldson) made his point about how effective restorative justice can be. Previously, when I was in the Home Office, I had responsibility for a time for promoting restorative justice. Whether it is face-to-face or indirect restorative justice, it has a role to play. Particularly from the point of view of the victim, it can be a valuable experience. However, we must ensure that all community-based restorative justice schemes operate in full co-operation with criminal justice agencies. We simply cannot have a parallel criminal justice system. We need a system that reinforces confidence in the criminal justice system, rather than detracting from it. My hon. Friend will make a statement on the detail, but let me make four brief points.

First, all criminal cases referred to restorative justice schemes will have been investigated by the PSNI and will be referred by the Public Prosecution Service. There is no back-door route to restorative justice; things have to be done through the front door and with the full consent and involvement of criminal justice agencies.

The second point was raised by the hon. Member for East Antrim. Victims must of course agree to participate in any restorative justice scheme. However, their agreement alone is not enough; there must be the agreement and involvement of criminal justice agencies.

Thirdly, the police must of course be involved in all restorative justice schemes; that will be a prerequisite of all schemes. The police cannot be sidelined in that process; they must be engaged.

My hon. Friend the Member for Foyle (Mark Durkan) made the fourth point forcefully: high standards must operate in respect of restorative justice schemes. There must be a robust accreditation scheme. Of course, no one currently engaged in paramilitary activity could possibly be allowed to participate. There will be and there will need to be oversight by the criminal justice inspectorate. That is as far as I can go this morning. We await the further details that the Minister of State will announce in due course.

I shall deal briefly with the comments of my hon. Friend the Member for Foyle on national security intelligence. He invited me to read the Patten report for myself. I hope that he has enough confidence in me to know that I would do that. I draw his attention to Patten recommendation 20, which is:

> "Responsibility for policing should be devolved to the Northern Ireland Executive as soon as possible, except for matters of national security."

It is not true to say that Patten recommended that national security should stay in Northern Ireland; he recommended quite the opposite. What he recommended and what we intend to do from next year is to put Northern Ireland on the same basis as the rest of the UK.

Mark Durkan: I do not dispute what the Minister has quoted from the Patten report, but that report went on to say that the Chief Constable would report on matters of national security to the Secretary of State as opposed to the devolved interest. That is how the difference between national security and regional policing is dealt with, not by giving MI5 the role proposed.

Paul Goggins: What I can say in the brief time left is that the Chief Constable is of course deeply involved in discussions and negotiations about the future arrangements. He has made it clear that he will sign off only arrangements with which he is entirely happy. I hope that that gives my hon. Friend confidence for the future. Basically, the arrangements will put Northern Ireland on the same footing as the rest of the United Kingdom in relation to national security intelligence.

I am pleased that the hon. Member for Belfast, North (Mr. Dodds) raised the issue of police community support officers, whom the Policing Board has decided to recruit. I reassure him that there will be absolutely no lesser standards in relation to recruitment criteria and vetting. It cannot be a back-door route. The same standards have to apply to PCSOs as to all police officers, but they can make a big difference. They are highly visible, out in the community most of the time, and they will make an effective contribution.

Sutton Magistrates Court

11 am

Tom Brake (Carshalton and Wallington) (LD): I welcome the opportunity for this timely debate. I am aware that my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) wishes to make a brief contribution to the debate.

Mr. David Marshall (in the Chair): Order. May I just correct the hon. Member? Your colleague cannot make a brief contribution without the consent of the Minister and the Chair, but he can, of course, intervene on you.

Tom Brake: Thank you, Mr. Marshall, for that intervention. I hope that the Minister will be receptive to the idea that my hon. Friend will share my time in this debate. I think that she has nodded her assent to that proposal.

This is not our first debate on Sutton magistrates court. My hon. Friend secured a debate on this subject on 14 May 2003, to which I contributed. I also secured a question high up the list in Prime Minister's questions on 26 March 2003, when I asked him whether he could explain why the Greater London Magistrates' Court Authority, which existed then and was responsible for the courts in London, had decided to close Sutton magistrates court. It is worth reminding hon. Members of the Prime Minister's response. He said:

"I regret to say that the honest answer is that I cannot explain that, since I am not fully aware of the circumstances. I can certainly look into what those circumstances are, but I assume that the decision has been taken by the magistrates authority. There it is; it is a local decision".—[*Official Report*, 26 March 2003; Vol. 402, c. 290.]

I am afraid that that could not be further from the truth. The GLMCA was not local in any true sense of the word. The real locals—justices of the peace, councillors, Members of Parliament, Victim Support, residents and the police—were all opposed to the closure. The GLMCA, which is not accountable to the local community and had no connections with it, as far as I could detect, favoured closure on cost grounds.

I congratulate the Minister at that time, Christopher Leslie, on granting the local authority's appeal against the closure, so Sutton magistrates court did not close in 2003. One consideration that now gives me cause for concern is that the local authority can no longer appeal, so it is down to other parties to object or try to get overturned any future decision to close the court, should such a decision be taken. When Christopher Leslie made that decision he issued a press release, which I shall quote, because it is very relevant. He said:

"There are good arguments for and against the proposals put forward by the GLMCA, but I believe that justice in London is best served by keeping open these courts. By retaining them, Londoners can see their local court in operation. This is vitally important if people are to have confidence in the criminal justice system."

He went on to say that he had decided that each borough needed a local court given the size of the population that the courts serve and the high use made of them. I very much welcome those statements.

The press release also said, of another appeal, that Mr. Leslie judged that it would be particularly difficult for Harrow borough residents to get to Brent courthouse, which is where work would have been reallocated. It is worth dwelling on that point, because it might be proposed that the court in Bromley could be used as an alternative venue for some or all of Sutton court's cases. I recommend to the person who might put forward that proposal that they attempt to travel from Sutton to Bromley. I have made that journey five times in the last month or so, because of the by-election there. I imagine that by car it would take about an hour to an hour and a half in the week. To travel that journey by public transport requires one either to go in to London Victoria and right back out again and take bus connections at either end, or to take a train journey to East Croydon or West Croydon, followed by a tram to Beckenham junction, followed by a train to one of the Bromley stations and a bus at the other end. Clearly, many people, whether they are due to appear in court or to attend as a victim or witness, would simply rather not undertake such a journey. I cannot see how Bromley can be a viable alternative.

I do not have time to go through everything that was put forward in the local authority's appeal when it fought the court's closure, but I shall quote the final paragraph of the document, where it says that

"it is apparent that any decision to close the Sutton courthouse would have an adverse impact on the majority of court users and therefore fails to comply with what the GLMCA has set as one of the central tenets for its existence 'providing a better level of service to court users at the point of delivery—in the courtrooms and at the courthouses'."

Surely, whatever review is under way, that is what it must be about.

It has been quite hard to find out what is driving the current review of the courts. According to an official at Her Majesty's Courts Service, there is no formal review under way, and what is happening is just part of the normal business planning process. It appears to be driven by the London estates strategy, which talks about the estate having a direct impact on the user experience in relation to victims, witnesses, jurors and people with disabilities. I certainly support that, but organisational changes are being proposed that would see the court clustered with Croydon and Bromley. Apparently, a paper is to be circulated some time this month, and there is to be formal consultation in September or October. Will the Minister comment on that time scale and whether that process will be followed?

If Sutton is proposed for closure, will the following steps be taken? Will the reason for the proposed closure be published? Will there be a consultation paper and time allowed for responses to the paper, after which an area director will decide whether to confirm the court closure? Will that decision then go to a courts board and eventually arrive on the Minister's desk for her to sign off? I hope that she can confirm that. Her officials behind her have just nodded their heads, so it seems as though that procedure would have to be followed.

Local JPs are worried that clustering will be the first step towards closure. They particularly think that if each court in the cluster is not appointed a bench legal manager—the person who arbitrates on legal procedure, acts as a channel of communication with the police and

Crown Prosecution Service and provides a link between the court's operational activities and the magistrates—that will lead to the demise of the court. They are also worried that the demise of Sutton magistrates court is being precipitated because there is a shortage of administration staff there, which means that although it has the legal capacity to do more work than it does, it does not have the administrative capacity to support that. The court might therefore appear not to be busy. I can confirm that administrative support is missing; having made repeated attempts to call the court to discuss this issue, I eventually had to find another way to contact the court because the phones were, regrettably, not answered.

There are many local concerns, but I shall conclude now to allow my colleague to contribute. We fought and won a battle on this issue three years ago. The arguments that we then deployed in favour of the magistrates court are just as relevant now. We want local justice to be delivered locally by local magistrates, and that is why the court in Sutton must stay open.

11.9 am

Mr. Paul Burstow (Sutton and Cheam) (LD): I am grateful to my hon. Friend the Member for Carshalton and Wallington (Tom Brake) for applying for and securing a debate on this subject today. I am also grateful to the Minister for giving me the opportunity to contribute briefly to it.

As my hon. Friend rightly says, when this debate came up and when we became aware that in the wind was the possibility that Sutton courthouse might again be under threat of closure, there was a sense of déjà vu. As he said, just three years ago such a threat was hanging over it. Then, it was the Greater London Magistrates' Courts Authority that was making the running and setting out the arguments for closure. I say setting out the arguments, but in a way the closure proposals then lacked any robust evidence to argue the case and the process lacked transparency. Time and again, my hon. Friend and I would write to the GLMCA on behalf of the magistrates court chairman at the time, Tony Kerr, asking questions and seeking data. In response, we received either no answer or prevarication; we did not receive the information that was relevant to understanding the basis on which the GLMCA was proceeding.

Following much hard work by the justices of the peace, the Sutton bench, in particular Tony Kerr, and colleagues on the council of the London borough of Sutton, and some lobbying both at Prime Minister's questions and in other ways by myself and my hon. Friend, we seemed to have been able to unpeel the lack of evidence and get the Department to understand that the basis for the closure proposal was not robust, and was indeed rather flimsy. Consequently, the appeal that was made was upheld, and we were grateful to the Minister at the time for reaching that conclusion.

It is hard to see what has changed in the past three years, except that there has been a diminution of the services available to my constituents over the past few years, as access, at least by telephone, seems to have worsened. When one examines the strategy that is being put forward by Her Majesty's Courts Service, particularly the strategic goal that is set out in the business plan, one finds it hard to reconcile the proposition that might now come along of clustering, and of moving my local courthouse and requiring victims of crime, the local police service and others to make the journey all the way to Bromley to have their cases dealt with.

As my hon. Friend rightly identified, the difficulties of getting from the London borough of Sutton, particularly from Worcester Park, which is at the furthest extent of my constituency, all the way to Bromley beggar belief. Orbital movement in that part of London is difficult. Public transport is not effective in facilitating easy transit. How on earth could the closure be seen to be improving access to justice? I would need to see some close argumentation from Her Majesty's Courts Service before I could be convinced on that matter. Many of my constituents would not be convinced that such a move made sense from their point of view.

My delight in my hon. Friend's securing this debate is tempered by the fact that, three years on, we are back to square one; we are back to the point where this debate must happen and we must ask the Minister some questions. The key issue for me is that if we are now about to embark on a similar process of examining the need for this courthouse, we must be clear that this time there will be transparency, honesty and the availability of the data. If those things are not present, and if we cannot see the data—

Tom Brake: On clarity, does my hon. Friend agree that it would be important to know what the estates strategy means when it talks about Sutton court being an "opportunity"?

Mr. Burstow: Yes, there is a lovely euphemism in the business plan; it talks of "integration opportunities". I call them mergers and closures. That is what we are talking about. It is an opportunity to close a courthouse, realise an asset and reinvest it elsewhere in the business activities of Her Majesty's Courts Service. The downside is that our constituents and those who are victims of crime do not have as easy access to the courts service.

I end with the fact that I am particularly concerned about the amount of time that will potentially be wasted by police officers from my patch having to travel further to be present in court. That runs the risk of non-attendance and of people who should be patrolling our streets and looking after our communities not being able to do that job—even more so than at present. That must be a consideration. So, for the same reasons as were given by my hon. Friend, we need transparency in any process of decision making on this, and reassurance that we will get to see the full facts on which any decisions are based. Local people want, need and deserve to have local justice delivered by local magistrates close to home, not a long way away, in Bromley.

11.15 am

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): I congratulate the hon. Member for Carshalton and Wallington (Tom Brake) on securing the debate; perhaps I should congratulate the double act that is now in place, because he and the hon. Member for Sutton and

[Bridget Prentice]

Cheam (Mr. Burstow) are each sharing one another's concerns, as they did a few years ago. I am pleased that I have the opportunity to respond on behalf of my Department, although I should apologise for the absence of my right hon. and learned Friend the Minister of State, Department for Constitutional Affairs, who would normally respond on these issues. Unfortunately, she has had to be away on departmental business.

Obviously, the comments that the hon. Member for Carshalton and Wallington made show that he has been concerned about this issue for some time. I am very much aware of the strength of feeling in the local community; it was clearly and successfully demonstrated in 2003, when the decision to close Sutton magistrates court was taken by the then Greater London Magistrates' Courts Authority.

I am grateful for the positive and gracious comments that both hon. Gentlemen made about my friend, Christopher Leslie, who was the Minister at the time and who, along with the Lord Chancellor, upheld the subsequent appeal, having taken into account the needs and views of local users. I hope that by saying this at the beginning of my response, it will give some reassurance to both hon. Gentlemen: our position remains that there are no plans to close Sutton magistrates courthouse.

The court is a five-courtroom courthouse in the centre of Wallington. The property is wholly owned by Her Majesty's Courts Service, and is in a good state of repair, which is perhaps unusual when one considers the comparison with other courthouses in London—the one that serves my local community could do with some money invested in it, and I may come to that point later. Some 17 staff are employed, including legal and administrative staff, and there is strong support from about 90 magistrates. It serves the community of Sutton and the surrounding area, with a mixed case load of criminal and family work, and it does so to a high standard. It is important to put that on the record.

Her Majesty's Courts Service works closely with key local stakeholders, criminal justice agencies, magistrates and the judiciary on the effective delivery of services to local communities. It must also balance the demands placed on it with the resources that it has at its disposal.

I am acutely aware of the need to provide services as close to the local community as possible, as the hon. Member for Sutton and Cheam made clear in his closing remarks, but there is also a requirement on the Courts Service to review continuously the effectiveness and efficiency of its operation, to maximise the use of its buildings and to provide the best front-line service possible to local users of courts.

Within the London region, recent discussions with magistrates and criminal justice agencies have concluded that there would be a benefit to grouping neighbouring magistrates courts into clusters. That would improve the flexibility in the listing of cases, use courtrooms more efficiently and allow staff to be deployed more flexibly.

In practice, such a move could make it possible to run trial courts alongside each other, and allow the listing of work into those courts from any of the boroughs within the cluster. It could also concentrate the work of certain non-Crown Prosecution Service prosecution agencies in particular courtrooms, so releasing CPS prosecutors to appear at other remand and trial courts; accommodate the administration that undertakes important back-office functions at a single location to improve the quality, consistency and efficiency of the service provided; and allow the creation of a single legal team to support all the courts in the cluster, thereby providing better cover and increasing the range of work available to each legal adviser. That should have positive results for the local community. In particular, it should provide benefits to victims and witnesses because the cases in which they are involved will be listed and progressed more quickly. It should also provide benefits for the magistrates working in the cluster groups because they will be able to gain broader case experience.

As the hon. Member for Carshalton and Wallington said, it is proposed that Sutton magistrates court is clustered with Croydon and Bromley courthouses as one of the 10 clusters recommended for London. To be fair, the hon. Gentleman made the point about Bromley, but Croydon is also in that cluster. I heard what he said about travel problems between Sutton and Bromley, but Croydon is an important transport hub for both Bromley and Sutton and we should not lose sight of that.

Tom Brake: While that is true, in fact transport connections from the London borough of Sutton are via West Croydon, but the main interchange is East Croydon, so transport access is not straightforward.

Bridget Prentice: Yes. I know the area very well and I understand the hon. Gentleman's point.

There is already a precedent for joint working between courts in south-east London. For example, Camberwell has a satellite court at London Bridge, and Greenwich and Woolwich magistrates courts work co-operatively together, which has proved to be very productive in terms of relationships. I have a personal interest in that because those courts serve my community.

Mr. Burstow: Would it be possible, after the debate, to obtain access to information about any modelling that has been done of the cluster idea in terms of its effect on the use of the three courts' capacity and what it might mean for our constituents in terms of their travelling and where they might end up travelling to? It would be useful to know whether any modelling has been done.

Bridget Prentice: I will certainly try to ensure that if such information is available it is provided to the hon. Gentleman and the hon. Member for Carshalton and Wallington.

Tom Brake: We referred earlier to the fact that Sutton is an opportunity court. The comments on other opportunity courts state that Ilford, for example, has the potential to relocate. Could the Minister try to ascertain from the relevant Department precisely the way in which Sutton constitutes an opportunity?

Bridget Prentice: I shall come to the definition of opportunity, but it means that there are likely to be different opportunities for continued usage in future. However, that does not necessarily mean closure. It could mean a court being used for a batch of similar cases that could be dealt with more productively if, for example, they were all based in one place.

The bench chairs in London have discussed the issue and agreed that clusters are a sensible way forward. That has also been discussed with the criminal justice agencies in London which support the change. The Courts Service intends to publish a consultation document later this month setting out the proposals in detail. If the proposals are widely supported, we would expect to implement them in the spring next year. However, they are subject to that consultation, and attention will be paid to the responses. We believe that the improvements to working practices should deliver an improved, high-quality service to local residents in Sutton by introducing greater flexibility and the ability to target resources more effectively and efficiently.

The hon. Member for Carshalton and Wallington referred to victims and witnesses and we really want to put them at the heart of our court system, so it is important that we give them the opportunity to see their cases through as efficiently, professionally and sensitively as possible.

The hon. Member for Sutton and Cheam asked about the definition of opportunity and I hope that I have made a reasonable attempt to respond. Another issue concerns what drives the courts strategy. We are looking in detail at improving the court estate. For example, Greenwich magistrates court needs substantial work. The facilities and conditions of the court estate are not good enough and there are still areas with too much mixing of victims, witnesses and defendants. I am sure that the hon. Gentlemen are aware of the issues.

Mr. Burstow: During the formal consultation phase of the proposals, would it be possible for the Minister or her colleague the Minister of State to meet me and my hon. Friend and representatives of the London borough of Sutton to discuss our concerns in a little more detail? Obviously, at that point we will have had the benefit of looking at any modelling and other data on the proposals.

Bridget Prentice: I do not want to commit my right hon. and learned Friend to meetings without having a word with her, but I will certainly put it to her. She is generally very open to meetings with colleagues and, if her diary permits, I am sure that she will allow that.

On strategy, there is not a bottomless pot of money. The Courts Service must demonstrate that it is efficient and effective in its use of public funds, including its estate.

The hon. Member for Carshalton and Wallington asked whether the local authority could appeal under the system. Local authorities no longer make a financial contribution to the courts and I will have to write to the hon. Gentleman about whether the local authority can definitely not appeal against closure. At the moment, of course, there is no closure, but I will ensure that that point is clarified. If at a future date the agency concludes that any of its courthouses should close, that could only follow rigorous evaluation of the benefits of doing so, including full consultation with local communities and key stakeholders who may be affected. Obviously, Members of Parliament are key to that.

Tom Brake: I thought that the Minister was about to conclude. Will she respond on the bench legal manager issue, if not now then at least in writing? That is clearly an issue that JPs are most concerned about. I thought from her response that she was saying that there would be only one legal representative per cluster, but perhaps I misunderstood her.

Bridget Prentice: I shall have to write to the hon. Gentleman about the bench legal manager. There will be local centralisation of administrative functions, but I shall have to take advice on whether that means only one legal manager. I will return to the hon. Gentleman on that.

I hope that I have reassured both hon. Gentlemen about Sutton magistrates court and its role in our court service. I want to put on record our thanks to the magistrates in Sutton for the splendid work that they do and will continue to do. We want to ensure that we give them the opportunity to expand their experience within a strategy that ensures that our court service serves the people it is supposed to represent.

11.29 pm

Sitting suspended until half-past Two o'clock.

School Meals

2.30 pm

Ms Diana R. Johnson (Kingston upon Hull, North) (Lab): I am delighted to have secured the debate, and I am very pleased that the Under-Secretary of State for Education and Skills, my hon. Friend the Member for Gloucester (Mr. Dhanda), is responding to it. Although this is clearly an educational matter, it has wider ramifications. It fits with the public health agenda that has been followed since 1997, and the Government's target and commitment to eradicate child poverty by 2020.

There is broad consensus that childhood obesity is a serious and increasing problem. It is storing up major worries for the future. The most recent figures show that more than one quarter of our children in secondary schools are clinically obese, which is almost double the proportion of a decade ago. The National Obesity Forum said that it was a public health time bomb, as children who are obese in their early teens are twice as likely to die by the age of 50. Some experts report that, unless the issue is tackled quickly, today's children could be the first generation to see their life expectancy fall below that of their parents. Given the strides in medical technology and general standards of living, childhood obesity and smoking are the two key public health issues facing us today.

I want to use the experience from my constituency to showcase a joined-up way of tackling childhood obesity and improving public health for this generation and those that follow. Hull is an area of great health inequality and one of the most deprived cities in England. Using any indices of deprivation, we find that Hull is in the unenviable position of being one of the areas with the highest childhood mortality rate. Unemployment is twice the national average, heart disease is rising and is in excess of the national average, teenage pregnancies have been among the highest in England and attainment in secondary schools, although improving, is one of the lowest in England. With one of the highest obesity levels in England and Wales, Hull not surprisingly has been dubbed the country's "fat capital".

When I became an MP, I was struck by the statistic that life expectancy for a baby boy born today in Kingston upon Hull is six years less than a baby boy born in Kingston upon Thames. In light of that, Kingston upon Hull city council decided that, on healthy eating, it needed to get ahead of the game. In February 2004, it introduced healthy menus to primary schools and special schools. However, it continued the policy of allowing free school meals only to those on means-tested benefits, and the take-up fell from 48 per cent. to 36 per cent. Although the council was right to introduce healthy food, fewer children accessed it, and that undermined the policy.

It is also worth reflecting on the fact that 70 per cent. of those eligible for free school meals in Hull claim them. National figures show that one in four of those entitled to free school meals do not claim them. I had a look at the eligibility criteria for free school meals, and it is bureaucratic. The entitlement states that, if a parent or carer is on income support, income-based jobseeker's allowance or in receipt of child tax credit, providing they are not entitled to working tax credit and their income is less than £14,155 a year, their child is entitled to free school meals. It is bureaucratic, and there is still a stigma attached to children who access free school meals.

We also need to address the issue of families who are just above benefit levels. For them, school meals payment can be a burden. Unison conducted a survey recently and it found that the average cost to parents of primary school meals is about £7.40 a week per child. That is quite a lot of money to families on low income. More fundamentally, childhood obesity is not merely a welfare or poverty issue, but a wider public health concern. The problems of childhood obesity are not confined to the entitlement limits of means-tested benefit recipients.

Kingston upon Hull city council decided to adopt a radical approach. It considered the experiences of the Hull education action zone, which was introduced after 1997. Like many zones throughout the country, Hull allowed schools to take forward innovative projects, try them out and do things that had not been done before. In Hull in particular, schemes such as breakfast clubs worked very well. Teachers said that breakfast in school was a huge benefit to children's behaviour, attendance and concentration.

The Labour-controlled council considered the experience of the Hull education action zone and it talked to the city's two primary care trusts. As I have stressed, public health is at the centre of the debate. The PCTs already provide fresh fruit for four to six-year-olds in primary schools. The council and the PCTs considered what they could do together to challenge the received wisdom about school meals and think outside the box. They considered the Education Act 2002 and its provision of powers to innovate, whereby local authorities can put forward new ideas to the Secretary of State, who at that point was my right hon. Friend the Member for Norwich, South (Mr. Clarke), and say, "We would like to do something really radical. All our school meals should be free." To his great credit, he agreed that Hull could go ahead and do that. The city council was the only local authority that chose to take that step.

The proposal was called the "Eat Well, Do Well" campaign, and it was led by councillor Mary Glew, who held the health and public protection portfolio on the city council. She was a great champion of youngsters in Hull having access to good, healthy food, so that they would do far better in school and their health would be far better as they grew up.

The campaign is a pilot project. It has been running since 2004 and it completes its three-year pilot in 2007. Liberal Democrat and Tory councillors opposed the approach, so the project had to be phased in over one year. The first schools started the scheme in late April 2004, and the final phase of primary schools began in early 2005. Professor Derek Colquhoun at the university of Hull and his colleagues are monitoring the scheme, and they will produce a final evaluation in 2007.

There has already been an incredibly positive interim report, and monthly monitoring shows that take-up has been very good. So far, it has risen from 36 per cent. to 64 per cent., and in many primary schools in my constituency, the figure has reached 80 to

90 per cent. Some 24,000 pupils in primary and secondary schools benefit from breakfast clubs, free healthy school lunches and free healthy refreshments for our after-school clubs. There is also free fresh fruit for all primary school children.

To implement the policy, we needed the support of all primary schools, school cooks and lunchtime supervisors. Local trade unions have been magnificent in supporting the scheme, and Unison and the GMB in particular fully appreciated and understood that the present investment in our youngsters is vital to the future health of Hull.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate my hon. Friend on securing the debate, and on early-day motion 2486, which deserves the support of a wide cross-section of the House. She mentioned the trade unions. Is it not the case that, in addition to the benefits that she has itemised—more nutritional school meals, wider access and better behaviour—a fourth quality that is particularly important in Hull and elsewhere is that jobs are created in the locality or community? That is worthy of note and it is pleasing that the trade unions are supporting the campaign in the vigorous way that they are.

Ms Johnson: That is absolutely right. I am grateful to my hon. Friend for raising that point, as jobs are important to Hull.

I want to say something about Jamie Oliver. He visited Hull before he decided to take his television programme to the London borough of Greenwich. I think that he said that Hull was ahead of the game, and that the story was not there any more but at other local authorities that had failed to grasp the nettle. He had a look at what we were doing and was impressed.

Sue Rae, Kingston upon Hull city council's healthy eating co-ordinator, said that:

"The council expected a drop after the introduction of the healthy eating menu. It's quite a culture change to get children accustomed to a menu that isn't dominated by things like burgers, chips, pizza and chicken nuggets: it takes time to educate children's palates to a broader range of tastes and textures, but if we can do that with children in primary school then we really are giving them a better chance of being healthier later in life".

Andrew Gwynne (Denton and Reddish) (Lab): My hon. Friend is making an excellent speech, particularly about the ground-breaking work in Hull. She mentions the need for cultural change for children, but there is a need for cultural change for parents, too. Does she have a view on the impact of schemes such as Sure Start, which help to develop parents' cooking skills? Will that not have an important impact on this serious issue, too?

Ms Johnson: My hon. Friend anticipates what I was going to say about the valuable role of Sure Start and children's centres in promoting healthy eating and encouraging parents to try cooking if they have not been used to it before. They have provided some excellent courses and support for young parents, particularly in my constituency. I pay tribute to the Sure Start at the Lemon Tree and the Newland and Avenues Sure Start, which are doing some amazing work on that.

I also wanted to comment on some of my personal experiences of school meals in Hull. Early on, children said that they did not think that they liked the healthy food. Hull took a good approach, packaging the healthy food in a way that made it exciting and interesting to children. I remember a child saying to me that he did not like the sound of a vegetable and meat stew, as he thought it sounded pretty dire. However, when that was described as cowboy pie, he was much more enthusiastic.

I was very impressed, when I was standing at some school gates last year, to see children coming out of school munching on carrots and apples. When I was at school, we left eating not fruit and vegetables, but chocolate bars and bags of crisps. I pay tribute to the work of the Parks primary school, which has embraced the issue of healthy school meals. I was impressed with the work done by the staff to encourage children to try different types of food. The head teacher in particular, Cathy Byrne, is an inspiration to local families and children when it comes to trying new things and being excited by different types of food. I invited the Minister with responsibility for public health, the Minister of State, Department of Health, to visit the school to see what was going on. I know that she was particularly struck by the school and the positive messages that were being given about healthy eating.

David Taylor: In my debate on this subject earlier in this Parliament, I pointed out that, although some schools have a good track record in promoting healthy eating and high-nutrition meals, others allow the presence of machines containing snacks with high-salt and high-sugar content. Would it not be futile if a child had a healthy midday meal, only to supplement it with such unhealthy food? Does my hon. Friend hope that the Minister will have something to say about that?

Ms Johnson: I look forward to what the Minister has to say about the provisions in the Education and Inspections Bill about the type of food that is available in schools.

Kingston upon Hull city council was awarded the Caroline Walker Trust award for improving the nutritional standards of food in the public sector. Earlier this year, we had an international conference in Hull to consider healthy school meals. Councillor Glew, who took forward the project, wanted to ensure that older people, too, could be included in the healthy eating pilot. Some of the meals on wheels provision in Hull is now linked to the primary schools, so that older people also benefit.

We cannot just say that food is the key. Exercise is also important. I am delighted that Hull has led the way in providing free swimming to our children. Not only is there a safety issue, but if we get children to exercise when they are young that will carry on into later life.

That all sounds good and positive, and I am proud of it. Unfortunately, the progress in Hull is threatened because our new Liberal Democrat administration has made it clear that it intends to have a managed withdrawal of universal free primary school meals from April 2007. Not only is that the wrong thing to

[Ms Diana R. Johnson]

do, but it is short-sighted, as the council is taking no notice of the final report and evaluation of the pilot scheme in Hull, which the university will produce next year.

Why are the Lib Dems doing that? Before the May local election, the leader of the Lib Dems told our local newspaper, the *Hull Daily Mail*, that they wanted to bring back charging to provide more revenue further to increase spending on ingredients. After the election, they claimed that the policy was unaffordable because of Hull's budget position.

The flip-flopping Lib Dem administration has changed its tune about the policy in general. The leader of the Lib Dems has spent several months rubbishing the take-up figures for the free healthy schools meals and painting universal free school meals as a failure. He went on to our local BBC "Look North" programme to ask why, if the policy was such a good idea, no other council was doing it, clearly failing to accept that it was an innovative pilot scheme and involved a local authority deciding what solution was required for its area, and that Hull was, for once, taking the lead on an issue of national importance.

The Lib Dems have also said in the *Yorkshire Post* that the £3 million cost of the project has presented problems for social services and crime-related services in Hull. That concerns me greatly, because anyone with a passing understanding of budgets would know that the police budget is separate from the local authority budget. More recently, when protests about the council's policy started to grow and people heard that the scheme would be withdrawn, Councillor Minns, the leader of the Lib Dems, told the *Hull Daily Mail* that he would carry on with universal free primary schools meals, provided that Hull received more money from Whitehall to fund it. That prompts the question of why the Lib Dems want public money for a policy that they think is such a failure.

Others object to free universal school meals because, in the words of Hull's Tory group,

"it perpetuates a culture of state reliance".

Many hon. Members have been victims of such right-wing political correctness, finding that, whenever they promote measures to discourage people from harming themselves or to allow them to make positive, healthy choices in their lives—for instance, with smoking bans or measures to prevent scalding in the bathroom—they are accused of a nanny-state mentality, big Government or state dependency. It seems to me that it is more about enabling people to make healthy, better decisions in their lives. I see the policy as an invest-to-save policy. The policy of free school meals has long-term scope, as we invest now to avoid larger bills for taxpayers in future years. Childhood obesity and the related educational underperformance can lead to spiralling costs in the NHS, more welfare dependency, and a reliance on a range of local government services that are related to ill health and incapacity.

One of the less publicised aspects of the Education and Inspections Bill is that it will make permanent the local discretion necessary to allow councils to follow Hull's example of abolishing charges in the drive to promote healthy diets in schools. We know that the Bill contains provisions to improve nutritional standards—they have already been referred to—and we know that the Liberal Democrats voted against that part of the Bill.

There must be grave doubts in Hull about the Liberal Democrats' decision to scrap that groundbreaking policy next year. There has been massive investment in educational funding from the Government, in Hull as in the rest of the country. It is possible for Hull to continue the "Eat Well, Do Well" policy beyond the initial pilot scheme, which ends next year, within the available budget. Hull Liberal Democrats set out their stall, alongside Hull's two Conservative councillors, as being hostile to universal free school meals and in favour of means-testing—to the point of announcing, as I said earlier, that they will scrap the scheme from next year without considering the evaluation.

I shall now concentrate on the fact that Hull's experience is valuable nationally. Although I understand and respect the sound reasons why the Child Poverty Action Group is campaigning for universal free school meals across the country, as a localist, I do not advocate imposing a detailed school dinner policy from Whitehall on Hull or any other local authority. However, I believe that providing universal free school meals is an effective option in improving children's health in areas of greatest deprivation. Local situations deserve local solutions.

I was pleased that, within the health arena, spearhead primary care trusts allow the most deprived areas to innovate, and to find different ways of doing things in order to reach groups that were previously difficult to reach. For instance, we have health trainers in Hull who get alongside the community and work with people who have chronic conditions.

The success of Hull's scheme should give every local authority, especially those in areas of greatest health inequality, the incentive to use the new powers of the Education and Inspections Bill, and to follow Hull's previous Labour administration. I assume that a great many local authorities share the aspiration to improve the diets of school children. It is for democratically accountable local councils to set local priorities on how to achieve that. That applies especially to those that are taking what I believe to be a regressive step in Hull.

Which of the Liberal Democrats' policies will allow them to address some of the fundamental public health issues that we face today, and to ensure that our children are healthier and eating better? I do not know what their policies are: nationally, they talk about being against means-testing; locally, they use it when it suits them.

What next? In Hull, we will be fighting a vigorous campaign with local schools, parents, teachers, groups such as CPAG and trade unions to try to get the Liberal Democrat administration to change its mind before taking that step. Rob Batty, the Unison branch secretary for Hull, said that it is regrettable that school meals have become a political football. He will be working hard with other unions to mount a joint campaign with parents. Les Dobbs, the regional officer of GMB, said that the union is committed to action with parents. We want to promote best practice in fighting childhood obesity, and all that that is storing up for the future. In Hull and similar places, it may

mean not only keeping universal free school meals in primary and special schools; but extending it to secondary schools.

I want to make it clear that I do not seek additional funds from Westminster for Hull's scheme to continue. As I have already said, Hull, like everywhere else in the United Kingdom, has received a massive investment in education and health since 1997, and it has the power to pursue local initiatives. I am much more interested in local councils and PCTs pooling budgets creatively, and considering local area agreements and other methods of dealing locally with the public health agenda. Hull already has a joint director of public health, and the PCTs and the local authority show that we can have an effective partnership at that level.

I invite hon. Members to support my early-day motion 2486 on childhood obesity and healthy school meals. Liberal Democrat Members have a choice: they can distance themselves from their administration in Hull, or they can support the council's regressive, wasteful and confused policy, which is to the detriment of a whole generation of children in Hull.

Several hon. Members *rose—*

Mr. David Marshall (in the Chair): Order. As the Room does not have an adequate air conditioning system, Members may remove their jackets. It may help Members to know that I intend to start the winding-up speeches no later than 3.30 pm.

2.56 pm

Mr. Michael Wills (North Swindon) (Lab): I start by congratulating my hon. Friend the Member for Kingston upon Hull, North (Ms Johnson) on making a powerful and compelling case. I do not think that either side of the House would argue about the importance of public health. It is crucial to the future of our children—and, indeed, to the future of our country, particularly the most deprived areas.

I want to talk a little about my constituency in Swindon. Although everyone agrees on the general principles, when it comes to local decision making, local authorities all too often seem not to understand the importance of public health.

Before I go on to deal with junk food and healthy diets in Swindon, I shall pick up on a point made by my hon. Friend the Member for Kingston upon Hull, North about free school meals. She made a good case for Hull's visionary experiment, which pioneered innovation for universal free school meals—an attractive option. We have not been quite so visionary in Swindon, but my hon. Friend the Member for South Swindon (Anne Snelgrove) and I have been trying to work with Swindon borough council for nearly 18 months to get it to drive up the take-up of those entitled to free school meals. We all know that too few of those entitled to free school meals are taking them. A lot of information is held about entitlement, but data protection issues make it complicated to translate that information in a way that would allow us to encourage those entitled to free school meals to take them.

They are complex issues, and my hon. Friend the Member for South Swindon and I have been engaged in dialogue with the council and Departments. Data protection is important in protecting the liberties of every citizen, but that is no reason not to do things that are in the public interest. Data protection is often used as an excuse by lethargic bureaucrats not to do things that are perfectly possible under data protection legislation, and I urge my hon. Friend the Minister to look again at the matter and to get his officials to work with other Departments and local authorities to overcome those data protection impediments. Resolving that problem would drive up the take-up of free school meals by those entitled to them.

I want to talk about two issues in relation to healthy diets in Swindon. When the Conservative administration took over in Swindon, it rapidly came to the decision that it could no longer afford to subsidise hot school meals, and it asked schools to make alternative arrangements. Unfortunately, a number of primary schools were unable to make such arrangements, and as a result some primary school children no longer have the option of a hot school meal.

I was concerned about that, and I conducted a survey of primary school heads in my constituency. It is not a scientific result, but it is a reliable indication of the scale of the problem. The head teachers' estimation was that in some schools, particularly those serving some of the more deprived areas, up to 25 per cent. of children received their only hot meal of the week at school. As a result of the council's decision, even that is no longer possible. Swindon is a relatively prosperous constituency with areas of deprivation, but some primary school children receive no hot school meals.

There is some dispute about how essential a hot school meal is for nutrition; some people make the case that it is perfectly possible for someone who eats only cold school meals to have a healthy diet. I tend not to believe that, but for important social considerations it is important for children to sit together and have a hot school meal, or at least have the option of doing so. Having one is not possible in Swindon primary schools.

Fortunately, thanks to the Government's new investment in school diet, Swindon borough council is to receive a significant sum of new money. It has told me that, as a result, it will consider reintroducing hot school meals by 2008. However, I am concerned by recent local newspaper reports suggesting that the council's suddenly estimated costs for providing those hot school meals are way beyond what they used to be and way beyond the new investment that the Government are providing, and that the council is looking for a way not to provide the option of a universal hot school meal for primary school children in Swindon.

I am deeply concerned about that and would be grateful if the Minister gave some indication of his Department's policy on hot school meals for primary school children; I know that it has been considering the issue. I would also be grateful if he did what he could to encourage local authorities, such as the one that I mentioned, to look much more constructively at the issue. We cannot take risks with the health of our young people, but I fear that that is at stake.

I turn to the issue of junk food in leisure centres. To its credit, Swindon borough council set up a working party to consider that issue, and it came forward with a number of recommendations. One seems important: to ban the sale of junk food in the council's leisure centres.

[Mr. Michael Wills]

It seems pretty obvious to me that junk food on sale in a borough council leisure centre sends the message that such food is acceptable for the young people who enjoy the facilities. That message is unacceptable.

In looking at the issue and rejecting the recommendation of its own working party, the borough council said that the issue was one of freedom of choice and that it should not dictate what young people should eat. With all respect to the council, that slightly misses the point. Of course everyone believes in freedom of choice, but since the 19th century, elected representatives have placed constraints, on grounds of health and safety, on the freedom to sell absolutely any food to absolutely anyone. That is the issue here.

We should not send messages to young people or their parents that junk food is a viable healthy diet. It simply is not, although that does not mean that people should not enjoy it as part of a balanced diet. No elected body or borough council should send out that message, particularly to young people. Having junk food on sale in a leisure centre sends out precisely the wrong message.

I would be grateful if the Minister had a look at the issue. The Government have legislated to try to protect people from the consequences of all sorts of unhealthy options in their lives. Does he think that the practice of putting junk food on sale in borough council leisure centres should be encouraged?

Once again, I congratulate my hon. Friend the Member for Kingston upon Hull, North on raising this very important subject. I have been glad to make my contribution just on what is happening in Swindon. The issue is crucial for our young people; anything that the Government and the Minister can say to encourage all local authorities to take a more visionary attitude, such as that adopted by the Labour administration in Hull, would be very welcome—on both sides of the House, I hope.

3.4 pm

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): I join my hon. Friend the Member for North Swindon (Mr. Wills) in congratulating my hon. Friend the Member for Kingston upon Hull, North (Ms Johnson) on securing this debate. I have also signed early-day motion 2486 and encourage all hon. Members on both sides of the House to do the same.

I am pleased to contribute to this vital and topical debate. The policies that we adopt to fight childhood obesity will be vital to ensuring that we limit the damage to our nation's future health. I was pleased to hear that the pioneering free school meals pilot in the constituency of my hon. Friend the Member for Kingston upon Hull, North will continue. It shows the folly of the Liberal Democrats' attempt to scrap the scheme; they have now been forced into a U-turn.

There is an unbreakable bond between the two issues being discussed today. Although a focus on school meals can only ever be part of the solution to the growing problem of obesity in our society, I hope that by setting a strong, healthy example to our children, we can aim to tackle the problem at source.

Everybody seems to have an opinion, whether good or bad, on their school meals. For some, they are responsible for a lifelong love affair with great British food. In fact, one has only to mention jam roly-poly to see pudding lovers—myself included—turn gooey-eyed with reminiscence. For others, custard may always remain a byword for the inedible.

More recently, school meals have fallen under a less nostalgic spotlight. Thanks in no small part to the efforts of Jamie Oliver, we are having to face up to the consequences of opening up our school kitchens to competitive tendering. The "profit at all costs" mentality so prevalent throughout the era of Conservative Government has led to our nation's school dinner tables becoming awash with high levels of salt, E numbers and mechanically recovered meat. We are only just beginning to see the true cost of that neglect. The 2003 report by the Select Committee on Health stated:

> "On some predictions, today's generation of children will be the first for over a century for whom life-expectancy falls."

That is simply not acceptable.

The cost to the economy of the rapidly rising levels of obesity is conservatively estimated at about £3.5 billion a year. On top of that, obesity is rapidly closing in on smoking as the biggest killer in Britain. Good education is fundamental to combating the rising threat of obesity to our nation's health. For those reasons, I strongly urge the Government to work towards the universal provision of free school meals, particularly for primary school children. For the 190 primary school days in the year, we should get back to the basics of the great Labour reformers of the post-war era and provide all children with food suitable in all respects as the main meal of the day.

I welcome the proposals in the Education and Inspections Bill, which will remove the statutory obligation on schools to charge pupils who are not exempted for school meals. The long-term goal of introducing free school meals would show true Labour values by fighting discrimination, battling the causes of poverty and ensuring that every child has an equal opportunity to lead a healthy lifestyle.

It is unfortunate that, despite attempts by local education authorities, there is still a stigma attached to free school meals. I should know, as someone who qualified for free school meals from my first day at school to my last. As many as one in four children entitled to free school meals do not claim them. That is an unnecessary waste; introducing free school meals for all would help to end such discrimination.

As my hon. Friend said, a recent Unison study found that the average cost of primary school meals was £7.40 per child per week; for parents with more than one child, the cost of school meals can soon add up, and that makes such parents more likely to take the cheaper option of producing a packed lunch for their children. Although packed lunches are not always necessarily unhealthy, the fact remains that it is cheaper to fill up on biscuits than bananas. My son informs me that children often swap items such as crisps and chocolate from their packed lunches. They become a valuable currency among those with the healthier packed lunches.

The pilot scheme in Hull has seen the uptake of school meals almost double—from 36 per cent. to 64 per cent. There is clear evidence that introducing free school meals reduces the number of children liable to be eating cheap and unhealthy packed lunches. In many urban areas, such as those in my constituency, it is not always possible for families to access, let alone afford, fresh food for their children. That leads to a diet high in calories but low in nutritional value.

It should come as no surprise that income levels remain a stronger determinant of educational attainment than any other factor. It is our responsibility to ensure that every child receives at least one good meal a day. That would help strengthen the Government's strong commitment to combating the detrimental effects of child poverty. The benefits of achieving that are clear to see. A Hull university study has proven that better nutritional intake improves concentration and readiness to learn. We must help our teachers in their daily battle for the attention of school pupils and ensure that we maximise the benefits of every moment that a child spends in school. That will be easier with no spikes after a lunch of sugar and E numbers. It is our duty to provide every child with the best possible chance in life. Although I welcome the improvements that the Government have made, we must never stop pushing for a better chance for our children. Pursuing the long-term goal of free school meals would be a clear-cut case of social justice in action.

In Britain, we are lucky enough to have a tremendous amount of regional diversity in our food, and that should be reflected in the nation's school dinner menus. By aiming to meet the Soil Association's target that 50 per cent. of the food used in school meals should be sourced locally and that 75 per cent. of the meal ingredients should be non-processed, we can use school meal funding to sustain and boost local economies. Whether it is fresh fish, root vegetables or ripe fruit, every area has local produce that can be incorporated into school menus.

Although I will stop short of recommending Newcastle brown ale to the local education authority for the steak and ale pie in my area, research has shown that for every £10 that is spent on locally sourced goods, an extra £25 is generated for the local economy. That is a healthy return, and I applaud the schools in my constituency that have taken part in the intergenerational allotment scheme, which is run in conjunction with the charity Age Concern. Such initiatives, with a local focus, will help us to deliver nutritional value and value for money.

We should take heart from the success of other countries. In Sweden, more than 85 per cent. of pupils take free school meals. On a recent visit, I saw first hand how integral lunch time is to the school curriculum, with classes and teachers eating together as a unit, just as families should, and, indeed, most do. The food was tasty, healthy and appetising. All the children tucked in heartily, helped themselves to seconds and tidied up after themselves before retuning to wipe down the tables. When I asked whether that was normal behaviour, the Swedish teachers were astonished that we did not do the same here. They asked whether we did not realise how important it is that children eat a good, nutritious meal at lunch time if they are to concentrate and learn. As hon. Members can imagine, I had to give an awkward answer, which has only made me more determined to highlight the importance of providing free, healthy school meals to every child.

Sweden is not the only success story. Finland has succeeded in reducing its rate of heart disease by more than 60 per cent. since it introduced free school meals. More recently, the Hondurans, recovering from the devastating effects of hurricane Mitch, have decided that providing free food at school will help to strengthen the link between the education system and wider society.

In making the case for free school meals, I acknowledge that steps are already being taken in the right direction. Contracted caterers have begun to respond to the demand for healthier options, junk food has been removed from our schools and the amount that is spent on school meals continues to rise.

Almost all adults are familiar with the idea that an apple a day keeps the doctor away, and many of us will have gone to work on an egg. I am sure that all of us have momentarily wished that we ate more carrots when we have been plunged into darkness during a power cut. Sadly, however, the health and lifestyle benefits of food are not always well known to children today.

Given the long decline in school catering and the rising price of quality food, the country is left facing a long-term health crisis. To alleviate it, we should continue to strive to ensure that Britain's children receive a top-quality education from the start of the day until the end of the day and, most important, during lunch times. We need to make lunch time a platform for teaching children the healthy eating habits that will stay with them for ever. Aiming to deliver free school meals to every child is the best way of doing that.

3.14 pm

Greg Mulholland (Leeds, North-West) (LD): This is an important issue, which hon. Members on both sides of the House agree needs to be tackled. As the hon. Member for Kingston upon Hull, North (Ms Johnson) said, a quarter of children are obese or overweight, and that is what we should be focusing on in this debate. We should also be concentrating on finding solutions—particularly national solutions—rather than on policy disagreements at Kingston upon Hull city council.

I think we all agree that the issue of providing food in schools is critical to this debate; indeed, it is possibly the most important issue. Of course, other factors play a part. For example, young people take insufficient exercise, and hon. Members on both sides need to take that issue seriously. Nevertheless, we are all aware that high-calorie foods are cheap, available in abundance and heavily promoted directly at children and young people. I shall challenge the Minister on that later.

Andrew Gwynne: Will the hon. Gentleman say whether the fact that he has skipped over the issue of Kingston upon Hull city council means that he disagrees with the Hull Liberal Democrats?

Greg Mulholland: The hon. Gentleman shows a remarkable impatience. I have only just started my speech, and if he sits tight and listens, he will hear what I have to say about that issue and the wider debate.

Mr. Wills: I am grateful to the hon. Gentleman for giving way, because I want to raise a general point about the relationship between the national and the local. He made a remark about that at the beginning, but I think that he is going to move on. When he says that it is important to deal with the issue nationally, is he proposing that a national solution should be imposed on every local authority, or does he think that local authorities should have some freedom to make their own decisions?

Greg Mulholland: One of the problems in this area of policy is that the Government have been quick to come up with directives, but they have not come up with any money to back them up, so the point is interesting.

As I was saying, the issue of the food that is made available to children is at the heart of the debate. Liberal Democrat Members are committed to all children having access to a healthy and affordable school meal option. Otherwise, as I am sure we can all agree, the problem will continue.

What I think we will find it much harder to agree on is the fact that the Labour party consistently and rather tediously demonstrates a bizarre Dr. Jekyll and Mr. Hyde relationship, or a love-hate relationship, with the idea of local power. Here we are debating the situation at Kingston upon Hull city council, but the simple fact is that every local authority, of whatever colour, must makes decisions according to the local priorities in their manifestos and according to budgetary restrictions. The sad fact is that, every time a non-Labour council makes a decision that local Labour Members do not like, those Labour Members cry blue murder, even if that council happens to be in Scotland, where there is a Labour and Liberal Democrat coalition Administration.

Ms Johnson: Just so that I am clear in my mind, will the hon. Gentleman explain the national Liberal Democrat policy on school meals? Is he saying that the Liberal Democrats do not support free, healthy school meals in local authorities? Is it his view that there should be affordable school meals?

Greg Mulholland: I am minded not to take any more interventions from the Labour Benches, although I will quite happily take one from the Opposition Benches, if the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) wants to make one. It is rather tedious to have interventions before I have set out the substance of my speech. I will indeed give some suggestions about national policy if I am allowed to do so in the limited time that we have.

Labour Members have a strange relationship to the decentralisation of power. They think that it sounds good on paper, but when non-Labour authorities happen to be in control, they do not like it. That is regrettable, and the fact that they have resorted to sending one of their local MPs to raise the issue at Westminster, when it is clearly a matter for the local authority, shows some of the motivation behind the debate.

Let us talk about some principles. We have heard the misleading suggestion that Liberal Democrats do not agree with means-testing. That comes from the fact that we support the idea of a universal citizen's pension, and we are proud to do so. Like everyone else, we support the idea that everyone should have access to school education, and we do not think that they should pay for that. We also, of course, support such things as free personal care for the elderly and free access to higher education to first degree level. However, we must be clear what the principles are. The principle of free education for all is based on that being a good thing, and a right. It is not based on our thinking that it is a progressive policy.

In response to the questions put by the hon. Members for Kingston upon Hull, North and for Gateshead, East and Washington, West (Mrs. Hodgson), there is a sensible debate to be had about whether we should provide free school meals for all primary school children. I would happily take part in that debate, and would be happy for my party to take part in it. It is not Government policy, and if the Labour party wants to put it in its manifesto at the next general election, I look forward to seeing it. We know that the things that go into Labour party manifestos are generally not worth the paper they are written on, but that is another story.

One myth in the context of the debate is the suggestion that the pilot scheme in Hull has been scrapped. It has not been scrapped; it is running its course. It is a three-year pilot scheme and it will continue. A pilot scheme runs for a certain period. As to the idea that the findings will not be looked into, they will be looked into once the pilot scheme has ended. The council has made it clear that it will consider the university of Hull's independent evaluation. When we have the result, depending on what it is—we obviously have some interim figures—it may be the right time for the council to lobby central Government to ask for funds to continue the scheme. That is where the debate arises. It is ridiculous to suggest that something costing £3.8 million a year must not be assessed alongside other council priorities. If any of the national parties want to adopt a policy of free primary school meals for all, they can do so. We can have that debate and they can say how the measure will be costed, but the responsibility cannot be forced on to local authorities without the money being provided.

Two things are particularly important in considering where to divert resources. I accept that some hon. Members take the position that there should be free primary school meals for all. I suggest—and I challenge the Minister to give us his thoughts—that we have seen what is most fundamental in school meal provision, and that is the quality of the meals and making the meals nutritionally valuable. We all know that that has not been the case, and we have heard examples of that. The Government have responded very slowly, but at least there are measures in place now and we look forward to the problem being addressed. However, if there is a need to put resources into something, they should clearly go there, to the benefit of all.

The second important matter concerns raising the threshold of free school meals. I thought that it was valuable to hear from the hon. Member for Gateshead, East and Washington, West about her experience and the stigmatisation that went on. Consideration could

be given to the threshold and to ways of including more pupils in the scheme, perhaps in such a way as to avoid stigmatisation. It could sensibly be argued that the money available would be better spent in those two areas than on universal provision, because there is a danger that that would mean universal provision of inadequately nutritionally balanced school meals. I am sure that that is not what the hon. Member for Kingston upon Hull, North is suggesting, but those are real issues and everything comes down to limited budgets and priorities.

If I tackle head on the question whether there should be free school meals for all, from my own position as a parent—admittedly of a one-year-old, who will not be starting school for a few years—I must ask whether I should expect or demand that my child's school meals be paid for while I am on a salary of £59,500 a year. Actually, I do not.

Ms Johnson: Do you expect free personal care?

Greg Mulholland: Free personal care is based on the fact that people who have contributed throughout their life to society should be looked after by society. That is an easy one to deal with. I do not believe that I need the state and the taxpayer with their limited resources to pay for my children's school meals. I look forward to participating in that debate.

I think that a veil should now be drawn over the situation in Hull, and it should be left to the people of Hull to decide about it in a democratically accountable way. Kingston upon Hull city council has made it clear that it is and will remain committed to healthy meals for all children, and will consider the conclusions of the pilot programme next year. It has, indeed, decided that the resources would be better spent on the overall quality of food, rather than on subsidising everyone, including the rich, to receive those things. That is the policy that it is putting forward. However, for those hon. Members who want the scheme to continue, the Minister is sitting in the Chamber. The leader of the city council, Councillor Carl Minns, has written to the Secretary of State for Education and Skills dealing with the point that, if universal free school meals are such a good idea, there should be Government funding for them. Let us see what the Minister will say about that.

I want briefly to deal with the points that the hon. Member for Kingston upon Hull, North made in relation to overall policy. The impetus provided by the school meals debate in the past couple of years is welcome, although her holier-than-thou attitude is a little tedious considering that it took a chirpy TV chef and a prime-time television programme to get the Government to do anything to face up to childhood obesity and the appalling food being served in too many of our schools. The Minister will be well aware that some schools have found the money that they needed to fulfil the Government's requirements—the 50p per head at junior schools and 60p per head at secondary schools. When will we receive a clear indication of where the funding is expected to come from? Will it be simply an extra burden on councils, without any help, or is it suggested that schools will effectively have to raise funds to reach those standards voluntarily? Will the Government commit to maintaining the expenditure increases that will, of course, be involved beyond 2008?

Vending machines in health centres have been talked about, but of course we have a problem with vending machines in schools. The Government are not at this stage tackling the issue well enough. I have some experience of the involvement of companies as I used to work for a marketing agency that had Britvic Soft Drinks as a client. What Britvic Soft Drinks was interested in was getting as many of its soft drinks as it could—as many brands and as much volume—down the throats of children, including primary school children, as regularly as possible.

We must accept that the pressures of the market and of profit affect what happens; increased regulation is needed. We all know that there is financial pressure on education and there always will be. However, some schools make £2,500 a year from vending machines. Clearly those responsible for them feel that, because of the pressures on them, that is something that they must, with regret, do. However, figures from the School Food Trust show that the food and drink companies make profits of £45 million a year from vending machines in schools. That is an issue that the Government have not tackled head on. We believe that food from school vending machines should meet minimum health and nutrition standards, just as any other foods provided in schools should.

Another interesting question that has come out of the Education and Inspections Bill is what would happen if an academy were sponsored by Britvic Soft Drinks or Coca-Cola. Would there be pressure to have those products in the school? That is an interesting issue that I want to put to the Minister.

Andrew Gwynne: Will the hon. Gentleman give way?

Greg Mulholland: I will not give way; I have given way three times and there is very limited time now.

3.29 pm

Sitting suspended for a Division in the House.

3.44 pm

On resuming—

Greg Mulholland: The final issue that I want to raise with the Minister is the advertising of unhealthy food during children's TV programmes. The Government have not yet decided to ban the advertising of junk food during such programmes, despite evidence that it contributes to the obesity epidemic that costs the NHS billions of pounds a year.

The Food Standards Agency and Ofcom appear to be working at cross-purposes when it comes to such advertising. Ofcom, which has been lobbied by far more food industry representatives than consumer and health groups, supports junk food advertising during children's TV programmes because, apparently, it pays for new programming, yet the FSA disagrees because of the issues surrounding children's health. I believe that most of us would agree that that confusing position must be rectified. I look forward to the Minister's comments on those issues.

This debate has been about a local situation but also a serious national concern. We need a national framework that includes things such as minimum nutritional standards,

[Greg Mulholland]

which were touched on by the hon. Member for North Swindon (Mr. Wills). I challenge the Minister to give us his thoughts on that. It would be helpful, without in any way forcing local authorities to do things that they would not otherwise do. That suggestion would also apply in other sectors such as care homes, on which I have campaigned.

Given the positive developments, the Government must put their money where their mouth is—technically, I suppose that they must put their money where our children's mouths are.

On the situation in Hull, I believe that the Unison representative is right. It is regrettable that that situation is being used as a political football. Instead, we should agree locally and nationally on the importance of better, healthier food for all our children, and we should maintain and perhaps increase the commitment to ensure that less well off children in our society continue to get free school meals. Let us end on a note of agreement and concentrate on that locally and nationally. If followed through with proper funding, that is what will make the biggest difference to children's health and well-being.

3.47 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate the hon. Member for Kingston upon Hull, North (Ms Johnson) on securing this important debate. Improving the nutritional content of school meals is vital, as childhood obesity is a serious problem. The official Opposition welcome action to improve school meals, and we supported measures in the Education and Inspections Bill that were aimed at achieving that.

I listened carefully to the hon. Lady's interesting and positive speech about the innovative approach taken to school meals by Kingston upon Hull city council. I was impressed that it has used powers in the Education Act 2002 to innovate, as few authorities or schools have used them. I was also impressed by what she said about the "Eat Well, Do Well" campaign, and I will be interested in the outcome of the evaluation and the conclusions that are drawn from the pilot scheme in Hull.

The Government have promised improvements in school meals for some time. In 1997, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), who was then Secretary of State for Education and Employment, stated that he was determined to ensure that all children who have school lunches were served good, healthy and enjoyable meals. In 2001, the Government introduced standards for school meals that were based on providing pupils with food from certain food groups on a specified number of days. Despite that, concerns continued when it emerged that average spending on primary school meals dropped to just to 35p per head a day. The Soil Association noted the contrast with the £1.74 per head spent by the Prison Service on food for inmates.

As other hon. Members have said, the controversy culminated with Jamie Oliver's television series last year. Following it, in March, the Government set out £220 million of new funding grants for 2005-06 to 2007-08 to ensure that local authorities spent 50p per head per day on meals at primary schools, and 60p per head per day at secondary schools.

The Government also created the School Food Trust and introduced tough minimum nutrient standards, which are to be made compulsory from September 2006. The new standards are to apply to all food served in schools, including, I believe, from vending machines. I hope that the Minister will correct me if that is wrong. We welcome those measures, because we believe that they will play a useful role in improving the health of our children. Ensuring that the food that is served in schools is nutritious is essential. High intake of saturated fat is associated with raised cholesterol and coronary heart disease, and high salt intake can lead to hypertension, which leads to heart disease and stroke. In its report entitled, "Salt and health", the Scientific Advisory Committee on Nutrition stated that it would be inadvisable for children to become used to the levels of salt intake currently habitual for adults.

As we know, increased consumption of products containing added sugar can lead to tooth decay and predispose children to obesity. In 2002, the national diet and nutrition survey found that consumption of added sugar by four to 18-year-olds was higher than the recommended level. The main source of that sugar was carbonated drinks and confectionary—the hon. Member for Leeds, North-West (Greg Mulholland) raised those very points in discussing the vending machines in too many of our schools.

The benefits of healthy eating extend beyond the medical. The British Medical Association has suggested that anaemia can account for as much as one grade difference at GCSE, and there are social benefits to be derived from the shared enjoyment of a meal, too. In 2004, France Bellisle, of the Hotel Dieu in Paris, published a paper entitled, "Effects of diet on behaviour and cognition in children" in the *British Journal of Nutrition*. He found:

> "Diet can affect cognitive ability and behaviour in children and adolescents."

He cited cases where thiamine deficiency was shown to lead to behaviour problems, and noted that that occurred in cases where adolescents' diets consisted largely of high-calorie junk food. Treatment with thiamine alone resulted in behavioural improvement in patients who had failed to respond to drugs or psychotherapy. Similarly, non-verbal IQ scores rise in children with nutrient deficiency when vitamin supplements are introduced.

In addition to the problems of poor nutrition, many argue that this country faces an obesity epidemic—the hon. Member for Kingston upon Hull, North argued that, and I agree.

Mr. Wills: The hon. Gentleman is making a very interesting contribution but, before he moves on, does he agree that, given the evidence that he has cited, the collective provision of a hot school meal is important, particularly for primary school children?

Mr. Gibb: I absolutely agree and will come to that issue in a moment. I have been to Finland and have eaten a hot meal in a Finnish school—it was pasta with a salad, and it was simple, delicious and very healthy. I am not here to make Conservative party policy, just as the Minister will not commit his party to vast amounts of public spending, but I shall be interested to read the

evaluation of what has happened in Hull. The importance of a hot, healthy meal in the middle of a school day cannot be overstated.

The 2004 joint report by the Royal College of Physicians, the Faculty of Public Health Medicine and the Royal College of Paediatrics and Child Health found that obesity in two to four-year-old children almost doubled between 1989 and 1998, and that it trebled among six to 15-year-olds between 1990 and 2001. If current trends continue, the report estimated that one fifth of boys and one third of girls will be obese by 2020. As the hon. Member for Kingston upon Hull, North said, the National Obesity Forum has found that children who are obese by their teens are twice as likely to die by the age of 50. The National Audit Office estimated that more than 30,000 deaths were attributable to obesity in 1998.

Providing children with a balanced, healthy diet will not completely solve the problems that we face, however. As the hon. Member for Leeds, North-West said, childhood obesity is due as much to children exercising less than in the past as to problems with nutrition. Such provision is, however, an essential first step, although getting food right in schools raises further questions.

We need to address the issue of children leaving school premises during the lunch break to buy fatty fast foods. We also need to address the issue of packed lunches, which other hon. Members raised. One of the unintended consequences of the recent controversy surrounding school dinners has been a marked decline in the number of children taking school meals. According to the Local Authority Caterers Association, the number of pupils opting for school dinners has fallen by 12.5 per cent., which is nearly 400,000 pupils. Kevin McKay of the Local Authority Caterers Association said in May that

"a 4 per cent. increase by 2008 will only return the service to pre-downturn levels".

I am sure that that is just a transitional issue, but it is concerning.

Concerns have been expressed about the funding of the new nutritional standards, which the hon. Member for Leeds, North-West mentioned. The Local Authority Caterers Association has also raised that point, and there are concerns that the wages of catering staff will need to rise if they are to prepare food in line with the new standards. That would mean that more money was needed than the £22 million that has already been announced. Meanwhile, the school meal review panel believes that to meet its standards the cost of ingredients would have to rise to between 70p and 80p per head. That increases the probability of caterers having to introduce higher charges to cover the shortfall, which will affect the take-up of meals.

Then there is the issue of kitchen facilities. According to evidence, one third of new schools are not built with proper kitchen facilities, and many schools that once had kitchens have now converted them into classroom space—there are primary schools in my constituency where that has happened in the past few years. The refurbishment of kitchens is essential to achieve the school meal review panel's goal that meals be cooked on site. At present, too few schools have such facilities, not to the mention the dining room issue, which other hon. Members mentioned.

PricewaterhouseCoopers estimates the cost of refurbishment to be about £206 million for primary schools, because so many have had their kitchens removed, and £83 million for secondary schools. The Government are achieving that by making the refurbishment or construction of new kitchens a priority, through the "Building schools for the future" programme. However, there is no "Building schools for the future" for primary schools, so it is unclear which mechanism will be used to ensure that funding is channelled to where it is needed. Perhaps the Minister in his response could indicate how many kitchens still need to be built, and within what time scale he expects that to be completed.

Another issue that has been raised is local procurement. The inclusion of organic, local produce in school meals is one of the aims of the Soil Association's "Food for life" campaign. The school meal review panel suggested that food should be sourced from local suppliers. The regulatory impact assessment for the Education and Inspections Bill—those of us who sat on the Committee and considered it for several weeks will know it backwards—stated that

"by sourcing food from local suppliers and farmers this would have a positive impact on the local economy and would help to promote sustainable development."

Interestingly, it continued:

"By using local suppliers there is a direct benefit to the local economy. There is also an opportunity for caterers to work with producers to develop meat products and seasonal menus for schools, based on what is easily available locally, to take advantage of lower prices when produce is plentiful."

The regulatory impact assessment also cited Oxfordshire, where using local suppliers resulted in a 20 per cent. reduction in the cost of food and a 69 per cent. reduction in weekly food miles. There is concern, however, that European Union procurement rules would prevent local authorities from sourcing food in that manner, as they preclude authorities from specifying local produce. A Government response to that point would be helpful, too.

We on the Conservative Benches fully share the Government's objectives on school meals. Better nutrition means better long-term health, better behaviour and higher standards of educational attainment.

3.58 pm

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Parmjit Dhanda): It is a pleasure to serve under your chairmanship, Mr. Marshall, and to make my debut in an Adjournment debate. I also extend hearty congratulations to my hon. Friend the Member for Kingston upon Hull, North (Ms Johnson) on securing such an important and topical debate.

I have listened to hon. Members' views with great interest and I am glad that, whatever our differences—there are some small differences in emphasis in some areas—we all agree that childhood obesity is a matter of the utmost importance. The growth in obesity is an international problem, and this country is far from immune. The increasing prevalence of overweight children in England is among the worst in Europe. However, we are also the only country that has set itself

[Mr. Parmjit Dhanda]

a public target of halting the rise in childhood obesity, which we have pledged to do by 2010, within the public service agreement target.

There is a wealth of evidence to illustrate the scale of the problem. Twenty-two per cent. of men and 23 per cent. of women in England are obese. The figures have trebled since the 1980s. Sixty-five per cent. of men and 56 per cent. of women—24 million adults—are overweight or obese. Obesity rates among children aged two to 10 are rising fast. They rose from 9.9 per cent. in 1995 to 14.3 per cent. in 2004, and they are rising fastest among eight to 10-year-olds. Recent studies show that more than 30 per cent. of boys and 31 per cent. of girls aged two to 15 are overweight or obese.

The debate is therefore topical and important for our times. We are all aware that being overweight can lead to stigmatisation, including bullying, by childhood peers, but overweight and obese children can also suffer depression, poor social functioning, social exclusion and lower academic achievement. Those problems can easily continue into adulthood. In 2001, the National Audit Office estimated that obesity led to 9,000 premature deaths a year.

Just as there are many adverse consequences of obesity, the problem has many causes. At one level, obesity is a simple problem: it results from an imbalance between energy consumed and energy expended. However, at the heart of the problem has been a profound change in the way in which we and our children live our lives. We value the material improvements in ordinary life over the past two generations, but just as convenience lifestyles lead us to consume more calories, so they lead us to using fewer calories along the way.

We have more cars, televisions, computers and labour-saving devices at home and at work than ever before. The new technologies of home and the workplace ensure that we expend less physical effort on getting our work done. There is virtually no activity that cannot be done faster, easier and with less effort than was required 20, 10 or even just five years ago. We ride more and walk or cycle less. Many more children are driven to and from school today than was ever the case before. We and our children spend more of our leisure time sitting watching TV, on games consoles and using the internet, and less time in physical play. Children spend less time in unsupervised outdoor play today than they did in the past. Until we took action to reverse the trend, there had been a decline in the amount of sport and physical education that children took part in at school—activity that is now very much on the increase again.

Those factors are bound up with the profound changes that we have experienced in the economy and society at large, but they do not tell the whole story on obesity. There are unique factors for every individual, and several factors are likely to be at work at the same time. One factor is physiological characteristics. We do not all use calories at the same rate; we all have slightly different metabolic rates. There are psychological characteristics: we each have different attitudes to food, exercise and lifestyle. There are environmental factors, such as family lifestyle. As children, we are very much influenced by our parents' diet and behaviour, and socio-economic status. Children who have two overweight parents are six times more likely to be overweight than other children.

The debate is about obesity and school food. I do not deny that what children eat at school is a major part of the issue, but it cannot be the only part of our strategy for tackling childhood obesity—it is not the only club in our bag. As we have discovered throughout the debate, there is no single simple cure for obesity. Preventing obesity is much easier than treating it. Prevention involves introducing the right eating and lifestyle habits in early childhood. Good nutrition and physical activity are essential for a developing child and are fundamental to energy balance and weight control. Families need to be educated and empowered through guidance that recognises the effects of poor eating and activity habits on their children's health.

The complex, multi-factorial nature of obesity is the reason why our strategy to tackle childhood obesity is shared across the Government. Our PSA target to halt the year-on-year rise in obesity in children under the age of 11 by 2010 is led by the Department of Health, but is a shared responsibility with the Department for Education and Skills, the Department for Culture, Media and Sport, the Department for Environment, Food and Rural Affairs, the Department for Transport and the Department for Communities and Local Government. That cross-departmental approach is essential to ensure that we have the widest possible engagement with the issue and that we join our resources and actions to halt the childhood obesity epidemic by working across many fronts simultaneously.

The issue also involves antenatal and postnatal services and Sure Start, which my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) mentioned. Sure Start and children's centres are important in getting children off to a healthy start in life, not least by establishing patterns of healthy eating and exercise as a foundation for the future. Parents and parents-to-be are being made aware of the crucial role that they play in determining the health and well-being of their child. Children's centres have practice guidance that includes ideas on combating obesity. Those ideas will be further developed when the practice guidance is updated later this year.

Our aim is that by 2009 all schools will have healthy school status and be focusing on healthy eating, PE, sport, emotional health and well-being and personal, social and health education. The healthy school initiative has been hugely popular with schools. Three-quarters of schools have started working towards healthy school status on a voluntary basis.

Full-service extended schools are expanding the provision of health and fitness activities outside normal school hours for pupils, their families and the whole community. That can mean opening sports halls and playing fields to wider use, running fitness clubs, cookery skills courses and food co-ops to encourage healthy eating, with services tailored to the demands and needs of local communities. We have also come a long way in a relatively short time on play, with the Big Lottery Fund's £155 million strategic play programme.

In the time left, I shall deal specifically with food in schools. The debate was called to draw attention to the importance of school food in tackling childhood obesity. It is vital that children get the right messages

about food and its importance to their health. Of course, for most children, most of their eating is done with their families, and I have outlined what we are doing to encourage healthy eating and healthy lifestyles in families. However, children's experience of food at school is important in helping them to develop a healthy diet and a healthy attitude to food that I would want them to maintain into their adult lives.

In partnership with schools, local authorities and parents, we are engaged in an ambitious three-year programme to effect nothing less than a transformation of school food. We are under no illusions about the scale of the task—we are trying to undo decades of neglect—but we are showing a level of commitment that has not been seen before. The announcement of new nutritional standards for school food is a major step in that programme. Those new minimum standards will be the bedrock of the drive towards better food in schools.

We are keen to make real changes quickly, which is why the regulations governing food-based standards for school lunches will be introduced from September 2006. That answers the question asked by the hon. Member for Leeds, North-West (Greg Mulholland). It means that, from September, new food-based standards will ban economy burgers from the school lunch table; deep-fried products such as chips will be limited to twice a week; and chocolate, crisps and sweetened fizzy drinks will no longer be available as part of school lunches, including from vending machines, which the hon. Gentleman mentioned.

Even more stringent nutrition-based standards, stipulating the nutrients required for school lunches, will be in place for primary schools by no later than 2008 and for secondary schools by no later than 2009. To answer the question from my hon. Friend the Member for North Swindon (Mr. Wills), I point out that tied into the funding for 2008 will be additional funding for those that ensure that those nutritional meals are hot rather than cold meals. All that will tie in with the healthy schools programme, which requires schools to adopt a whole school food policy that has been developed through wide consultation, and implemented, monitored and evaluated for impact.

How will we implement the change programme? A lot has been said about finance and how we intend to finance that. Some £15 million is available until March 2008 for the School Food Trust to give independent support and advice to local authorities, schools and parents to improve the standard of school food. The trust will work with schools that want to provide healthier food in vending machines and tuck shops, and will work with industry players to identify effective ways of making changes to school food provision and educating pupils about making healthier choices. New qualifications and training are being developed for school caterers to help school cooks to understand what makes a healthier meal, and, importantly, how to market them to encourage young people to eat them.

School food is now being considered as part of the regular Ofsted inspection process, with inspectors considering schools' overall approaches to healthy eating. The Government have not subsidised the cost of school meals in England since 1967, when financial responsibility for the provision of school meals passed to local authorities. The cost of school meals is met through a combination of local authorities, parents, carers and, sometimes, schools. It is up to local authorities and schools to make decisions about how that money should be spent and the right balance of expenditure between the authority, schools and parents. However, my hon. Friend the Member for Kingston upon Hull, North makes a strong case about what has happened in Hull and the local benefits of that.

Healthier, better quality food may mean increased costs, but many local authorities and schools are investing more money in school food provision. In Sunderland, for example, there has been an increased spend per pupil in primary and secondary schools of 10p and healthier menus have been created. Greenwich has just announced an increase in resources of over £600,000 in 2006-07 for school meals, and in Devon, there has been a £2.1 million cash boost to provide healthier and improved school meals. The issue may not always be about spending more; it may be about spending the money better. Perhaps efficiency savings could be made through better procurement arrangements and the more effective use of existing resources.

Research shows that children spend over £549 million a year—on average, £1.75 per pupil per day—on junk food on the way to and from school. If children could be persuaded to eat more healthily, there could also be a saving to the parent's purse. There is a clear need for such a transformation to be driven at a local level, taking into account the wide range of circumstances in different parts of the country. That is why we are providing £220 million of additional money to help authorities and schools to improve their food.

Last September, local authorities each received a share of a £30 million targeted school meals grant. They will receive a further share of £50 million in 2006-07 and another £50 million the next year. Consequent spending arrangements will be determined after the comprehensive review, so I cannot give an answer on that now. Schools are also getting other funds. In October 2005, schools received a share of £30 million to fund local improvements such as increased training and working hours for school cooks. A further £30 million will be shared out to schools in 2006-07 and another £30 million in 2007-08. I hope that that demonstrates that the Government are serious about putting extra money in.

We have had an interesting debate on a vital subject. The World Health Organisation has called obesity a global epidemic and, in 2002, the chief medical officer called obesity a health time bomb. The Government are committed to defusing that obesity time bomb. We are under no illusion. That will be difficult, but I assure hon. Members on both sides of the House that we are determined to do that by providing the resources to do it and by working with local authorities to provide the best possible offer for local school children.

Nigeria (Aid)

4.15 pm

John Robertson (Glasgow, North-West) (Lab): It is a pleasure not only to have you in the Chair, Mr. Marshall, but to have a fellow Glaswegian in the Chair.

I am delighted to have the opportunity to speak about Nigeria and, more specifically, about aid. Nigeria deserves greater attention from the international community, especially the UK, and is of critical importance to the stability of west Africa and the African continent as a whole. It is the world's eighth largest exporter of oil, and the UK is Nigeria's biggest investor. After South Africa, Nigeria is the UK's second largest market in sub-Saharan Africa, with exports to it valued at more than £775 million in 2004.

My right hon. Friend the Secretary of State for International Development was right when he said that

"what happens in Nigeria is of huge importance to the future of Africa as a whole."—[*Official Report, Westminster Hall*, 7 June 2005; Vol. 434, c. 120WH.]

I am the chairman of the relatively new all-party group on Nigeria, which is dedicated to improving understanding of Nigeria in the UK, and of the UK in Nigeria, and to assisting in any way that it can with enabling human development and improving human security in Nigeria. The group has met many people to talk about issues related to Nigeria, including business people, representatives of non-governmental organisations and the Independent National Electoral Commission of Nigeria. Each of those parties wishes to work with Nigeria and see sustainable development there, but they all know that the country faces a great many challenges—both real and reputational.

In terms of Government revenues, Nigeria is one of Africa's richest nations, but it is one of its poorest in terms of the number of people whose basic needs are not met. Around 75 million people there live in absolute poverty, and one in five children dies before the age of five. According to UNICEF, 60 per cent. of the population do not have access to clean water, and the United Nations Development Programme reports that approximately 90 per cent. live on less than $2 a day.

I, and many of my colleagues, have been to Nigeria and witnessed the destitution. It was a shock that a nation with such apparent wealth and such potential could be in such a situation. Despite those disturbing statistics, Nigeria receives considerably less aid than other sub-Saharan African countries.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): My hon. Friend talks about the recent visit that a number of us made to the southern point of Nigeria, the Niger delta, where we saw at first hand the poverty. We also saw at first hand the corruption, although elements in the Government are trying to clear it up. The most profound statement that I have heard on this issue—I do not know whether my hon. Friend agrees—was to do with the Make Poverty History campaign, when people said that if we make corruption history, it will be far easier to make poverty history.

John Robertson: My hon. Friend makes a good point, to which I shall refer later in my speech, although I shall not use his excellent words.

While Nigeria receives less aid—about $2 per capita per year—the good news is that it seems as though its needs are being recognised. Aid has increased from £35 million in 2003-04 to £70 million in 2005-06. I welcome the increase in aid, which recognises the importance of Nigeria and the G8 promises. I welcome the engagement of the Department for International Development in Nigeria, and I am very pleased that it has opened an office in Kano, a hitherto sadly neglected region in the north of Nigeria, which I hope to visit later this year.

My purpose in speaking here today is to ask my right hon. Friend the Secretary of State about the steps that are being taken to ensure that development projects in Nigeria are sustainable and will be maintained. What is DFID doing about corruption? How does it hope to prevent its projects from becoming part of a system of entrenched corruption? I hope to learn from him how the Department will maintain pressure for the improvement of human rights issues while pursuing its development agenda.

Linked to that, will the Secretary of State say how DFID is preparing for Nigeria's 2007 elections? Does it know how it will react should the election period be marred by corruption and the threat or use of violence? I very much hope that it will not be. I look forward to hearing his answers on those issues and his ideas on how aid management in Nigeria can be improved to help meet the systemic challenges that face all those working in its development. If we on the all-party group on Nigeria can assist in any way, we would be more than happy to do so.

Nigeria's economy is dominated by oil. Income from the oil industry accounts for more than three quarters of the Nigerian Government's revenues. Well over 90 per cent. of its export earnings comes from oil. The neglect of other sectors of the economy that that has caused has led to the extreme impoverishment of so many, and to the political tensions and communal conflict that arise when the wealth of one geographically specific resource is controlled by and concentrated among a few.

I understand that DFID has a joint-country partnership strategy with the World Bank through which it supports the Nigerian Government's national economy empowerment and development strategy—NEEDS—focusing specifically on promoting non-oil, improving transparency and accountability, and creating conditions to enable human development. I welcome the support of the Nigeria Government's NEEDS programme. Economic diversification is the key to Nigerian sustainable development.

Will the Secretary of State elaborate on the specific projects that DFID is running in Nigeria to promote non-oil growth? Our main concern is that such projects be sustainable and that sooner rather than later local project workers will be able to take over the management of the projects and will be fully able to rely on domestic resources and expertise. Related to that, will he discuss the extent to which DFID develops projects in consultation with local groups and those at

whom projects are targeted? Are the projects formulated mostly in consultation with the Nigerian Government?

I ask for that detail about DFID's projects because I have seen myself how an apparently well planned and well implemented project can simply go to waste once support stops. On my previous visit to Nigeria, I saw a project run by a local non-governmental organisation. It was a chicken farm, which was very well organised and seemingly thriving. However, when I asked the villagers what they would do and how they would sustain the farm once the money ran out, they had no answers. That was because they had no business plan.

Another example of unsustainable intervention by an NGO is of a project to boost the income of rural communities engaged in harvesting Allanblackia plants, the oil of which can be used as a substitute for palm oil. The market value for the plant is low, as it grows wild. The NGO involved is injecting cash to increase the market price, but that is clearly unsustainable. How does DFID ensure that its own projects are sustainable?

There is certainly vast potential in Nigeria for non-oil growth. Its agricultural sector needs attention; it needs redevelopment. Nigeria was once a major importer of cocoa, groundnuts, rubber and palm oil. Once the biggest poultry producer in Africa, its corporate poultry output has been slashed from 40 million birds annually to about 18 million annually. The Nigerian Government are putting resources into encouraging the local manufacture of finished and semi-finished goods. How is DFID directly supporting the agricultural and manufacturing sectors in Nigeria?

I recently had an instructive meeting with a representative from the Unilever corporation. It is engaged in what it calls a "localisation" programme. It seeks to encourage agricultural development that will additionally provide raw materials that may be used in local manufacturing of Unilever products. It was pointed out to me at the meeting that challenges faced by local manufacturers include the high cost of production and distribution; customs administration and port-related issues; the security of life and property; and the weak legal framework.

That brings me to the next issue on which I seek answers. For me, it is the core issue that prevents Nigeria from becoming the economic power that it deserves to be and one that keeps millions of people trapped in a cycle of poverty, and that will, if not effectively dealt with, render any and all aid to Nigeria unsustainable. The issue is, of course, corruption. The late Professor Peter Bauer described foreign aid as the process by which the

"poor in rich countries subsidise the rich in poor countries".

Looking at Nigeria's history and how the gap between the wealthy and the impoverished has evolved, that could almost be said to be true.

The Nigerian Government deserve praise for their efforts in tackling corruption, which I know that the Secretary of State recognises. The economic management team, until recently headed by the former Minister of Finance and the Economy, Ngozi Okonjo-Iweala, supported President Obasanjo in pushing through difficult reforms and was instrumental in getting Nigeria signed on to the extractive industries transparency initiative. Nuhu Ribadu, chair of Nigeria's Economic and Financial Crimes Commission, faces an uphill struggle in trying to clamp down on corruption at the highest levels. His job is one of trying to challenge what is a fact of life in Nigeria. Tough as the challenge is, work is being done in Nigeria to try to curtail corruption, but like so many things, corruption knows no borders.

Anne Moffat (East Lothian) (Lab): I thank my hon. Friend for giving way and for securing this debate. I am sure he agrees that the visit that we made to Nigeria was so very distressing, because some of the things that go on in that country beggar belief. The corruption is so palpable. Is it not the case that children cannot drink clean water and yet a governor can commission his own private jet to go to and from meetings or wherever he so desires? The problem is that the people do not understand that the Government are to blame; the people blame Shell and some of the other oil companies for all that is happening. We need to educate the people about who they should level the blame at for corruption. This is about bringing democracy to the land, as well as stability.

John Robertson: I thank my hon. Friend. She was moved on a number of occasions when we were in Nigeria, particularly when we were dealing with young children and their plight. I am not sure how to put this, but she has great faith that our Government can do something to help.

I believe that the UK has a part in corruption and the struggle against it. Clearly, effective aid delivery and development are of the utmost importance in a country in which unemployment and endemic corruption make it seem as though nothing else is happening. Poverty is the No. 1 blight on Nigerian society, along with corruption. It takes little imagination to believe that capitalist enterprise means big hustle, where gains are ill-gotten, and where the little guy gets ahead only by imitating the big guys. That seems to be the rule that governs what happens in Nigeria.

That aid is sustainable is all the more important. If projects cannot continue without ongoing external assistance, they are vulnerable to continuation through corruption. So I ask the Secretary of State, how is DFID supporting the struggle against corruption both within Nigeria and for Nigeria from within the UK? The fact that there is capital flight from Nigeria to the UK aids people who bring money into the country in suitcases. Such people are basically stealing money from the mouths of the poor. The few who are guilty of obtaining massive wealth through corruption can come to the United Kingdom to spend that money. I therefore urge that more action is taken against corruption in the UK with tighter legislation and a greater willingness to prosecute.

The issue is as much DFID's concern as any other Department's. Money that remains in Nigeria can be invested and used for development. Does DFID maintain contact with those agencies that deal with financial crime? How does it intend to ensure that its projects do not fall into the trap of corruption when it is no longer managing them directly? Does it have a monitoring mechanism to check on the progress of projects when it stops playing a central role? What practical steps will be taken by the anti-corruption commission to address the problem in Nigeria?

[John Robertson]

My final question relates to Nigeria's coming elections and human rights. The commitments made last year by the G8 to provide increased assistance to Africa were based on a pledge from Africa's leaders of good governance and transparency, and the Nigerian Government have taken action to justify the support that they are receiving. The period leading up to and following elections is turbulent for any country, and while I hope for peaceful and successful elections in Nigeria I am worried about the potential for irregular elections. Given the level of tension, the proliferation of small arms in the country is a major concern. Will my right hon. Friend explain how DFID Nigeria is preparing for the 2007 elections and how it intends to react should they be irregular or should there be a deterioration in the security situation?

On a related matter, I am concerned about reports from Nigerians on human rights abuse. Thousands have died in communal conflict and law enforcement agencies are known to be involved in abuse. I do not believe that my right hon. Friend is afraid to take an assertive approach to human rights issues and democratisation. I understand that DFID's objective is poverty alleviation, but that cannot be sustained without human rights. How does DFID maintain pressure for improving the human rights record in Nigeria and what action can DFID Nigeria take on human rights?

I look forward to my right hon. Friend's response and hope that by working together with not just the all-party group on Nigeria but the rest of Parliament, this country can do something to help Nigeria.

4.33 pm

The Secretary of State for International Development (Hilary Benn): I congratulate my hon. Friend the Member for Glasgow, North-West (John Robertson) on securing the debate and on the work that he and his colleagues on both sides of the House do in the all-party group on Nigeria. They have kept us debating Nigeria. It is a country that, as he said, is vital to what happens in sub-Saharan Africa for the simple reason that its population is 130 million and constitutes one fifth of Africa's population. Nigeria is a big country and what happens there is crucial if we are to have a chance of achieving the millennium development goals. Some progress has been made but there is a long way to go.

On Nigeria's oil resources, some people have the misconception that because it has a lot of oil it is a fabulously wealthy country. The truth is that its oil revenue amounts to only around 30p per person per day. Nigeria is actually a poor country, particularly when account is taken of the large population where 70 million of the 130 million population live on less than $1 a day. That is the third highest number in the world and shows the scale of the poverty.

As my hon. Friend noted, the social indicators of that poverty are appalling. Colleagues who have visited Nigeria with the all-party group, as I have, know because we have seen it with our own eyes. One in five children die before the age of five—one in five. Seven million children of primary school age are not where they should be—in school. There are 1 million AIDS orphans. Fewer than 30 per cent. of children complete a full course of immunisation. One reason why one in five kids die before they are five is that they have not been vaccinated against the diseases that will claim their lives.

We all know that Nigeria has suffered from monumental bad governance, which has certainly been a major source of the country's troubles. It is also true that with a Government who are committed to reform, as we have seen in recent years, governance in Nigeria is turning a corner. For example, the federal Government, for the first time, has produced a home-grown poverty-reduction plan that gives the Government and the donors who are working with them a framework within which to operate.

That commitment to reform was responsible for the biggest single debt cancellation deal in the history of sub-Saharan Africa. It was agreed last year for Nigeria and its creditors wrote off 60 per cent. of its debt: $18 billion. The UK alone will cancel £2.8 billion. That deal frees up an additional $1 billion a year for Nigeria to spend on a range of things, including the employment of an additional 122,000 teachers and putting 3.5 million children into school. I pay tribute to former Finance Minister Ngozi and to President Obasanjo for having said that they will ring-fence that money in what they have called a virtual poverty fund with oversight, including from non-governmental organisations, so that the public can see the benefit of debt cancellation.

It is fair to say in passing that the UK played an important part in helping Nigeria to achieve that deal, which would not have been possible if people's perceptions of Nigeria and the fact that there is now the beginning of a process of reform had not made it possible to unlock that arrangement through the Paris Club deal.

DFID is the leading bilateral donor in Nigeria and will spend £80 million this year, rising to £100 million in 2007-08. The help that we are giving is focused on the Nigerian Government's plan to improve governance and contribute to the millennium development goals. The impact of the Government's reforms and DFID's programme is already being seen.

My hon. Friend asked about non-oil growth. Improving macro-economic stability is essential for sustainable development in Nigeria. We have provided technical assistance and it is worth making the point in passing in view of ActionAid's report, which was published yesterday and reported in one or two newspapers this morning, that technical assistance of the right sort helps to fight poverty. To describe technical assistance as phantom aid is rubbish and it is important to put that on the record. I am grateful to my hon. Friend for obtaining this debate and giving me the chance to do so emphatically.

Jim Sheridan: My right hon. Friend was right to make the point about the reforms that the Government are trying to introduce, but people are asking whether there are still elements in the Government who are travelling weekly to this country—there is anecdotal evidence of that—to buy property, particularly in London and the south-east, with money taken from

people in Nigeria. What are my right hon. Friend's Department and other Departments doing to scrutinise those people who are coming from Nigeria and buying property in this country at the expense of people in Nigeria?

Hilary Benn: My hon. Friend raises an important point and if he will bear with me for a moment I will come to it directly when I speak about corruption. I want to finish what I am saying about economic development.

Technical assistance has helped to improve the way in which the federal Government's budget is managed and the way in which they handle debt. It has created the mechanism to allow the benefit of the deal to be ring-fenced for progress towards millennium development goals. It is also worth saying that a fiscal responsibility Bill will come before Parliament shortly and covers the way in which oil revenues should be used. One of Nigeria's problems is that when oil revenues go up it spends the extra money, but when the revenue falls it has a problem in sustaining that level of expenditure because it does not have quite as much money as it had previously. Legislation to impose discipline on boom-bust expenditure is important and the world, including people in Nigeria, will look at that to assure themselves that the commitment to reform is continuing in the country.

We are increasingly focusing on non-oil growth. We have launched the PrOpCom programme—Promoting Pro-poor Opportunities through Commodity and Service Markets. That is a bit of a mouthful, but the programme is trying to look at improvements in Nigeria's agricultural market system, to which my hon. Friend referred, so that it works better for small producers. One of the things it is doing to start with is asking what are the obstacles to more rice being grown, and what are the problems that get in the way of transporting that rice, because Nigeria is a rice importer. If more rice could be grown it would be good for those who are growing it and good for those who buy it.

The shared growth framework is looking at the regulatory and legal environment for business. State-level investment climate surveys are being done, asking the question, "What is it like if you want to invest in a business here," and if it is not good and people are investing elsewhere, asking what we can do to change it, because that is the best way to secure investment from within Nigeria and Africa and from outside.

We have also given a bit of support through. A report in the newspapers recently said that it was shocking that CDC is spending money on building a shopping centre in Nigeria. But let us pause for a moment and ask, is that really shocking? The answer is that it provided jobs for Nigerians. Who will work in the shopping centre? The answer is that people will work serving the public, who will buy things in the shopping centre. That is an example of economic development that in time helps people to have a better life.

I turn now to the subject of governance. Although there has been progress in the fight against corruption and in promoting improved accountability, we have a long way to go. My hon. Friends the Members for Glasgow, North-West and for Paisley and Renfrewshire, North (Jim Sheridan) made very important points.

The progress that has been made in auditing Nigeria's oil and gas revenues under the extractive industries transparency initiative has been significant; for the first time this year figures were published and openly debated. If one clarifies the oil revenues that the Government are receiving and people can see it they can ask the important question, "What have you done with the money, and are you going to spend more of it in my community?" A process can then start. First, we are introducing a Bill that will institutionalise the EITI principles, with regular auditing to show how the money flows. I very much hope that it will be enacted.

Secondly, we are working very closely with the Economic and Financial Crimes Commission —Mr. Ribadu is doing a magnificent job—and there have been prosecutions. However, it would be helpful if Nigeria were to lift the bar on serving state governors being prosecuted for corruption, which is, frankly, extraordinary. Despite the position we hold, if any of us behaved in a corrupt way and there was evidence we would be charged, and prosecuted. What justification is there for having immunity from prosecution just because one happens to occupy a certain position?

That is another example of a further step that Nigeria itself could take to help in the fight against corruption. However, the former inspector-general of police was convicted and imprisoned and the former governor of Bayelsa state, who is now facing prosecution for corruption, was impeached, because that was the only way to get to him.

We have worked with the Nigerians on the reform of the payroll. One way of improving public financial management is to ensure that one does not pay ghost civil servants, something to which Finance Minister Ngosi was very committed.

My hon. Friend the Member for Paisley and Renfrewshire, North asked what we could do to play our part. We have ratified the United Nations convention on corruption which allows us more effectively to freeze, confiscate and return the proceeds of corruption. We are establishing the new unit with the Metropolitan police and the City of London police, and the Department for International Development is helping to pay for it. Why? Because it is a really good use of aid money. If we can be more effective in finding the proceeds of corruption and giving it back to the people from whom it was stolen in the first place it helps development, and it is right and proper that we should support the work in that way.

We also have money laundering legislation. In answer to the specific question asked by my hon. Friend the Member for Paisley and Renfrewshire, North, those who run money transfer companies and banks are now under a clear legal obligation. If the cash that comes into an account is not consistent with what they know about that person's business activities and they have concerns in that respect, they should report it.

Finally, we take the issue of human rights extremely seriously. We have a security and justice programme which has funded research on women's rights in northern Nigeria. We are also supporting a widowhood rights initiative and citizens rights.

[Hilary Benn]

We are funding a £7 million elections programme to ensure that Nigerians' right to participate in the elections next year is as free and fair as possible. We have also been supporting the census financially, because that helps people to be counted and therefore to be registered to vote.

We are investing in a very big way in improving access to health care, education and water services. My hon. Friend the Member for East Lothian (Anne Moffat) mentioned people not having clean water. Another reason why one in five children die before the age of five is because they drink dirty water, get diarrhoeal diseases and die. Clean water really would make a difference.

Motorway Noise

4.45 pm

Mr. Richard Benyon (Newbury) (Con): It is a pleasure to be under your chairmanship this afternoon, Mr. Marshall.

I start by declaring an interest: in the right climatic conditions, the motorway can be heard from my home. I secured the debate to draw attention to the increasingly desperate pleas of communities in my constituency that are close to the M4, where traffic noise has been steadily increasing. The issue is being closely followed by communities such as East Ilsley, Compton and Enborne along the A34. The junction of the M4 and A34 is the crossroads of the south of England and the growing number of vehicles that use these routes are having a major impact on the lives of local people.

Traffic levels in the United Kingdom overall have been on the increase since the M4 opened in 1972. Nationwide, road traffic rose 142 per cent. between 1970 and 2002 according to Transport Department figures. The figures also show that in 1999, 70,177 cars a day on average used the stretch of the M4 between junctions 13 and 14. By 2004, that number had risen 26 per cent. to 88,443 vehicles in any one 24-hour period.

The problem will only get worse. As the previous Secretary of State for Transport admitted earlier this year, the population will grow by 10 per cent. and

"the number of households is also set to double in the next thirty years...the number of two-car households will increase—and this means that the number of car journeys could go up",

but he said that simply building more and more roads was not the answer. Whichever way we look at it, traffic volumes on roads such as the M4 will go up.

Although it is generally understood that those villages that are close to the motorway will inevitably be subject to high levels of noise, others further afield are also suffering. The rolling nature of the Berkshire downs effectively acts as a conduit, funnelling traffic noise from the M4 and A34 to communities in that special part of the North Wessex downs area of outstanding natural beauty.

The impact on people's lives has been significant. David Smith of Upper Basildon moved house 10 years ago to be far enough away from the motorway not to hear the noise. Where he lived previously was a mile away from the motorway and the noise was so loud that it kept him awake at night. Where he lives now is 2.5 miles away from the motorway and he notices the same level of noise and the same effect as he did in his previous home.

Motorway noise has worsened so badly for Michael Taylor, a parish councillor who has lived in the village of Oare since 1966, that he tested the levels with a decibel meter. As a comparison, Mr. Taylor held the meter in a room with the vacuum cleaner on, which produced a similar reading to the level of motorway noise coming through his window. That gives some idea of what he hears every day.

In the village of Wickham, some families live in houses only 80 yd from the M4. The section of motorway near the village is on an overpass, which

increases noise levels considerably. David Hunt, chairman of Welford parish council, has been campaigning to have that stretch of the M4 resurfaced with "quiet" tarmac but he has been told by the Highways Agency that it could be many years before the M4 is eligible to be resurfaced. Those are three examples of a deluge of e-mails and letters that I have received, especially since I was told that this debate would take place.

Mr. Hunt, the chairman of the parish council, was right to identify quiet tarmac as the solution. I do not want to waste precious time considering other noise abatement measures such as acoustic walling or tree planting, which make a minimal amount of difference. I shall focus on the key measure that really achieves noise reduction: the replacement of the traditionally used hot-rolled asphalt with a quieter road surface.

One of the proven alternatives, which has been laid on a number of stretches of road, is porous asphalt; it is very effective for a number of reasons. The small grain size creates an even surface that reduces the rolling noise of vehicles. It also absorbs some of the noise emitted by vehicles. Much more importantly, there are safety reasons for laying porous asphalt: it allows rainwater to drain away much more quickly, and that makes it much less likely that vehicles will aquaplane when there is heavy rain. Good drainage increases safety, as it reduces spray and reflections in wet conditions.

Travellers on the infamous Newbury bypass know exactly when they are going from hot-rolled asphalt to porous asphalt. As soon as they hit the new bypass, it is quieter in the car and consequently, of course, quieter for people living nearby. However, the industry is increasingly using thin-layered surfaces. Used widely across the continent, even in concrete-loving Germany, it is now the surface of choice, rather than porous asphalt, because it offers better noise reduction, a better quality of ride and more skid resistance; it is also much better for maintenance. Interestingly, it costs about the same as porous asphalt. Applications of thin surfacing in the UK, for example on the M876 near Stirling, have proved very successful.

An April 2005 paper by the US Federal Highway Administration in *Focus* praised the UK's wide use of quiet surfaces, and particularly of thin-layered, textured asphalt mixes. It praised many aspects of recent UK Government transport policy. Today, I particularly want to hear from the Minister on following through on those policies. The paper said:

> "In 2000, a 10-year plan for transport was adopted that set a target for advancing noise reduction policies on major roads. The overall goal is to resurface 60 percent of major roads with quieter materials over the 10-year period."

That does not appear to be happening. At a meeting with the Highways Agency on 25 January this year, Boxford parish council members were told that current funding levels and the criteria set nationally meant that no measures could be taken to reduce road noise on their stretch of the M4 in the foreseeable future. That was despite the conclusion of a noise consultant for Mott MacDonald, who advised that noise levels along the M4 were broadly in excess of acceptable levels.

Mr. Michael Wills (North Swindon) (Lab): I congratulate the hon. Member for Newbury (Mr. Benyon) on securing this debate. Every Member of this House knows just how important the issue of motorway noise is to our constituents; it causes them great distress. In passing, I must say how grateful many of my constituents are to the Government for all the funding that they are giving the Highways Agency to provide noise barriers along the A419, a trunk road along the wards of Covingham and Stratton St. Margaret in my constituency.

The hon. Gentleman rightly drew attention to the importance of road surfacing in providing relief. My experience of the A419 very much bears out his experiences, and I am grateful to him for raising the subject. The Government agreed to resurface the A419 near the village of Latton, which suffered a great deal from the noise of that road. There is some uncertainty about when that resurfacing will occur. Does the hon. Gentleman agree that, even if everyone accepts that there are inevitably resource constraints, and that money cannot always be found immediately—

Mr. David Marshall (in the Chair): Order. Interventions should be brief.

Mr. Wills: I am just coming to the point; thank you, Mr. Marshall.

Does the hon. Member for Newbury agree that even if the money cannot be found immediately, certainty about when resurfacing will take place is important, because it provides relief to those suffering from that distress?

Mr. Benyon: That is precisely what I hope to achieve by this debate. I entirely agree with the hon. Member for North Swindon (Mr. Wills) on that point. Many of the surfaces of the M4, both in the hon. Gentleman's area and mine, have not been resurfaced since they were first laid in 1972. We seek an assurance from the Minister that a programme in which local people can feel confident will be rolled out, that new quieter road surfaces will be laid and that people can have clarity about when that will take place.

At the Highways Agency's meetings with the parish councils, a figure was put about of £5 million nationwide for noise reduction measures similar to those described by the hon. Gentleman. That is obviously an inadequate sum for a nationwide road network, but we ask that the sum be used on the mitigating measures that I am about to put forward.

To pre-empt what the Minister may say about noise mitigation, compensation for noise pollution is available, potentially, only for buildings within 300 m of the motorway. However, many of my constituents and those of the hon. Gentleman live a greater distance from the motorway, yet suffer untenable levels of noise because of such factors as open ground, lack of trees, the motorway being part of an elevated section, and prevailing winds. That uniform band of 300 m seems daft, given that local topography, trees and foliage could mean that a property only 200 m from the motorway could suffer less noise pollution than one almost 1000 m away.

[Mr. Benyon]

The US Federal Highway Administration paper that I mentioned praised the UK for providing that any new housing construction must take traffic noise into consideration, and must actively plan for it. The paper says that, in the UK:

"Any planned development that approaches the noise thresholds must include noise reduction strategies in the design."

The Government were planning to build at least 500 new houses a year in west Berkshire but, to our horror, we have discovered that they would prefer the figure to be 810 houses per year. Other hon. Members may face many more than that in their constituencies, but I say that we have had more than our fair share over the past 20 years. From my time as a councillor—too many years ago to remember—I recall planners working to a figure of an average of seven road movements a day per new dwelling. If the building of 810 new houses goes ahead, it will mean 5,880 more road movements per day, simply as a result of west Berkshire's new housing. Noise pollution, therefore, is set only to increase.

In a letter to me on the proposed new developments, the Minister of State, Department for Transport, said that the South East England regional assembly is undertaking an assessment to

"highlight the potential impact and identify areas of concern".

To put it mildly, that statement does not fill my constituents with confidence.

In July 2003, the Department for Transport published its key long-term strategy document for the UK road network. It pledged to tackle the problem of noise on roads

"by specifying low noise surfaces as the norm for all trunk roads".

I think that we would all agree with that. Its resurfacing budget for an initial four-year programme was set at £77 million. Not only has that not been spent, but the programme itself, I have been informed, appears to have been quietly withdrawn. By setting that target, Ministers demonstrated their awareness of the importance of the issue and of the distress caused to those who live close to motorways.

I welcome the Under-Secretary of State for Transport to her new job; I am sure that she brings a freshness to the Department and a drive to her new role. I hope that she has listened to the genuine concerns of my constituents and many others. They, and I, wait with interest to hear whether she and the Government are prepared to give the commitment that they so desperately need to protect them from the noise pollution that so blights their lives.

Mr. David Marshall (in the Chair): Mr. Wills, you have the permission of the mover of the debate and of the Minister to make a small contribution.

Mr. Wills: Thank you, Mr. Marshall, but I have already made my points in the rather lengthy intervention that you so generously allowed.

4.59 pm

The Parliamentary Under-Secretary of State for Transport (Gillian Merron): First, I congratulate the hon. Member for Newbury (Mr. Benyon) on securing the debate, so that we can consider the subject of motorway noise, which is important not only to his constituents and those of my hon. Friend the Member for North Swindon (Mr. Wills), but many others across the country. Nuisance from traffic noise is an issue that the Government have recognised, and still do. Action is being taken to reduce the problem and real progress is being made, as my hon. Friend the Member for North Swindon said.

The hon. Member for Newbury raised a number of concerns that his constituents have identified at sites along the M4 between junctions 12 and 14. They reasonably want to understand what can be done to reduce noise from the motorway, and the basis on which decisions are made to provide mitigation when something needs to be done on their section of the motorway. I sympathise with his constituents' concerns about the traffic noise problems that they experience as a result of the growth in traffic on the M4. In response to the hon. Gentleman, I should like to explain how we have built up our policy on dealing with noise from roads, and the steps that the Highways Agency has taken to deal with the problem that he has so clearly identified.

Prior to 1998, the assessment of noise impact was carried out only for new roads. Where noise levels have been predicted to be high as a result of the construction of a new or improved road, measures such as noise barriers or earth embankments are normally included in the design of a road as a means of reducing noise to more acceptable levels. Where such measures cannot be provided, because of high cost or for practical reasons, there are provisions in the Land Compensation Act 1973 and the various noise insulation regulations for noise insulation in residential properties. Those measures have for many years provided protection against increased road noise for those who are affected by new roads.

However, it is worth saying that in 1998, this Government recognised that those measures ignored the plight of many people who live near existing roads. It has been a problem on the strategic road network, including on motorways where traffic growth has been greatest. A number of policies have been put in place to deal with those real concerns, and it will probably be helpful if I remind hon. Members of the considerable focus that we have put on improving the noise environment for those living close to high-speed roads.

First, in the White Paper, "A New Deal for Trunk Roads in England: Understanding the New Approach", published in 1998, we gave a commitment to use quieter surfacing materials on new roads and existing roads that required resurfacing. That commitment was strengthened in "Transport 2010: The Ten Year Plan", when we committed to resurface with such materials 60 per cent. of the existing trunk road network, including all concrete sections, by March 2011.

Mr. Benyon: On the figure of 60 per cent. over 10 years, 6 per cent. of roads throughout the country will be resurfaced anyway, because of deteriorating road surfaces. If one multiplies that by 10, one gets

60 per cent., so is that a new announcement or just the status quo being prolonged? I know that we are six years into the 10-year plan, but was that a commitment over and above what is happening already?

Gillian Merron: The announcement also recognised value for money and the return that we can obtain. In response to the hon. Gentleman, I shall come on to that feature, because it has not yet entered the debate.

My hon. Friend the Member for North Swindon made a point about concrete roads such as the A419. I am glad to hear that some improvements have been made and welcomed. Concrete roads raise particular concerns, as they generate higher levels of tyre noise than more traditional roads. However, it is now considered that providing quieter surfaces on concrete roads ahead of their maintenance need will not provide long-term value for the taxpayer, so those roads will be resurfaced in accordance with their maintenance need.

The UK used quieter surfaces as early as the 1970s, developing the use of porous asphalt, which was known to reduce tyre noise as well as spray in wet conditions. That material has been successfully used for a number of years on the A34 Newbury bypass, but it is a more costly solution than recently developed materials.

Mr. Wills: I accept my hon. Friend's point about value for money, and I am sure that the hon. Member for Newbury also realises the need for taxpayers to get effective value for money. However, what is almost as important to people as immediate relief is the certainty that there will be relief. That is what is not absolutely clear, so will the Minister expand on a timetable for the works that are available? It is something that I am sure my constituents and those of the hon. Gentleman would value.

Gillian Merron: That is a fair question. I understand the point about certainty, but I am not able to provide my hon. Friend with a direct answer. I shall gladly raise those concerns with my hon. Friend the Minister of State, as he will be considering that area. I hope that the hon. Members who are present understand that I am not equipped to answer that question. I should not wish to mislead them, their constituents or the House.

We have recognised that there remain concerns at locations where there was no early prospect of the road being resurfaced with noise reduction materials. As a result—the hon. Member for Newbury referred to this point—we announced on 22 March 1999 a ring-fenced budget of £5 million a year to deal with the most serious and pressing cases. Three criteria based on noise levels and road-opening dates were used to determine the cases.

In November 1999, the Highways Agency identified 79 sites that had met the criteria. They were the subject of individual studies to determine the most practical and cost-effective solutions. To date, 60 of those sites have been addressed. However, no sites were identified on the A34 or M4 within the Newbury constituency. I appreciate that that will be disappointing news to the hon. Member for Newbury.

Since the list's announcement, the agency has identified a number of further sites with serious noise problems, based on the original criteria. The agency has used a new noise severity index to rank the severity of noise problems identified since the announcement of the 1999 list. The index is used to identify locations where a significant number of people experience high noise levels. The locations would be considered severe enough to warrant the installation of noise mitigation. One site that has been assessed lies within the Newbury constituency at Oare. A detailed study identified that when road maintenance is undertaken, the most cost-effective means of mitigation would be to use quieter surfacing. The alternative means of noise reduction would be noise barriers. However, they could not be justified because of their limited effect on reducing noise levels for the residents at that location. Noise barriers are normally effective only for properties located up to 150 m off the roadside, and the properties under discussion are located 250 m from the M4 motorway.

The Highways Agency has also considered a number of other sections of the road network in Newbury to see whether those locations would qualify under the criteria. They included sites between junctions 12 and 14 of the M4 motorway, and the A34 at East Ilsley. Some of the sites met the criteria, but the small number of houses present could not justify the early installation of barriers from the annual £5 million ring-fenced budget. A further noise study under that policy is taking place at Yattendon, and I shall ensure that the Highways Agency keeps the hon. Gentleman informed about the outcome of the study.

In summary, the locations studied within the hon. Gentleman's constituency show noise severity indices that are not as severe as other locations alongside the strategic road network. Within the current arrangement, it means that no works can be undertaken in the short term. I realise that that will disappoint him.

The Highways Agency will identify the timing of resurfacing on the M4. The prioritisation of resurfacing on the trunk roads is related to the condition of the surface. The aim, of course, is to maintain the strategic road network in such a way as to minimise whole-life costs while taking into account disruption to the road user and the need to keep the road in a safe and serviceable condition. The Highways Agency's resurfacing programme matches the prioritised schemes against the funds available. Over the past five years, road maintenance per network mile has increased from £120,000 in 2000-01 to £159,000 in 2004-05, an increase of nearly one third. The programme is kept under review as priorities might change depending on the deterioration of a stretch of road.

In his letter to the hon. Member for Newbury of 17 February this year, the chief executive of the Highways Agency explained that the M4 is still very much in a serviceable condition. Further correspondence with the Minister of State on 28 April confirmed that position.

Mr. Benyon: Of course I understand the caveats that the Minister has to give on these matters, but will she give a commitment that if the road surface deteriorates to the point where it needs replacing, an improved quiet road surface will be applied?

Gillian Merron: I can gladly give the hon. Gentleman the commitment that the deterioration of the road surface of the M4, as with any other, will be treated in

[Gillian Merron]

the correct way. Of course, our ambition is to reduce motorway noise but I cannot predict—I know that the hon. Gentleman is not suggesting this—the rate of deterioration and the view that the Highways Agency will take on that. Of course, this debate will be drawn to the attention of the Highways Agency as well as that of the Minister of State, who is responsible for working with it.

Mr. Wills: It would be a shame if the debate were to conclude without my paying tribute to the work of the Highways Agency. Throughout my hon. Friend's speech she has made continual reference to the way in which the Highways Agency has engaged with the process. In my experience in my constituency, officials from the Highways Agency have shown themselves consistently, over many years, to be highly sensitive to the real distress caused to my constituents and highly imaginative and constructive in trying to find solutions, and although such solutions have not yet all been found, they are constantly engaged. It is only proper that I should pay tribute to all those officials, who work so hard.

Gillian Merron: I am sure that that contribution is welcome, and that it will be appreciated by the Highways Agency. It is not often that colleagues in the agency are picked out in such a way and I thank my hon. Friend for doing so. I hope that that will be a reassurance to the hon. Member for Newbury, who represents his constituents well on the issue of motorway noise.

Maintenance of the section of the M4 that we are discussing is not required for the foreseeable future and has not been included in the current four-year programme of maintenance work. I readily acknowledge that that is disappointing for the hon. Gentleman, but I hope that he will understand that we are ensuring that a fair system is in place that will benefit the greatest number of people while giving the best value for money.

The Highways Agency is committed to completing mitigation schemes at all the sites on the original November 1999 list by March 2011. The policies that have been in place since 1998 have led to significant improvements for many residents living close to the strategic road network. Real differences have been made and we will continue to help those who are the most affected by road noise while ensuring best value for money. Although I realise that I have not been able to provide the direct response that I know the hon. Gentleman would have liked, I hope that he, his constituents and those of my hon. Friend the Member for North Swindon will appreciate the work that is going on and the commitment to work as readily as we can to mitigate the effects of motorway noise.

Question put and agreed to.

Adjourned accordingly at fourteen minutes past Five o'clock.

Westminster Hall

Thursday 6 July 2006

[SIR JOHN BUTTERFILL *in the Chair*]

Analogue Switch-off

Motion made, and Question proposed, That the sitting be now adjourned.—*[Jonathan Shaw.]*

2.30 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I welcome the opportunity that this debate provides to consider both the Select Committee on Culture, Media and Sport report into analogue switch-off and the wider subject of analogue switch-off, which has not received as much attention in the House as it merits.

Analogue switch-off is a huge undertaking. It will affect almost every household in the land, and for that reason the Committee, which I chair, chose to examine it as our first subject of investigation at the beginning of this Parliament. During the course of our inquiry we received 54 submissions and took evidence from 41 witnesses. The Committee visited Berlin, which is the one place on the globe that has so far switched off its analogue transmission, to see what lessons we could learn from the experience there. I also visited Sandy Heath, which is one of the large transmitters operated by Arqiva, to see at first hand what switch-off entails.

Switching off analogue transmission is a vast task—particularly in this country, where television viewers are more dependent on analogue than in many others, where there is wider penetration of cable and satellite. It will require hugely complicated organisation. The Secretary of State has compared the task of switch-off to decimalisation, and one witness to our inquiry, David Elstein, said that switch-off had

"more potential for chaos and consumer revolt than any other civilian project in our history, including North Sea gas conversion and decimalisation."

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I ask the hon. Gentleman to cast his mind back to North sea gas conversion, although he is probably not old enough for that, whereas I am. The model then was that everybody's appliances were changed by a system that did not require them to do anything except admit the authorised people at the right time. The whole task was carried out for them in a way that is not going to happen this time.

Mr. Whittingdale: There are parallels, but they can be taken only so far. It would not be practical to expect the Government to send out a converter to every household, because the cost of doing so would be astronomical—it will be quite considerable as it is. That gives an indication of the scale of the undertaking on which the Government have embarked, and the first question that my Committee addressed was therefore why we are doing it.

Much of the justification given for switch-off is based on the benefits of digital television. I need no persuasion. My life was transformed when I installed my Sky box and had access to multi-channel television. It was transformed again when Sky plus came along and offered personal video recorder capability, and I look forward to a third transformation, when high-definition boxes eventually reach the shelves. Digital television offers huge advantages, particularly for watching 24-hour news channels—*[Interruption.]* Perhaps not the movie channels, to which my hon. Friend the Member for Ribble Valley (Mr. Evans) is devoted.

Digital television has been available to everyone who has wanted it for a considerable time. Anyone who wishes to have access to digital TV can install a Sky dish. In large parts of the country, they can obtain it through cable and in about 70 per cent. of the country through freeview. The question is why we are compelling people to switch to digital, particularly as other means of distribution are coming on stream. There is already freesat from Sky, the possibility of freesat offerings from the BBC and ITV in due course, and IPTV—internet protocol television—through broadband connections, which is a real possibility in the near future, with BT Vision intending to launch in October. So why are we forcing the pace and removing choice from people who say that they are content with their existing analogue service and do not see why they should have any more services?

Mr. David Drew (Stroud) (Lab/Co-op): Does the hon. Gentleman agree that one problem is that it is uncertain whether the technology will reach all people after switchover? The complaints that I have heard are twofold. First, people object, as he rightly pointed out, to being railroaded into making a decision prior to switchover. Secondly, constituents are concerned that they might still be ineligible for those services in the new wave of television that the hon. Gentleman described. Does he agree that that is a concern, particularly for older people?

Mr. Whittingdale: I agree in part and shall come to extending freeview to universal coverage, which is one of the potential advantages of switchover. The chances are that his constituents will benefit and will have access to freeview once switchover takes place. However, a small number of people might still be unable to receive freeview. I shall come back to that group, because it is deserving of help.

To return to the case that has been made, the Government first advanced an economic cost-benefit analysis. The cost of switchover is relatively easy to quantify, although the figures range considerably, depending mainly on what is thrown into the pot as part of the cost. The Government have said that the cost will be of the order of £5 billion, whereas Mr. Elstein told us that it would be about £13 billion, although he included the public service publisher idea of Ofcom and the power costs of the additional boxes. *The Sunday Times* told us that the switchover would cost £23 billion but, on examination, that included providing every household with a plasma screen, which might have pushed up the cost a little.

The one thing that everyone would accept, however, is that we are talking about a considerable sum of money. The cost is likely to be borne by almost every

[Mr. Whittingdale]

household, because the consequence of switchover is that every television receiver will have to be digitally enabled. That will probably require at least one set-top box, and perhaps another for analogue recorders, such as video cassette recorders. Switchover will also require new wiring and perhaps new aerials to be fitted in a number of households, so for each household quite a considerable cost is attached.

Mr. Nigel Evans (Ribble Valley) (Con): Although there will be some help for the very needy, it will be provided through a funding arrangement, via the BBC TV licence. While my hon. Friend is discussing costs, does he not agree that there must be a better way of funding that help? Because the TV licence is set at a flat rate and regressive, the nearly poor will be paying for the very poor.

Mr. Whittingdale: I agree and shall come to that argument, but I welcome the fact that the Government have recognised that they have a responsibility to help those who are most vulnerable and likely to find the process most difficult by providing an assistance package. However, it was the Committee's view—not only the Committee's, but almost every outside commentator's—that that is a welfare action and should therefore be funded by the Exchequer, not the BBC.

Janet Anderson (Rossendale and Darwen) (Lab): Is the hon. Gentleman aware that the BBC is perfectly happy with the suggestion that that help should be funded out of the licence fee?

Mr. Whittingdale: At this moment, when it is looking to the Government for assistance in the licence fee settlement, the BBC probably regards it as highly unwise to express anything other than enthusiasm, although I am not sure that it would necessarily say the same thing in private. In a sense, it is immaterial whether the BBC is happy with the arrangement. My view and that of many others is that the cost should have been picked up by the Exchequer. I was just completing the list of costs attached to the process. The other two considerable costs will be the conversion of transmitters and the necessary marketing exercise to inform everybody that that is taking place. If all the costs are added up, the £5 billion estimate may be about right.

Some of the benefits that will flow from switchover are more theoretical. The Government have argued that a monetary value can be attached to the benefit of the new services that will become available to people receiving digital terrestrial television. My argument is in part that if people attached a considerable value to those services, they would have obtained them already and would not be waiting to be compelled to get them.

The Government have come up with a curious concept that they call the imputed consumer benefit of compulsory migration, which the Committee regarded with a degree of scepticism. Nevertheless, there are concrete and quantifiable benefits. There will obviously be a saving to the broadcasters, because they will no longer have to transmit programmes both in analogue and digital. In addition, the spectrum released as a result of the analogue signal switch-off will have a value. When that was first discussed, people got a little bit carried away with memories of the amount of money raised by the 3G auction, but I do not think that we will see such sums again. The return on the spectrum that is released will depend on the use to which it is put.

The Government concluded that there was a net present value benefit to the process of between £1 billion and £2 billion, about which we were not wholly persuaded. We are talking not about a cost-benefit analysis but a decision taken on stronger grounds. There are two main reasons for the analogue switch-off, including to extend the coverage of freeview. However, I have received complaints from some of my constituents who cannot get freeview. I was amused by what I imagine was the look of horror that passed across the face of the chief executive of Digital UK, when he checked the current freeview coverage for each Committee member's constituency and found that mine is one of the worst in Britain.

Another benefit of switchover is that it should allow the power of the digital terrestrial signal to be boosted to enable almost universal coverage of digital terrestrial television. That will extend choice to almost every household, which is a benefit that will restore an element of fairness.

Mr. Roger Williams (Brecon and Radnorshire) (LD): The hon. Gentleman mentioned the number of constituencies in which there is difficulty receiving freeview that might be enhanced by the digital changeover. I understand that 1.5 per cent. of households do not currently get analogue reception and after the change 1.5 per cent. will still not get it—but it may not be the same 1.5 per cent. That will cause a certain amount of aggravation and even chaos for the people involved.

Mr. Whittingdale: The hon. Gentleman is right. We were particularly concerned about that 1.5 per cent. That may sound like a small proportion, but it represents a large number of households. Part of the problem is that we do not entirely know who they are, so identifying them should be a priority.

The Committee was also concerned in that although we recognise that it is beneficial to make the DTT signal available throughout the country, DTT technology already looks primitive when compared with some of the alternatives becoming available. Freeview boxes, for instance, are mainly based on MPEG-2 technology, which limits the number of channels that can be transmitted and makes it impossible, for example, to receive HDTV. In time, we may migrate to MPEG-4, but that will require a new generation of boxes to be fitted. DTT will always be subject to some capacity constraints, particularly when compared with the alternatives of satellite reception or internet-provided television. Therefore, we wondered whether it was sensible to promote a technology that might become obsolete. The lifespan of DTT may be no more than 10 years, by which time most people will be more demanding and will want better quality, more choice and interactivity, and something like BT Vision, or its equivalents in IPTV services, will be taking hold.

At that point, we may have to consider "Switch-off 2" to shut off the DTT signal and release that spectrum for more valuable uses.

Switching off the analogue signal will release a chunk of spectrum. One of the big questions facing the Government is what they will do with it. The Committee heard about a number of different applications, including wireless broadband and mobile television. The broadcasters are keen to reoccupy the spectrum for HDTV, having only just given up analogue transmission.

Mr. Evans: Just before my hon. Friend leaves the subject of freeview, does he agree that some people, who are as yet undecided, may need repairs done or a brand new aerial installed? The Committee is still concerned that there may not be sufficient aerial contractors available, and with so many installations or repairs being necessary, this may be the beginning of a cowboy's charter for a small group of people, who may rip off unsuspecting individuals with exorbitant charges.

Mr. Whittingdale: My hon. Friend is right; that was a considerable concern for the Committee, and the Government are moving to address it. I agree that there is a risk that the most vulnerable people may be exploited by the unscrupulous.

I return to the allocation of the released spectrum and Ofcom's task as part of the digital dividend review. Traditionally, the Government have decided the general use of a band of spectrum. For instance, it was decided that a particular part of the spectrum should be used for mobile applications in respect of the 3G auction, and a market mechanism—an auction—determined which operators were able to take advantage of it. There has been a suggestion that the entire thing should be done this time through the market and a bidding process, but I am not sure whether that is sensible. Different arguments are already being advanced. Understandably, the broadcasters said, "Look, if we are to continue to offer a choice to viewers, it is important that HDTV be available on freeview as well as satellite."

I declare to the House that last week I received through the post, slightly to my surprise, a set-top box to allow me to have access to the BBC's current HDTV trial, run from Crystal Palace. I was told that I was one of 450 viewers who have been selected to participate. *[Interruption.]* The hon. Member for Bath (Mr. Foster) indicates that he too was fortunate enough to be selected as one of those 450 viewers. We are clearly both very lucky.

Mr. Don Foster (Bath) (LD): I did not request the box; it came without any explanation. I have discovered that I can use it neither in my flat in London nor my home in Bath, because of the configuration that I have.

Mr. Whittingdale: I have not yet discovered whether it will operate in my home, but I will report back to the House.

More seriously, the decision about what use the released spectrum should be put to carries some urgency. Arqiva made the point to the Committee that it is having to order the equipment to fit on transmitters now and that there is a three-year lead time in terms of antennae and equipment to be fitted on transmitter masts. Therefore, unless decisions are taken very soon, there is a danger that its people will have to go up the masts twice: first, to fit the equipment for the digital terrestrial signal, to boost coverage, and then a second time to deal with potential use of the released spectrum. That obviously has considerable cost implications, which may affect the economics, so I hope that the Minister can confirm that now that the radio regional conference has determined the frequency allocations, we will move swiftly to a decision on what the released spectrum should be used for.

I think that the main concern of the Select Committee, having accepted that the decision on digital switchover has been taken and that it will go ahead, is that we address the difficulties that it poses—the practical problems that must be overcome if the task is to be completed successfully. Digital UK has been given the task of leading the process, and the Committee has been impressed by the work that it has done so far, but there was some concern about resourcing and the authority that Digital UK would have in the event of disputes, particularly between broadcasters and others. Considering that Digital UK is owned by the broadcasters, we had some concern about whether it would be able to bang heads together, if that became necessary, when its board members were the people whose heads needed banging. We were also worried that there was some confusion about where responsibility lay in Government and that not necessarily enough attention was being paid to the issue in the higher levels of Government.

At our final evidence session, we had before us the then Minister for Industry and the Regions, the right hon. Member for Cardiff, South and Penarth (Alun Michael), and the then Under-Secretary of State for Culture, Media and Sport who is now the Minister for Pensions Reform, neither of whom was willing to say that he was ultimately responsible for the process. They suggested that it was somehow shared between them, which I think the Committee regarded as unsatisfactory, in that essentially it meant that responsibility did not lie with either of them.

I have been encouraged by the fact that when the hon. Member for St. Helens, South (Mr. Woodward) took up the post of Under-Secretary of State for Culture, Media and Sport, he was described as Minister for switchover, and although the Government have not formally accepted our recommendation in their response, he does seem to have been given the task of taking a grip of the whole process. We would very much welcome that. I hope that he will pay close attention to the process to ensure that it proceeds smoothly.

On awareness of digital switchover, which is the first requirement, there appears to be encouraging progress. The latest tracker survey, which I was shown by Digital UK, shows that awareness is up to 71 per cent. and understanding of the process at 66 per cent. There were one or two interesting figures in the survey. Slightly surprisingly, it showed that the least aware group was the youngest age group rather than the oldest, which we would not necessarily have anticipated. The survey

[Mr. Whittingdale]

also showed that ethnic minorities were more unaware of the process than other groups. With regard to support for the process, it showed that roughly one quarter of those questioned were fairly enthusiastic about switchover; one quarter were not enthusiastic and indeed were negative about it; and half were fairly resigned to the process. Clearly, a considerable task remains to explain to people what will happen and to persuade them that it is a good thing that it is happening.

The Government have frequently cited the figure for digital penetration—the number of households that have converted to digital—which has reached almost 75 per cent., but it would be a great mistake to think that we need not worry about those households, because every single household that has a digital set in the main room almost certainly has analogue sets in the kitchen, in the bedroom and in the children's rooms. Therefore, the process will affect them as much as anyone else. Although 75 per cent. of households have gone digital, 60 per cent. of televisions are still analogue. There are 37 million televisions out there that will have to be converted. It is also estimated that 25 million aerials will need to be replaced. That poses very serious problems in terms of the supply chain.

We were concerned when we took evidence from, for instance, DSG International plc, which now owns Dixons, that unless there was a steady migration, there was a danger that there could be a last-minute rush to convert, in the last few weeks before switchover. We were concerned that people would go into the shops on their local high street only to discover that the shelves were empty and that the supply chain simply could not cope with a huge last-minute surge in demand from people wanting to convert in time for switchover day. It is therefore extremely important that we persuade people that they need to act early. That will be harder when we are expecting people in the areas that cannot get freeview at the moment to fit equipment that will not work until switchover takes place. We will be expecting them to make the leap of faith that it will work when switchover does take place. There are real concerns about the supply chain.

Another issue, which my hon. Friend the Member for Ribble Valley mentioned, is the replacement of aerials. Some 25 million may need to be replaced. The Confederation of Aerial Industries told us that it thought that replacement would happen in any case because every time there is a bad winter, aerials are blown off roofs and people replace them. That ongoing process of replacement should mean that there will be far more aerials that are compatible and ready for digital reception than there are now, as a result of the natural course of events.

However, having heard from the CAI that it was relying on bad weather to blow down aerials for them to be replaced, we were slightly alarmed then to hear from the transmission companies that they were under a very tight timetable to convert the transmission towers but were reasonably confident that that could be achieved as long as there was not bad weather. We eventually discovered that what was needed was bad winters to blow down aerials, requiring them to be replaced, and fine summers, because that is when the transmission companies intend to convert their transmitters. With any luck and God's help, the process should be achieved, but the situation that I have described gives an idea of the potential problems.

My hon. Friend and others on the Committee, particularly the hon. Member for Newcastle-under-Lyme (Paul Farrelly), were concerned about cowboys. The hon. Gentleman, who unfortunately cannot join us this afternoon, laid great stress on the danger of cowboys exploiting the process. There will be huge ignorance about what is required, and there is a danger that people will call on old ladies, saying, "Have you heard about the switchover? Don't worry. I'll sort you out. It'll only cost you £500."

I very much welcome the launch of a registered digital installer scheme. I recently attended the conference of the Confederation of Aerial Industries to discuss what it was doing to encourage people to look for the accreditation mark to ensure that an installer is reputable. However, the Government may need to do more not only in encouraging people to look for accreditation and use reputable installers, but to alert the trading standards authorities and enforcement officials to look out for cowboys. I am told that there have already been one or two examples of cowboys seeking to use digital switchover as an opportunity to exploit people.

There are one or two other problems. There are 1,154 transmitter towers, and the Government intend to convert every one, but I am told that, in addition to those, relay transmitters have been installed in some areas of the country, sometimes even by parish councils, to ensure that particularly remote communities can receive a television signal. Those relay stations, which may be small and locally financed, will have to be converted, too, but as far as I am aware we are not sure how many there are, let alone where they are, and who will be responsible for converting them. I hope that the Minister will consider that.

I raised with the Minister on Monday at Culture, Media and Sport questions the problem relating to multiple dwelling units. Some 20 per cent. of the population live in MDUs—some 4.5 million households. The question arises of who will be responsible for converting MDUs. It may require a considerable cost to convert aerials and all the connection network for each household within an MDU. Will landlords be responsible? What about MDUs owned by councils or housing associations? Who will pick up the cost? Will the Government make money available to councils through the revenue support grant to meet the cost of converting MDUs? All those questions have not yet been properly considered.

The area that has caused most anxiety is the assistance package that will be made available. The hon. Member for Brecon and Radnorshire (Mr. Williams) mentioned the 1.5 per cent. of people who will not be able to get digital terrestrial television even after switchover, and rightly said that that 1.5 per cent. might not be the same 1.5 per cent. who currently cannot get analogue. The Committee felt that if households currently able to receive analogue television are unable to get either analogue or digital terrestrial after switchover and can therefore probably continue to receive television only if they install a satellite receiver

at considerable cost, they would deserve extra help in recognition of that additional cost. In their response, the Government indicated that they had at least some sympathy for that view. I hope that the Minister will expand on that.

The Government propose to give assistance to the over-75s and the disabled. For those on benefits, help will be free. However, we are concerned that the group who will need assistance will go considerably beyond that part of the population whom the Government have identified. The Americans have just announced plans to switch off their analogue signal, and the American Government are to set up a fund of $1.5 billion to make available to each of the 21 million households affected two coupons, worth $40 each, to be spent on television set-top boxes. I do not suggest that the Government should finance every household in the country, but it is interesting that the Americans have decided that they need to provide financial help to every affected household to achieve their aims. I hope that the British Government might at least consider providing help a little beyond the narrow group that they have identified.

The Committee shares the view of the Ofcom consumer panel regarding people who are not necessarily over 75 or impoverished, but who are socially isolated. I am talking about people who live in geographically remote areas or who live in urban areas but do not have many friends or family living nearby; people who do not have much contact with the outside world. They will find this whole process very frightening, and they will need help.

In the past, such people might have been able to rely on the nice, friendly local or electrical retailer in the high street, but sadly they are all disappearing. It was put to us that only the voluntary sector could undertake that task and that it is essential that the Government should work with the voluntary sector and provide it with training, so that it can help such people. Often, they are the only ones who know where such people are. It was suggested that the Minister needs to recruit an army of volunteers to assist if we are to ensure that such people will receive the help that they will undoubtedly need.

My hon. Friend the Member for Ribble Valley made the point—I shall not dwell on this at length—that this matter is the Government's responsibility and should therefore be paid for by them. They have made it plain that they do not intend to do that and that they think that the BBC should pick up the cost through the licence fee. We do not agree, but the Government will have to justify that decision when the licence fee bills arrive through people's letterboxes.

The Committee concluded that switchover is a hugely complicated task, which poses enormous challenges. Whether or not one thinks that the decision is right, it has been taken. On balance, I now accept that it is the right thing to do, and I commend the Government for doing it, because they did not have to. They could have sat back and allowed people to continue to migrate across naturally, leaving a future Government to decide that the time had come, but they have decided that this country should take the lead and be one of the first in the world to switch off the analogue system, even though it probably affects a bigger proportion of our population than it will in most other countries. That is certainly a brave decision; Sir Humphrey would call it "courageous". I hope that it works. It is in none of our interests that it should go wrong, and I hope that some of the problems are flagged up in the Committee's report, so that we can address them and there is a better chance of switchover being achieved smoothly.

3.5 pm

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): Thank you, Sir John. Let me be the first to pay tribute to the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) and the work of his Committee. In its comprehensive report and the evidence that it gathered for the inquiry, it has done not only the House but the country more broadly a great service. The report addresses many important issues that I shall now touch on.

Like the hon. Gentleman, I have thought long and hard about this matter and the nature of digital switchover, and I think that it is a good thing on balance. It is a major step forward technologically, which offers great prospects and opportunities in terms of the range of services that will be available to our constituents. In that respect, we should welcome it, but as the hon. Gentleman and his Committee have highlighted, a huge range of issues need to be sorted out before we can be confident that we can do it successfully.

I have a special interest in this issue because I represent a large chunk of the land mass within the Border Television region, which will be the first area of the country to transfer exclusively to digital in 2008, if the current timetable is adhered to. The Selkirk transmitter, in my constituency, is expected to be the first to pass to digital. I visited it a few months ago and was given an explanation of all the technical issues affecting the site. I confess that I did not necessarily understand many of them, but I was at least impressed by the fact that they are many and complex. I am also pleased that some of the finest engineering brains in the country are tackling those issues.

In recognition of the range of issues that will affect my constituents before most people, I, along with Digital UK and other local community groups, established a borders digital forum in my constituency last December. In Melrose, in a week's time, we will have the second one of its kind, which will be supported by representatives of local community councils, the Royal National Institute for Deaf People, Elder Voice and many other community groups representing those who we anticipate might have the most at stake or, perhaps, some of the biggest difficulties when the moment arrives.

There is no doubt that interest is growing. People are concerned that we should get things in the right order, and that we in the Border Television region should be the pioneers who get it right, rather than the guinea pigs whose experiences other people learn from. The process is irreversible. One day, it will happen and we will no longer have analogue television, so it is absolutely essential that all the different parts of the process are done right.

As people learn more about all this, they are raising more and more issues with me about what will face

[Mr. Michael Moore]

them. An obvious example is the fact that there is still quite a bit of confusion about whether digital switchover is just about television or whether it includes radio. That confusion is reinforced by the name of the organisation which is there to help the process: the name Digital UK does not suggest that that organisation is concerned only with television. Certainly, much of the correspondence that I have recently dealt with raises concerns about the digital radios that people in my constituency have bought, which have frankly been a massive waste of money because it is not part of the process. I understand that there is no prospect in the medium term that digital radio will be available in my part of the world. I appreciate that it is available through digital television and that, before too long, people will be able to get devices that extend availability from their main television set to other parts of their house. For now, however, there is a false perception in some people's minds about what all that entails.

The hon. Member for Maldon and East Chelmsford made an extremely important point about levels of public awareness and the perception that people are well on their way towards understanding what will happen. Some 70 per cent. of households have now gone digital, and that statistic will give great comfort to those in charge of the process. As he said, however, that often simply means that one or other of the televisions in the house has been converted, which leaves an awful lot of other televisions and bits of equipment that must still be converted. There is still a lot of confusion about that, and many people in my part of the world, where attention is most closely focused at the moment, will need to spend a lot more time than they anticipated with wires and strange bits of equipment over the next 18 months or so.

A recent MORI poll for the Department of Trade and Industry looked at readiness for digital switchover in the Border Television region, particularly among organisations that will be affected. The Committee was again right to focus many of its concerns on multiple dwelling units, but there are major issues relating to hotels, guest houses, hospitals, care homes and the like. Although the awareness level of the organisations surveyed was similar to that of the public as a whole—about 72 per cent.—only 63 per cent. of care homes and 69 per cent. of those responsible for social housing were aware of the switchover date. A lot of people—51 per cent.—have not even begun to prepare for what will be involved or to develop any kind of plan. However, they are only about 18 months from the moment of truth, and it worries me considerably that not enough is being done to prepare for that moment.

Mr. Evans: I was under the impression that there was to be some sort of advertising campaign in the first area. Has the hon. Gentleman noticed any advertisements in newspapers or leaflets in his area?

Mr. Moore: There has indeed been an advertising campaign, and Digital UK has been at pains to point out to me how extensive it has been. There have been full-page advertisements in newspapers such as the *Southern Reporter* and the *Berwickshire News and East Lothian Herald*, and leaflets have been sent out. However, there is a bit of an issue about the technical level of the language that has been used, although the problem is not that it is too technical, but that it is a bit too simplistic. It is not being pitched at the right level, with the result that people cannot gain anything other than a general awareness that a big technological development is coming along the tracks quite soon.

The recent Help the Aged letter, which right hon. and hon. Members on both sides of the Chamber will have received, was important because it highlighted the scale of the task at hand. Reflecting on the pensioners' parliament that it held last year, Help the Aged said that 25 per cent. of the participants regarded digital switchover as an opportunity, but that 57 per cent. saw it as a threat, which reinforces some of the Committee's findings. We must not underestimate the scale of the challenge still before us.

Of course, our first and most obvious concern relates to the technical issues. Anybody who represents a rural constituency—indeed, I am sure that this is also true of those who represent urban seats—will know that the availability of digital terrestrial television can be rather patchy. In my constituency, freeview is very limited, even in some of the major towns, such as Hawick and Galashiels. In some cases, people on one side of a town can get it, but those on the opposite side cannot. People are therefore still slightly sceptical about the idea that the power will be boosted and that those who cannot get the service now will get it in due course. In fairness, every engineer I have heard speak about this says that that will happen, but that is now what people expect to happen, so I hope that the Government will be able to deliver.

The Chairman of the Select Committee and my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) have highlighted the fact that 1.5 per cent. of people do not get analogue and that it is thought that the same proportion will not get digital. I accept their point that it will probably be a different 1.5 per cent., but I am concerned that the proportion will be rather higher than 1.5 per cent. among my constituents. People will be very worried until the digital mapping is completed later this year and there is a postcode database to show them whether they will get the expanded service in time. I hope that sufficient resources will be put into that database and into making sure that we understand who will and who will not get the signal in due course.

I do not want people to be forced down the satellite route, not least when there is no choice of satellites and no guarantee that there will be a choice, other than through BSkyB. Of course, BSkyB has transformed British television, and it deserves great credit for that, but I doubt that even BSkyB would think that it was fair or appropriate that it should have a monopoly over services to perhaps the most vulnerable people in the country.

The report mentions the cost of converting every last transmitter, and I accept the Chairman's point that there is an issue about whether we have identified every last one. However, I make a plea that we do not go back from the stated position that every transmitter will be converted, because it is vital that we convert them all if we are to achieve even a minimum level of

choice for people across the country. This is a matter not only of cost, but of equity and fairness.

The Committee's report also referred to planning permission and asked whether it might get in the way of converting transmitters. However, nothing in the evidence—I apologise if this is not the case and I have not studied the report carefully enough—specifically suggests that Scottish Borders council, which is the council in my constituency, has been getting in the way of planning applications. Nor did I see anything about consultation with the Scottish Executive, who have clearly a locus in planning in Scotland that is not mirrored south of the border. To what extent is the Scottish Executive being brought into the process?

There are going to be quirky situations in many parts of the country, but there is a particular issue in the borders, where we will be the first to make the changes. That is true not least of Berwickshire.

Mr. Beith: Will my hon. Friend give way?

Mr. Moore: I anticipate a question coming, but if I may, I will just hold the floor for a moment.

Most people in Berwickshire get Border Television, but by a fluke of something or other, a strip on the coast gets its signal from Grampian. I have spoken to ITV engineers about that, and they say that there is no reason on earth why people there should get that signal, but they clearly do. The engineers are at something of a loss to explain why that is the case and what will happen immediately after switchover. Likewise, a number of people receive the Tyne Tees signal, which comes up from south of the border. That is where my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith) clearly has a similar interest to me, although he seems to have lost interest in intervening.

Mr. Beith *rose—*

Mr. Moore: Oh no, he has not.

Mr. Beith: I did not want to disturb my hon. Friend's train of thought. His capacity for reading my mind has not yet been perfected, because I was going to ask about his previous point about planning. The planning guidance to local authorities in England has been changed and is now more accommodating of satellite dishes than it was. However, there is still a problem in conservation areas, and the ideal solution is not necessarily even more lax planning requirements, which might spoil some of our most beautiful and historic buildings and areas. I hope that my hon. Friend recognises that it would be undesirable to have a great growth of dishes in such areas and that people must be offered help to ensure that they can have access to services without having to despoil areas of particular beauty or historical interest.

Mr. Moore: I apologise to my right hon. Friend for appearing to think that I could read his mind. I am also grateful to him for that important point, which reinforces what has been said about not forcing people down the satellite route because of the unavailability of a digital terrestrial signal.

Mr. Don Foster: Does my hon. Friend agree that one solution to that planning problem, particularly in conservation areas, and for listed buildings, might be to urge the manufacturers to develop the flat dishes that used to be available from the precursor to BSkyB? It is technologically possible, I understand, and those dishes would be much more attractive and perhaps solve some of the planning problems.

Mr. Moore: My hon. Friend makes a good point, and I hope that the Minister is paying careful attention.

It is clearly important for my constituents in Berwickshire that some of the confusion about what signals people will get in due course should be resolved. There is also a more general issue—the degree of choice that people will have.

Mr. Roger Williams: My hon. Friend represents, as I do, a constituency that is in a devolved nation and on the border with England. Some of my constituents get their public service broadcasting from the midlands, which, because people in Birmingham do not really appreciate the Welsh Assembly, does not have lots of Welsh Assembly news on it. Therefore, when the Welsh Assembly elections are held, people do not seem very engaged. It seems to me that the digital changeover will not help that situation, and I wonder whether his constituents have similar experiences.

Mr. Moore: I am being tempted into dangerous territory, Sir John, and will resist the broadening of the debate. However, I offer my hon. Friend this more optimistic thought: certainly, under some of the digital solutions, there will come a point when it will be possible to choose which variation of the BBC and which regional version of ITV to watch. That must be a good thing, and it will allow people to decide for themselves whether they listen to the news from Birmingham or from Cardiff.

The point that I was making before my hon. Friend raised that important issue was about the degree of choice that people will have. That has to do with the relay transmitters. As I understand matters, the commercial broadcasters are not under the obligation to ensure that their signal gets all the way down the line to every last community where there is a digital terrestrial signal for the main public service broadcasters. The argument is a difficult one. People in Jedburgh will rightly ask why they should receive a service that is less useful and not as wide as the one that people in Hawick, Galashiels or elsewhere receive. I know that one answer will be, "Well, it is better than you had before," but I do not think that that will be a winning argument. Nor, I hope, will the argument that most of the extra channels are shopping channels.

Although they look slightly strange to me on occasion, I am pretty sure that over time the commercial stations will change, and to rule out large segments of the population from access to them on the digital platform would be to do them a major disservice and to make a major mistake. I repeat what the Select Committee has said—that switchover is compulsory. People are not getting a choice to opt into it. In such circumstances there is a much greater onus on the Government to ensure that everyone is treated equally and receives the full range of services.

[Mr. Moore]

Affordability is another issue on which the Select Committee rightly spent quite a long time. We have seen in the debate how in the past few months the prices of set-top boxes and other bits of kit have been falling. That is welcome, but as the Committee wisely points out, a mismatch is developing between the sales pitch for digital switchover in the first place—which talks about all the wonderful services that will be available—and the cheapness of the some of the kit, which will not be able to provide all those services. There will be a dangerous expectations gap for the Government, or others, to fall into, and it is important to deal with that issue as early in the process as possible. We should not underestimate, either, the difficulty of getting those set-top boxes wired up. The cheaper ones tend to be those that break after a few weeks, and need to be replaced—but perhaps I should not generalise from my own experience.

As the Committee has said, there will be other costs, to do with aerials and electricity costs. What kind of environmental message is being given to people by the lack of off-buttons on set-top boxes, at a time of growing concern about environmental issues? The switchover is compulsory, and for all the reasons that I have identified the Government still have an awful lot to do. I hope that they will take up the task with more urgency than I detect at present.

As to vulnerable groups, I endorse all that the Select Committee has said about the fact that the current proposals are far too restrictive and will rule out a huge number of people. Some of the evidence suggested that a large number of people who are entitled to benefits do not take them up and will therefore be excluded from the assistance scheme as currently drafted. No one would question the need to target the bulk of the resources at such people, but there are many others who, for financial or other reasons, will need some assistance, and we must hope that the Government will realise that before too long. If they do not, that will fuel resentment and disappointment when the switchover process is not handled as smoothly as was promised, and does not, as hoped, fulfil its great potential.

A missing part of the debate, it seems to me—although perhaps it is a secondary concern in the current circumstances—is regional programming. One of the great strengths of Border Television, as it is currently structured, is the fact that a vast amount of regional programming is undertaken. That applies not only to the news service, which is watched by a staggering proportion of people in the constituencies served, but also to documentaries and much of the rest of the output. It seems to me that some trade-offs are being made in the digital switchover process, and that ITV and others are being allowed to reduce regional content. I worry that, as Lord Bragg has recently suggested, in a few years' time not only arts broadcasting but regional programming will be severely squeezed, and we will not benefit from the diversity for which ITV is at present rightly praised, which has been a real strength of the system for decades.

I want finally to talk about ministerial responsibility, which the Chairman of the Select Committee also mentioned. It seems fairly clear, from his presence today and from other circumstances, that the Minister who is to respond to the debate will have responsibility for this matter. I am glad about that, and I hope that he will confirm that it is so. People are a wee bit suspicious when they think no one is in charge. They wonder why no one is willing to take charge, and whether there is something they should know; are the people in question a bit worried? I am sure that that is not what the Minister feels, and I hope that he will reassure us about that this afternoon.

I want to make him an offer, which I also extend to the Secretary of State. On the assumption that the first switchover moment will be hailed as a great achievement and held up as an example not just to the Border Television region but to the whole country, I hope that the Secretary of State and the Minister will be able to be present in the Borders, at the Selkirk transmitter. I hope that we will be able to throw a great party for them. The warm welcome that will be available to them will be a nice incentive to come and see the switchover. I hope in the meantime that there will be a chance for them to make constituency visits, to reinforce some of the points that need to be made, although I am sure that the Minister has been well briefed about the technical issues and geography that are so much a part of the Border Television area.

I do not think that any Member of Parliament in the region is opposed to what is about to happen, but there is a reasonable consensus across the parties and across the border that there are still many issues to sort out. This process is irreversible and we do not get a second chance at it. I hope that the Government will ensure that it happens properly.

3.30 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I am glad to follow my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), whose closing invitation to the Minister ought to be considered with some care. The Minister may, on reflection, want to decline the opportunity to throw the switch at the switchover and take the blame from the people who find themselves left out. However, we would, of course, be glad to see him on both sides of the border at the relevant time.

I represent the eastern English part of the Border Television area. There is a substantial English part of it in Cumbria as well. It is in the nature of Border Television that it crosses the border and has a uniting influence. It can sometimes be slightly bizarre, because it also serves the Isle of Man. An announcement on television that income tax might be reduced can cause excitement among my constituents, until they discover that it is being considered in the Isle of Man and not in the rest of the country. However, Border Television is very much valued.

The transmitter structure reflects the difficult geography of the area, to which my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk referred. Some of my constituents get television from the Selkirk transmitter, which he mentioned, while others get it from the Halidon relay transmitter in Berwick, which is linked to the Selkirk transmitter.

When I hear officials from SwitchCo or Ofcom say that everything is getting sorted out by postcodes and it will be clear, I feel that I must point out that the system is just not going to work. If I ask the Post Office to deliver my annual report, many of my hon. Friend's constituents get it, because the postcodes system is unable to distinguish where the border is, and things cross it. People do not believe assurances that they will get Border Television or BBC Scotland because they are in the right postcode district. They know that postcodes cross the border. Indeed, such people receive health literature and all sorts of other things meant for the other side of the border. It is in the nature of television transmission that it does not fit artificial boundaries.

I have a meeting on Monday with the chief executive of Border Television and a senior engineer about precisely what will happen at the Halidon transmitter. One of the possibilities is that Border Television will give away part of its transmission area and that those who currently get Border Television from the Halidon transmitter may in future get Tyne Tees television and not Border Television. I do not think that that issue has been resolved.

Whichever way things go, it will create a lot of discussion among my constituents, particularly between the rugby fans and the English football fans. Rugby fans tend to like Border Television, because it gives a lot of reporting to rugby union and rugby league. English football fans do not want to be switched over to a Scottish game when an important English game is on. The issue arouses strong feelings and there remains some uncertainty about what will happen.

I am not even sure that the broadcasters are clear about who transmits to where and who gets which bit of the transmission. All that will be fairly graphically highlighted when the digital switchover takes place. Some people manage to get both and manage to have a choice—I am in that category—by getting a poorer signal from one of the transmitters. That will be relevant when I talk about another part of my constituency in a moment.

In terms of the regional issues that my hon. Friend mentioned, it would be helpful to have a clear guarantee that everybody will have access to their neighbouring region's output if they get digital reception. Such access is technically perfectly possible. I understand that in many cases it will happen without anybody even asking for it. It will help to solve the problem if people have the choice—most do not have such a choice now—to switch between Border Television and Tyne Tees, English BBC1 and Scottish BBC1, and English BBC2 and Scottish BBC2. That is technically feasible. If such a choice were made available, it would reduce one of the sources of difficulty that we have in the process.

Another part of my constituency, the area around the village of Elsdon, gets Border Television. It cannot get a major signal from any transmitter at all. I remember Ofcom writing to me to state:

> "Elsdon lies outside the official service area of any of the terrestrial television transmitters"

The letter went on to explain how that situation was not likely to change. People in that area depend on one small relay system. Some people have bought Sky. Quite a number of people get Border Television from the Caldbeck transmitter; it is a Cumbrian transmitter of Border Television. Such people get a poor signal but they can watch it.

The crucial difference between getting a poor signal on analogue and a poor signal on digital is that one can watch a poor signal on analogue, although it looks a bit fuzzy, but a poor signal on digital results in either a blank screen or a freeze frame, and people just cannot watch it. If they find themselves in the position—no one seems to know the answer to this issue—of getting a poor digital signal, they may have no television service at all, unless they are prepared to pay for Sky. People ought not to be put into such a position.

Therefore, I hope that, as part of the help for the 1.5 per cent. of people who do not get analogue, the Government will re-examine the potential impact of the switchover on people who are already getting a poor analogue signal and who in future might not get any television at all. Such a situation is unreasonable and unacceptable in an age when it is technically possible to meet their needs.

Another problem in an area such as mine is that, whereas the Tweed valley area and parts of the west of my constituency get Border Television, most of the area gets Tyne Tees. They are all subject to publicity that says, "We are going digital in 2008". People therefore say, "Oh dear, I must buy this free box and this special set. I must get my aerial renewed because we are going digital". Such people are not actually going digital until 2012, if the present timetable is followed. A number of people are getting frightened that they will lose their television service completely when they have no need to do so, because they will continue to get Tyne Tees television. As my hon. Friend said, more needs to be done to make the picture clearer and more understandable to people, so that they know whether there is a real reason to spend some money.

Again, that issue is particularly confusing for elderly people. They might well say, "I don't think I am going to bother buying all this if I know that I have got another four or five years of analogue. If I am still in good health and strength in four or five years' time, I will do it then. I do not need to do it now." Currently, such people feel under some pressure to change.

I want to mention a couple of further issues. The first is the situation for blind people, about which the Royal National Institute of the Blind has written to us. Blind people make good use of television. Their ability to do so will be impaired if they depend on using a remote control. The RNIB has made it clear that blind and partially sighted people, and some other categories of disabled people need an alternative mechanism for controlling the digital box if they are to have access to television. The Government have included blind and disabled people in the category to which they want to give special help, but we want to be sure that the right to special help is available. That would enable those people not to be denied access because the system is more technologically complicated to operate.

Secondly, my hon. Friend mentioned the energy issue relating to free boxes, but there is a further point. Not only do some of them not have a switch-off mechanism, but a number of free boxes lose all the stations if they are switched off at the plug. People

[Mr. Alan Beith]

have to retune them all over again. I have a radio that does that as well, and there is nothing more exasperating than coming home, discovering that there has been a power cut during the week and having to retune the stations on the radio. If people have to do the same on the television with the free box, they will opt to leave the free box on all the time, so wherever there is a television that might be left on standby, a free box will be left on standby as well. That would mean a significant net increase in the use of energy across the country at a time when we are trying to reduce energy use. The Government need to address that as well.

Mr. Don Foster: Is my right hon. Friend aware that the recent survey by the Energy Saving Trust says that the average household's energy bill will go up by £30 a year for the reason that he just described?

Mr. Beith: I thank my hon. Friend for reminding me of that figure. It is also an issue for Government, quite apart from anything else, because of the fuel poverty problem. The key issue of energy conservation is one that they ought to address.

A number of decisions remain to be resolved, including who will receive English television and who will receive Scottish television. Which BBC channel people receive is also affected by this. Not only is BBC1 different in England and Scotland, but BBC2 is different. There are unresolved issues and great uncertainty about how areas with very poor reception will be served. Many people still face difficulties and the Select Committee Chairman, whose work we appreciate, said that the issue has the potential to cause great concern and distress. I warn my hon. Friends that it has great potential to increase the number of letters, calls and surgery visits from our constituents, who will want to know why they have been landed with the problem and why it is so complicated. They will hark back to the days of natural gas conversion when they were looked after, partly because of the safety aspect. All they had to do was to admit an officially designated person to their house to adjust the equipment and in almost all cases everything was all right. However, even that switchover was not perfect and there were a few problems because some so-called cowboys turned up, but it demonstrated that there is a more hands-on way in which the Government and broadcasters could help people. There are significant dangers if we do not get it right.

3.41 pm

Mr. Don Foster (Bath) (LD): I was slightly taken by surprise when you called me, Sir John, because I had hoped that other colleagues would enter this crucial debate. I want to begin, as others who follow me will, no doubt, by congratulating not only the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale), but all the members of his Committee on an excellent report that has undoubtedly stimulated a lot of thought. His crucial point, which was absolutely right, was that insufficient attention has been devoted to the issue in the House. Perhaps as a result of his Committee's report, the issue will now receive the wider airing that it deserves because over the next few years it will affect every single one of our constituents. It is crucial.

The hon. Gentleman was right to say that, whatever the problems, it is worth reflecting on the enormous benefits that will arise if the procedure for switchover—perhaps we should call it switch-off—is right. There will be enormous benefits in terms of additional channels, greater quality and consumer choice, new features, such as interactivity, better allocation of scarce spectrum space and social or economic benefits, or a combination of the two, from the release of the analogue spectrum.

There is no doubt that the move to digital is already popular. Around 18 million households have already decided freely that they want to move into the digital era, although I point out in passing that I was slightly taken aback by one statistic in the important trial carried out in Bolton about targeted assistance packages. It showed that 7 per cent. of those who were surveyed said that they were very satisfied with the digital services they received, when in fact they did not receive any digital services. That is further evidence of the additional explanatory work that needs to be done.

There is no doubt that, if we manage the switchover carefully, it will bring huge benefits to the vast majority of our constituents. Reference has rightly been made to the 1.5 per cent. of people who will lose out if the plans go ahead as currently constructed. Planning and managing the switchover properly is crucial. I do not want to be over-critical, but it is worth reminding ourselves that the former Secretary of State, now Lord Smith of Finsbury, proposed that we should achieve that by 2010. There has been a two-year slippage. It was equally disappointing that Ofcom had to urge the Government in letters to get on and decide when the date would be and, if it was to be 2012, to announce that so that the planning could begin. It took the Government a long time to make the announcement and it was done, strangely, by burying it somewhere in the Labour party's manifesto for the last general election. Be that as it may, a decision was made. The Select Committee was right to say that it was a bold decision and that, if properly managed, huge benefits would accrue from it.

There is no doubt—other hon. Members have touched on this—that there is an urgent need to improve the information given to the public on a variety of issues relating to the digital switchover. We know that 25 per cent. of the population are still in analogue homes. We know that, although 75 per cent. now have some form of digital equipment, as the hon. Member for Maldon and East Chelmsford rightly said, that often refers to just one television set, when there are two or three sets, video recorders and so on. There is still a lot of work to be done.

I welcome the decision by Digital UK to launch its £200 million information campaign a few months ago. As my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore) said, the first area to be affected is the borders area represented by him and my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith). They are the first to enter this brave new world. My hon. Friend was absolutely right

to demand that the procedure must be right, so that the borders are not the guinea pigs from whom others learn.

My hon. Friend raised a number of issues, but one area of comfort from a recent survey in his constituency is that 75 per cent. of people recognise what needs to be done for the digital switchover. They fully understand what will happen, whereas only 66 per cent. of the rest of us understand. His constituents are already ahead of the game in terms of understanding, but that leaves 25 per cent. who do not understand, with only 18 months to go. He is absolutely right to say that there is a lot of work still to be done.

Mr. Moore: I appeal to my hon. Friend to distinguish between people being aware that there is a big process going on and those who fully understand the details and issues arising from it. They have got to the point where they know that it is happening, but they are beginning to worry about the particulars.

Mr. Foster: I shall perhaps share the statistics later with my hon. Friend. The survey is even more encouraging than he suggests, but he is right to say that there is a lot of work to be done in a short period and it is crucial to ensure that we get it right.

My hon. Friend and a number of other hon. Members raised some issues that are important to touch on, so that we can hear the Minister's response to them. We have already heard about the supply chain, the huge amount of work that will be done, the large number of television sets, digital boxes and 25 million aerials that will be needed and the need to ensure that orders are placed early so that the kit will be available when it is needed. Concern was also rightly expressed in the report in relation to potential problems from cowboy operators. I was delighted that in their response to the report the Government said that they would work with the relevant trade organisations to try to find ways of overcoming that. That is welcome.

Other hon. Members have raised concerns about various aspects of planning. My right hon. Friend the Member for Berwick-upon-Tweed referred to conservation areas and listed buildings and the difficulties of having a satellite dish, which are not permitted under planning rules. I declare an interest because that applies to many parts of the wonderful city of Bath, where people cannot have satellite dishes in the very area where they are unable to get Channel 5, so they do not have access to those digital terrestrial television services. They feel as though they are losing out.

As I have already said, the development of new technology and new ways of receiving satellite broadcasts, especially the flat-surface receivers that were in use some years ago, may provide part of the solution to that planning problem, but the issue must be taken more seriously. I note from the Government's response to the Select Committee report that the relevant Departments here and in the devolved Administrations are considering the planning issues at the moment.

Another crucial matter, to which the Chairman of the Select Committee referred and which affects 25 per cent. of the population, is that of people living in houses in multiple occupation, or MDUs, to use the hon. Gentleman's more recent jargon. There is concern that, in many cases, the owners of those properties, whether they are local councils, housing associations or private landlords, are not taking enough action to prepare themselves for what is necessary. A campaign is clearly needed to persuade the owners of houses in multiple occupation to take more vigorous action. I was pleased that reference was made to some of the other types of property—for example, care homes, hotels and so on—where there are similar problems.

Several other issues were mentioned. I have already referred to the assistance package. Like others, I believe that the Government will have to consider a wider range of people who will need support under that package. The matter will no doubt be debated as further research is done. However, what many of us want, very quickly, is the answer to the crucial question who will pay for it. It would be absolutely wrong if that money were lumped with the BBC's licence fee.

It is the Government's social policy that there should be free television licences for the over-75s, which I welcome, and the Department for Work and Pensions gives hundreds of millions of pounds to the BBC to make up for its lost source of income from potential licence fee payers. Targeted assistance is exactly the same: it is a social policy of the Government and it should be funded by them. The Minister may challenge me to say where the money will come from, but clearly there will be huge financial dividends to the Exchequer from the release of the analogue spectrum and potentially from spectrum charging, issues to which I will return in a second.

Funding is a crucial issue. I am delighted that other hon. Members have voiced their concerns about the energy consumption of some of the new equipment. I said when I intervened in the speech of my right hon. Friend the Member for Berwick-upon-Tweed that the latest survey shows that the additional energy used by the new digital set-top boxes will cost each household £30 more. That does not include the additional cost of running some of the high energy usage television sets that are increasingly coming on to the market. Those costs can be reduced if the equipment can be manufactured to have an "off" button, but at present few of them do.

I was pleased that, during DCMS questions on Monday, the Minister agreed to discuss the issue with the industry to see what can be done about it. In response to my question on the need for energy labelling on equipment, a matter that was referred to in the Select Committee report, the Minister said that the Government would work with the relevant bodies to find a form of labelling. Digital UK said that it may be prepared to incorporate it in the logos that it puts on the equipment.

I shall refer now to sources of income from the Government, particularly the use of the release spectrum. Most people accept that there are two potential uses and that we will end up with a mixture of both. One will be social use—the release spectrum might be used for hospital television, local TV and so on. The economic benefits will be from the sale of the spectrum to a range of potential users, for example, the provision of television services through mobile phones. Many other options are being considered.

[Mr. Don Foster]

The hon. Member for Maldon and East Chelmsford referred to the box that he was sent; I, too, was sent one. There is no doubt that the BBC, ITV and others are pressing hard to persuade us of the merits of high-definition television. However, we should be aware that, under current technology, high-definition television makes a great deal of use of the spectrum.

If we are to go in the direction of high-definition television and we stoke up too much demand at this stage, we will remove some of the potential alternative uses. I am not saying that that is a bad thing, but we need to think about it. That is why the Select Committee was absolutely right to say that the decision on what we will do in respect of the release spectrum must be made very quickly, or we will be in all sorts of difficulties further down the track.

The Government have consistently hinted at the possibility of spectrum charging. We keep being told in parliamentary answers that taxation is a matter for the Chancellor and that the Chancellor has made no decision in that respect. However, we know that Ofcom is looking at the matter at the moment.

Once we move into the exciting digital arena and the Chancellor starts considering the introduction of a charge for the use of the spectrum, I hope that the Minister will lobby his right hon. Friend definitely not to use it to charge for those services that provide what we call public service broadcasting. That is crucial.

We must not underestimate the huge challenges ahead. If they are properly handled and dealt with, there will be great benefits.

3.57 pm

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): May I begin by commending the Chairman of the Select Committee on Culture, Media and Sport, my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), and his team on an extremely important report? I was about to say that it was overdue, but it got there in time.

From my reading of the conclusion, it appeared that the Chairman chose his words extremely carefully, perhaps with some content from his Clerk. It stated:

"The Government's adoption of a firm and early timetable for analogue switch-off is a bold, and some would say brave, decision."

The two key words in that quotation are grossly understated; as one reads the report, the word "rash" springs to mind, and the word "spatchcock", which was used in a Select Committee report when energy was being privatised in the 1980s. It had the press rushing out to consult their dictionaries on what "spatchcock" meant. Hon. Members can rush to their dictionaries tomorrow to find out. It means a cobbled-together process that does not stack together in a meaningful, logical way.

Behind the Select Committee's report is an assessment that, if the Government are not careful, they will have serious problems on their hands that will affect the whole electorate. It will not be piecemeal; it will affect everybody, not just one or two people.

I urge the Minister to address the matter, as I am sure he will. He probably did not realise when he took up his position as Minister in the Department for Culture, Media and Sport with responsibility for the creative industries that, in the words of David Elstein,

"This will be the biggest single civil project in the history of this country."

I do not suppose the Minister realised that he was landing himself with a project of that size.

The report states that the project needs leadership. It needs a central organisation and critical leadership, probably from the Minister who is designated to deliver it. I hope that the Minister will confirm that he is also the Minister who will be seen to deliver the package, to whom Parliament can turn, and who bangs heads together, as my hon. Friend the Member for Maldon and East Chelmsford said earlier. That will be necessary, because there are so many vested interests. Bringing together all those involved will be a massive task. It needs ministerial authority to push that through, as is well stated in the report.

If I were in the Minister's shoes, I would listen carefully to the experts who gave evidence to the Select Committee. I would carefully read what they said and wrote, and would have them in to discuss their experiences. Those who gave evidence to the Committee have been in the business for 30 or 40 years and know that what is proposed will be incredibly difficult to do. One commentator, Chris Goodall, said that:

"for a large fraction of the population...digital TV"—

that is, digital terrestrial TV—

"represents nothing of benefit whatsoever".

He went on to say that it would be "costly and extremely stressful". He was involved in the introduction of Channel 5, during which Channel 5 had to do all the video cassette recorder tuning. That went well over budget; I think that it cost £165 million in the end. However, that is nothing compared with what is proposed for the switchover.

Of course, it is the Government who are undertaking the programme, which is compulsory, as was mentioned earlier. They have dictated that it will happen, and they have set a time scale. The Government took that unilateral decision, and I agree with other hon. Members that their level of responsibility is therefore elevated right to the top. They cannot just move problems on and pass the buck to individuals in other organisations. They decided on this major undertaking, so they must have a critical responsibility. Of course, as many hon. Members have said, that means that they will have to put their hand in their pocket along the line.

It might be helpful, in selling the idea to all who will be involved, if the Government came clean on their cost-benefit analysis. They are saying, "This is good for you; we believe there are benefits here," but they are not showing transparently the figures for the workings that they have had done internally, so that others can come to their own conclusions on whether this incredibly expensive project will be worth all the trouble.

It has been costed that the average household will pay between £80 and £570, but, again, what is the average household? Apparently it is 2.4 television sets. The figures of between £80 and £570 were in the Culture, Media and Sport Committee press release of 29 March. Even the lowest level of £80 is, for many

people, a pretty substantial amount. It is nearly as much as the licence fee, which many people at the threshold of claiming benefits find incredibly difficult to pay. There will be significant financial pressure on a large number of people who will not fall into the group that qualifies for the assistance.

The Government have answered that compulsory switch-off is necessary because about 27 per cent. of UK households will be unable to watch digital television via the terrestrial freeview service until the analogue signal is switched off. That first surfaced in the Government's Green Paper on the future of the BBC, which went on to conclude that digital switchover would be pursued as the only way to ensure that the benefits of high-quality free-to-air television were available to all. But of course, as has been mentioned, high-quality free-to-air TV is already available to that 27 per cent. through satellite delivery.

Why have the Government opted for the least useful of all the digital platforms as an essential requirement for consumers, irrespective of the cost of provision? Digital terrestrial television offers the least choice, little or no interactivity, the smallest number of channels and limited scope to upgrade to the newer technologies that have been mentioned, such as high-definition TV. As the Select Committee Chairman said, "Switch-off 2" looms large in the not-too-distant future.

Who benefits? I would argue that it is not the consumer. Everyone will pay higher costs, and for many there will be limited increases in viewing choice. Nor will the satellite and cable TV companies benefit. The main benefits will of course go to the terrestrial broadcasters, led by the BBC. In fact, it would seem that it was the BBC that pushed for DTT when no one else wanted it. The reasons are obvious: the BBC will get a digital platform to which it has been given privileged access—a platform that, by restricting the number of channels available, protects both the BBC from the competition of new entrants and its audience from a proliferating digital market.

Ironically, when the BBC argued for DTT, it certainly did not factor in the fact that it would be made responsible for the assistance package and would have to load the licence fee to cover the costs. That is all linked in with the negotiations that are now going on about not just the charter, but the licence fee.

Sir John Butterfill (in the Chair): Order. All I can see of the hon. Gentleman is his back. There is a convention that Members address the Chair.

Mr. Moss: I beg your pardon, Sir John.

The BBC argued for DTT to end the unfairness of a significant group of licence fee payers funding BBC digital channels without having access to them, so it seems bizarre that it is now tasked with addressing that so-called unfairness by increasing the licence fee burden, with which many people already struggle. It is those people, of course, who cannot afford digital, whether satellite or cable. They are the people on benefits and the elderly. Is it right that that most regressive of funding mechanisms be used for a Government-determined engineering project, rather than for the broadcast services that it was originally designed to pay for?

The Government have yet to announce the details of the targeted assistance programme to help the vulnerable groups with switchover, although they have said that the BBC will be expected to fund the programme. Although still uncosted, the assistance scheme could end up costing

"on the far side of a billion".

That is a direct quote from the director-general of the BBC, Mark Thompson, from October last year.

The BBC's bid for a new licence fee settlement of the retail prices index plus 2.3 per cent. includes the technical cost that the corporation will face in switching over, but crucially it does not include the targeted assistance package. We are therefore still waiting for the final licence fee figure and for the details of the assistance package. At the BBC, there are concerns that, if the amount of targeted help needed is high, the figures in other parts of its licence fee bid may end up being cut in order to keep the overall settlement at a politically acceptable level.

On the assistance package and who it will help, 57 per cent. of the elderly respondents to the Help the Aged survey that was commented on earlier saw digital television as a threat and not an opportunity. Furthermore, it has been estimated that some 10 per cent. of UK households are likely to be either unable or unwilling to switch to digital. The Select Committee estimated that training local voluntary workers to visit isolated people would cost as much as £100 per household.

It seems strange that all those figures have not been factored in at this early stage. Some so-called pilots have been done; there were two in Wales, and of course the Boston pilot alluded to earlier.

Mr. Don Foster: Bolton.

Mr. Moss: What did I say? [HON. MEMBERS: "Boston."] I apologise; I meant the Bolton pilot.

Mr. Foster: That is wishful thinking.

Mr. Moss: Yes.

People in the industry would argue that those pilots were not proper pilots; a very small number of households were involved. However, they found that introducing the new technology, particularly to the elderly, took repeated visits by skilled technicians and people who were able to take them through the whole process. It might be argued that, if one were to roll that out throughout the country, one might not have the problems that were met in the small, focus communities. However, I would argue the opposite. We must not underestimate the ability of many elderly people to embrace that technology, but with all the channel-switching opportunities that it presents, it is confusing for them. To satisfy those people who, at the end of the day, take delivery of the new system, the people introducing the switchover must factor in and cost more hours than they have hitherto.

The Government ought to embrace a completely new pilot study on a scale that will yield significant results and enable them to come up with accurate figures. If the figures for assistance are underestimated,

[Mr. Moss]

there will be huge pressure on the BBC and the licence fee to ensure that its social responsibility is delivered properly.

We are told that the Government will charge the BBC a new tax on the digital spectrum that will be released. The BBC has put a figure of £300 million into its costings for the licence fee negotiations. That £300 million will go straight to the Treasury, and the argument was made earlier that, if the Government take that money, they should put some of it back into the assistance scheme and into assisting the BBC. When the new spectrum is released, there may not be much of it available, because TV companies will bid for it and even more channels than we have now will access it. The switchover is compulsory and determined by the Government, so if money goes to the Treasury, the Government have a moral responsibility to put some, if not all of it, back into the system.

Mr. Foster: The hon. Gentleman said he anticipated the BBC being for the spectrum, and he rightly pointed out that the BBC's costings included money for it, but, possibly to help him, will he make his party's position clear? I have said that it would be inappropriate to charge the BBC for the spectrum and give the Chancellor money from the licence fee, because it would be a stealth tax. Does the hon. Gentleman agree?

Mr. Moss: We have said that it is another stealth tax, so I agree with the hon. Gentleman.

There are all sorts of issues that we could go over, but I suspect that we would repeat points that many hon. Members have already made in the debate. The switchover is a massive undertaking. I can see the need for the Government to appear firm in their resolve by setting dates for future activity, but as we heard from those who represent constituents in the border areas, they are concerned about being guinea pigs. There is a lack of understanding. The digital companies' switchover promotion does not seem to have got through, and the marketing costs will be far more than people have estimated.

I urge caution on the Government, and I recommend a much larger and more important pilot scheme. The longer they leave the switchover, the fewer the people who will need their equipment converted. What is the rush? I do not see the need for it, because the benefits to those who are finally brought in are limited.

If I were in the Minister's shoes, I would want to hold back on the project at the earliest opportunity. Perhaps from his remarks, we will find out that he has already decided to do just that.

4.15 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): Thank you for calling me, Sir John. I hope that I may with your permission remove my jacket.

Sir John Butterfill (in the Chair): Well, I do regret that Mr. Speaker has determined that the rules for Westminster Hall, which this room temporarily represents, are the same as those for the main Chamber, and the removal of jackets is not approved of. I agree that as far as hon. Gentlemen are concerned, it is often an inconvenience when compared with the rules that apply to hon. Ladies. However, it is the rule that I am obliged to enforce.

Mr. Woodward: As always, Sir John, I welcome your guidance. Since I have no intention of erring, I shall keep my jacket on.

Mr. Moss: For God's sake don't turn your back on him.

Mr. Woodward: Absolutely.

This civil project is indeed absolutely huge. The Government were right to make the decision to commit themselves to switch off analogue and switch over to digital. It presents a huge challenge, but I must say to the hon. Member for North-East Cambridgeshire (Mr. Moss), it is worth the trouble. I shall decline his invitation to move the deadline of 2012. We begin switchover in 2008, we will complete it in 2012, and we are embarking on what might best be described as a digital revolution. It is right that we embrace it, there are huge benefits in it for the United Kingdom economy, and as part of the creative industries, which represent 8 per cent. and growing of gross value added, GVA, the digital revolution and switchover will play its part. It would be foolish in the extreme if we were not to take up the challenge. The question is, how do we deliver it?

I pay tribute to the Chairman of the Culture, Media and Sport Committee, the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale). His understanding of these matters is considerable, and that opinion is held in all parts of the House. His assiduous attendance even at engineering conferences and those of aerial installers commands almost incredulity on my part, but none the less, admiration. He suggested that television transformed his life for the first time, then a second time, and that he looks forward to its third transformation with HDTV. I can say only that I think Mrs. Whittingdale might have something to say about that.

Philip Davies (Shipley) (Con): Given the considerable economic benefit that the Minister believes will derive from the switchover, does it not reinforce the Committee's view that the Government should pay for the cost of providing television and receiving equipment for vulnerable groups? It would in effect be a welfare cost or a means-tested benefit, not a broadcasting cost. The economic benefit of switchover to the country and therefore the Exchequer reinforces the case.

Mr. Woodward: If the hon. Gentleman will be so generous as to be patient, he will discover that I shall address that point in the course of addressing the number of points that hon. Members have made during this discussion.

Mr. Whittingdale: The Minister has been very generous in his remarks to me. I can return the

compliment by telling him that I found the conference of the Confederation of Aerial Industries extremely valuable, so I have encouraged the confederation to invite him next year.

Mr. Woodward: I am sure the hon. Gentleman will be glad to know that I heard a rumour that next year's bonding session of the Conservative party will also be held at the confederation's conference. I would not want to intrude on that.

One of the critical questions is, why are we undertaking the switchover? I have already mentioned the position of the creative industries in the United Kingdom economy and the role that the digital revolution and digital television play in that, but there is also the specific context of the timing. First, we need to manage the transition. Secondly, more and more people are turning to digital services. The figure for penetration is 75 per cent. of this country—the highest almost anywhere around the globe. Without any Government coercion, as it was almost described this afternoon, people have made a free-market choice to have a digital television. Again, it is important to emphasise that we are not forcing it on people, as 75 per cent. have, without any of the implications of switch-off, voted with their feet and gone out and put themselves into the ambit of digital services either now or in the future.

It is also critically important for all hon. Members to understand—I know that some do, but I want to ensure that everyone does—that in the long term it would not be economically viable for broadcasters to sustain dual transmission costs. The hon. Member for North-East Cambridgeshire raised that issue, but it is important to understand that it would be incredibly economically inefficient if we were to demand of the broadcaster that they maintain dual transmission standards.

Another question raised by the hon. Member for North-East Cambridgeshire and the Chairman of the Select Committee was why we are investing so much in DTT when there are newer, perhaps better, technologies in the offing. At the moment, and for many, television via an aerial remains the cheapest and most convenient option. The Government want to ensure that as far as possible people have a choice of platforms, although we remain platform-neutral. It will be only through switching off the analogue signal that freeview coverage can be extended beyond its current levels.

The hon. Member for Bath (Mr. Foster) and others raised questions about aerials. I shall deal with some of those points now. First, Ofcom estimates that only 10 per cent. of outdoor aerials might need to be improved in relation to receiving analogue signals. The actual number of aerials that need to be upgraded for digital might be as low as 2 per cent.

In relation to the important question of aerial contracts and the possible abuse of them as a result of digital switchover, in March the Government launched the registered digital installer scheme to instil in consumers a sense of trust in the advice they are given when they seek help to upgrade their aerials. Already, 250 installers are training for that and another 500 are registered to undertake the training. It is important to add a codicil that the RDI licensing body will have an inspectorate that will investigate complaints, and that it has already alerted trading standards officers to remind them of the need to protect consumers in the run-up to digital switchover.

Mr. Moore: I do not expect the Minister to have this information at his fingertips, but would he be able to let us know how many of those registered installers are in the Border television region at the moment and whereabouts they are? It is a vast area, and having access to those people is rather crucial.

Mr. Woodward: I am glad that the hon. Gentleman raised that question, and I shall be coming to it later. He was kind enough to extend an invitation to the region. I shall perhaps disappoint him by telling him that I have already been.

Mr. Moore: To Carlisle.

Mr. Woodward: I came to a conference specifically about some of the issues that were raised about the Border region as the first area for switchover. Many issues were raised and I spoke to a number of people who were involved in training in aerial installation. The numbers are increasing all the time but I am happy to maintain an ongoing correspondence with the hon. Gentleman on the subject, for one simple reason—we have to get it right, and I believe that we will, but it will be through dialogue rather than assumptions on my part or anybody else's. It will happen. As the hon. Gentleman and other hon. Members have had genuine issues raised either by their constituents or those in the industry, I extend the open invitation to make it an ongoing dialogue. It is in everybody's interests that we get this right.

Mr. Moore: I welcome that statement. I do not want to be churlish about the visit that the Minister made to Carlisle. I want to point out, as I have already pointed out to some of the people who organised the conference, that it was hard for people from the Borders and the north-east of England to get to. The information is being fed to him, and I hope that he will have the chance to come back to us at the earliest opportunity.

Mr. Woodward: I am sure, Sir John, that you will not want me to delay too long on the subject of invitations. We have nearly two years before switchover, and it is inconceivable that we will not spend time in the constituencies involved. I accept the invitation willingly.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Sadly, the invitation to the aerial installers' conference was only extended to the Chairman of the Select Committee, so the rest of us ordinary members did not get the opportunity to go along. Clearly, the market has recognised that, like the Select Committee, the Government have made a brave and bold decision, which is very welcome. I am concerned that the Conservative Front-Bench spokesman, the hon. Member for North-East Cambridgeshire (Mr. Moss), is urging prevarication. Within this ambitious and bold

[Paul Farrelly]

timetable, the biggest potential variable in terms of cost is the cost of aerial installation and the potential for abuse. Does my hon. Friend agree that we must do all in our power to ensure that vulnerable people do not suffer from cowboy installers?

Mr. Woodward: My hon. Friend makes an important point. I can only underline the importance of that. It is in nobody's interest that we see anybody exploited. All hon. Members from all parties would rightly be concerned if vulnerable people, in particular, were exploited. We shall need to confront some issues that are not obvious examples of exploitation. For example, some hon. Members are concerned about the number of retailers that are still selling television sets that are only analogue compliant. Although we have a digital box scheme on hand, we might need some discussions with retailers to oblige them, when they sell a television set, to advise people—or if it is being sold online, to oblige retailers to use a pop-up—that the equipment they are buying will require further modification and incur further expense either for them or, if they fall under the Government's targeted assistance scheme, for the Government.

We need to consider a number of issues to prevent not merely exploitation but people making genuine mistakes. By working through self-regulation rather than Government intervention, we can, I hope, get the outcome that we all want. It is important for all hon. Members to note that the Government will come down strongly on the side of protecting consumers and the most vulnerable.

Mr. Evans: I am grateful to the Minister for what he has said. Indeed, I posed a question during one of our hearings about the number of analogue TVs still being sold, particularly approaching Christmas. Is it not the case that his discussions with the industry should not only include the winding-down of the sales of the remaining analogue televisions, but encourage them to sell high-definition televisions as the norm? The more are produced, the cheaper the cost will be. We have already noticed a big reduction in the initial costs of those TVs.

Mr. Woodward: I recently got into trouble with the hon. Member for North-East Cambridgeshire in an Opposition debate for speaking at length. When I went back through the *Hansard* report, I found that I took 31 interventions, most from Conservative Members. I foolishly chose to reply to them in the way that I thought the House would want. I am conscious that if I reply to every comment about high-definition television, the hon. Gentleman will be at me once again.

Mr. Moss: No; do feel free.

Mr. Woodward: I shall try to resist that one.

Hon. Members raised the question of residences of multiple occupation. That is an important point, which was rightly raised by the Chairman of the Select Committee and by the Committee. Landlords have been upgrading communal television aerial systems since the launch of digital television in 1998. By 2004, NOP estimates were that about one third of the systems had been upgraded. None the less, progress is not quick enough. It needs to move more quickly and we are in discussion with the industry. With Digital UK, we have recently appointed Ross Fraser, chief executive of HouseMark, which was established by the National Housing Federation and the Chartered Institute of Housing, to chair a group of housing stakeholders to help advise Digital UK and the Government on how best to reach all landlords in both the private and social sectors.

Progress is an issue and will continue to be in some constituencies more than others. Although we will not begin the switchover programme for two years, constituencies will face the problem within the next two years and that must be addressed. I hope that Ross Fraser will help lead us through the problem, but the Government are already aware of it and acting to resolve it.

Hon. Members asked about the 1.5 per cent. of people who will not be able to receive DTT—another important issue. I remind the House that at the moment 1.5 per cent. of people cannot receive television pictures, although it has been pointed out that getting a poor picture on analogue is different from a poor picture on digital if it simply does not exist. We are aware of that, as are Ofcom and Digital UK. We are trying, as far as we can, to identify those households that may be affected. I say "may" because we are still in a speculative period, but for those hon. Members whose constituencies face switchover in two years, time is now moving quickly. I assure them that they are the focus of our attention, and that we will be addressing the problem. However, as I say, it is an ongoing dialogue, and we take the problem extremely seriously.

Mr. Whittingdale: Before the Minister leaves that point, will he assure me that he is also considering another group of people, whose existence was brought to my attention by the aerial industry—those remote communities that can receive television only because they have installed small, local relay transmitters? They are not part of the 1,154 transmitter network. I understand that it is not clear exactly where they are. Are the Government working to identify them, and will they then provide the help needed to convert those relays?

Mr. Woodward: If the hon. Gentleman is referring to self-help transmitters—

Mr. Whittingdale: Yes.

Mr. Woodward: I can tell him that there are 330 of them, and that Ofcom is looking into the situation. I hope, Sir John, that my answer impressed the hon. Gentleman. It shocked me.

I was asked whether the cost should be met by the Exchequer rather than through the licence fee. I know that hon. Members across the House have been concerned about that. I appreciate the arguments, but I remain unconvinced of the conclusion reached by some

that it should be funded by the Exchequer. We believe that it is a broadcasting cost. We also want to ensure that everybody has access to all BBC services. Licence fee payers will benefit from more choice, better picture quality and new services. That best fits with the principle of maintaining universality of access to the broadcasting system. It should be remembered that people buy their television sets; we do not give them sets as part of the licence fee arrangements. In our view, it is more analogous to the purchase of a television set than to the receiving of the programmes.

Paul Farrelly: Clearly that issue exercised the Committee more than most. In fact, during some of our discussions on tax theory and practice I found myself drifting off to the dreaming spires and the economic tutorials of half a lifetime ago.

Although we commended the Government on most of their recommendations, we did not agree on this one. Given subsequent debates about the licence fee, I fear that if the BBC were to fund it the issue would become even more of a political football. Another thing that exercises me is the question of accountability. If it goes wrong—if it is insufficient—can Ministers of whichever political hue simply blame the BBC? I note that in their response, the Government said that they are working with the BBC to address accountability issues. How does the Minister see those issues being resolved?

Sir John Butterfill (in the Chair): Order. May I give the Minister some brief comfort? I have now been informed by the Clerk that following representations about the lack of air conditioning, the Speaker has ruled that the dress rule can be relaxed. If the Minister wishes to remove his jacket at this rather late stage, he is at liberty to do so, and other hon. Members may remove theirs.

Mr. Woodward: As always, Sir John, your characteristic generosity knows no bounds. I shall remove my jacket, not least because it will complete the picture being taken by the camera behind me—if the BBC is generous enough not to caricature it.

My hon. Friend makes an important point. I am unable to answer him as he would wish. Our discussions with the BBC are ongoing, but I do not want to give him a false sense of hope. We are committed to the present route. My hon. Friend should not expect it to change. None the less, I hear what he says.

Our discussions with the BBC on accountability, too, are ongoing. My hon. Friend will have the chance to ask the Secretary of State that question on Monday, and I am sure that he will wish to avail himself of that opportunity. He may be a little disappointed, and he may have to wait for clarity on the subject. However, I respect the question, and I believe that we will shortly be able to answer it.

The hon. Member for North-East Cambridgeshire and the Select Committee Chairman asked about the sale of spectrum. We have not yet got a precise estimate. It is not possible at this stage to make a reliable assumption of the market value or of the potential auction proceeds of the spectrum to be released by the switchover. Indeed, it will be a matter primarily for Ofcom. However, it clearly has a value.

In answer to the questions posed by the hon. Member for North-East Cambridgeshire—and, perhaps, the hesitation that he encouraged—I would simply say that there are values to be received by the Treasury. They are worth having, and delaying and frustrating them will lead not only to a loss of sales for the Treasury; it will lead also to a significant loss of opportunity for the television and broadcasting industries, the telecommunications industry and the other public service bodies that would wish to make use of that spectrum.

It is necessary to provide clarity as soon as we can, within a decisive framework that recognises that we are dealing with a fast-moving target. The technologies that may wish to avail themselves of the use of spectrum are fast-changing, both in hardware and software, and the true value can be determined only once the spectrum space is available. It would be foolish to speculate on its value. Equally, it would be foolish simply to prevaricate for the sake of it.

Mr. Don Foster: Will the Minister clarify something? He said that it is primarily a matter for Ofcom. Given that there are two options—one is the social benefit accruing from the use of the released spectrum, and the other is the economic benefit, largely to the Treasury—the Government have a key role in deciding which bit of the spectrum they intend to release for economic reasons and which for social. That, surely, is not for Ofcom to decide.

Mr. Woodward: The answer is yes and no. There are good reasons for that. It is important to recognise the nature of the fast-moving technology with which we are dealing. The anticipated value of the spectrum sale two years ago was very different from what it would be now, and I dare say it will be different in two years' time. It will depend on the demands made of that spectrum space. The way spectrum is going in the long term, with the ability to get more and more on ever less width, is another dimension that has to be considered. In the pre-Budget report, the Government stated their position and declared policy that the future use of spectrum released through the digital switchover should be determined in a technology-neutral auction or auctions, and that Ofcom would apply administrative incentive pricing when spectrum had not been auctioned.

I suspect that this discussion could delay us a long time. I am happy for it to do so, but I imagine that some hon. Members would prefer me to enter into correspondence with the hon. Gentleman, which I would be pleased to do.

Mr. Moss: I commend the Minister for his honesty. This is the first time that we have heard from the lips of a Minister that this is being driven partly by the Treasury's need to fill its black hole. Will he give us some indication in percentage terms of the impetus on the Treasury to get this thing through within the time limits, and the impetus on DCMS and the service industry to broaden out digital reception for the bulk of people?

Mr. Woodward: I am obviously being invited to talk about the state of the Government's economic affairs; as you are aware, Sir John, they are in excellent condition, thanks to the undoubted and highly commendable prudence of the Chancellor. The hon. Gentleman invites me to talk about black holes, and no

[Mr. Woodward]

doubt I could delay the Chamber for some time on the subject. However, I have the feeling, Sir John, that you would quickly bring me to order—

Sir John Butterfill (in the Chair): You are absolutely right.

Mr. Woodward: —and remind me that the subject of debate was the digital switchover, not the incompetence of the Conservative party, in government or otherwise. I shall therefore attend to the matters before us.

I congratulate the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore) on setting up his Borders digital forum, which is enlightened and right. The hon. Gentleman is bringing together the core people and focusing particularly on bodies in the voluntary sector that can help older constituents and those with disabilities. That is vital, and it is good to hear of their role. The hon. Gentleman is an example to everybody in leading his constituents in the right direction, to ensure that they are best able to take full advantage of digital switchover. As has been observed, the hon. Gentleman's region will be the first to switch over, in the second half of 2008. I am a little cautious about the mention of 18 months; by my count, it will happen in 24 months, although my maths may not be as good as the hon. Gentleman's.

We should get the expectation gap right; needs have to be addressed in respect of that. The hon. Member for Bath brought up the other dimensions of services, touching on high-speed broadband. We have a fast-moving target and we need to look closely at the correlation between digital switchover and high-speed broadband. It is perfectly clear that convergence is taking place between the creative industries—the broadcasting, digital games, film and music industries and others—and that services that have traditionally used analogue, or now digital, will also develop interactive programmes that require high-speed broadband. Such channels may well be offered.

The issue is moving fast, and a fast-moving target is before us, with which the Government are trying to keep pace. We will endeavour to do so and recognise the issues in respect of the constituency of the hon. Member for Berwickshire, Roxburgh and Selkirk.

Questions were asked about the involvement of the Scottish Executive. We are working with all Government Departments and the devolved Administrations to ensure that they are fully engaged in the process—particularly in helping to ensure that the public are as informed they can be and that their television sets are converted on time and as they should be. Of course, we always welcome advice from hon. Members if they feel that, for example, the Scottish Executive are not at the same speed as us. In a spirit of constructive dialogue I say, let me know and we will deal with it.

Questions were asked about energy use in respect of digital switchover. On Monday, I said in the House that we welcome the action taken by Intellect to support the use of energy labelling and investment in energy-efficient products. All hon. Members are becoming increasingly aware of such issues, and we shall play our part in ensuring that the industry factors in the energy issues and makes them a part of the digital switchover.

The right hon. Member for Berwick-upon-Tweed (Mr. Beith) raised questions about access to other television regions. Although we have no plans to change the boundaries of the ITV regions, I am happy, having noted his comments, to ensure that those representations are passed to Ofcom for further discussion. In a spirit of constructive dialogue, I am happy to enter into correspondence about suggestions made by the right hon. Gentleman. However, I should say that those currently able to tune their aerials to more than one transmitter should be able to continue to do so after switchover, although, as now, they will need an aerial adjustment or upgrade to make the change.

I have tried to cover the points raised by hon. Members. This issue will be ongoing and we must recognise that, as we roll out switchover from 2008 to 2012, things will change. The Government have a duty to get the framework right and work with Digital UK, Ofcom and all partners to ensure that we get maximum benefits from digital switchover for all consumers and everybody who pays a licence fee.

We also have a duty to recognise the needs of the industry and those creating the many jobs in this country that will come from the benefits of switchover. At the same time, we should try to avoid any possibility of waste, which might be caused if switchover were delayed and if dual transmission, which would be money wasted, were to happen. I am sure that there will be plenty of opportunity for us to debate the issues again, and I welcome the Select Committee's report.

Question put and agreed to.

Adjourned accordingly at fifteen minutes to Five o'clock.

Westminster Hall

Tuesday 11 July 2006

[MRS. JOAN HUMBLE *in the Chair*]

Post Offices

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Michael Foster.]*

9.30 am

Mr. Stephen O'Brien (Eddisbury) (Con): I am very pleased to have secured this debate. As all hon. Members will appreciate from their constituency activities, community services, and particularly our local post offices and sub-post offices, are vital to our constituents' interests and quality of life. That applies equally across town and country, and I say that because there is always a grave danger in such debates that people think that we are talking only about rural areas. We must emphasise, however, that community services are crucial not only to rural areas and constituencies such as mine, but to what might best be described as urban deprived areas, which may be found in large towns and their outlying areas, and parts of a town in my constituency could be described as urban deprived.

It is interesting that we have had a number of debates on community services and particularly on post offices. It is no surprise that they have been supported by Members on both sides of the House, because the evidence before our eyes in our own constituencies and the evidence from our postbags is that there is a gradual, unremitting erosion of local community services and a relentless anxiety about whether post offices, in particular, can keep going. There has also been a loosening of the localness of the provision of vital services. We can see that even from rather informal sources, but it is even clearer to those of us who live right in the heart of the communities that are affected in the middle of our constituencies. We see neighbours having to arrange more lifts to take people to various activities and more carers seeking time off work.

As Members of Parliament, we are sent to the House to represent people, their families and their communities above all others and we need to challenge the Government's inevitable centralising nature—the Government always to seek to make decisions that apply across the board, and that is an inevitable tendency. Coupled with that are the economies of scale that are part of the natural order of business, which seeks at all times to maintain the lowest possible costs for the maximum amount of delivery to the maximum number of customers. That all works against what we might describe as localism. Coupled with that is the ease of transportation, with which we have lived for many decades and of which the most notable example is the car. That has given people access to services a long way from their homes.

There is therefore an increasing recognition that there is a degree of alienation and a dilution of the community to which people feel that they belong, as well as of their sense of identity and what defines them. That is by no means all bad, and it brings with it plenty of opportunities, because people want to enjoy participating in many wider areas of activity. However, there is also a real sense of loss and fear, and people worry that we shall miss the local community services when they are gone.

The problem is increasingly being recognised in a really determined manner by the number of petitions that have been brought together. That is true not least of the petition initiated by the National Federation of Sub-Postmasters, which I hope to find time to present on the Floor of the House on another occasion. The signatures have been gathered by the local community around the post office in Cuddington in the north of my constituency. The post office has served that community well for many years, but the postmaster is thinking of retirement, and there is a struggle to find someone to replace him. Of course, anybody considering doing so will say to themselves, "Is it really worth it? Is it worth the candle? Can I really make enough out of this business? Is there enough sustained income to keep the post office viable and going forward, even with a shop attached to it?" That is a serious issue.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I congratulate the hon. Gentleman on bringing this subject back before us. His point about someone trying to take over a sub-post office explains why it is crucial that the Government come clean about their agenda and where they see the future of the Post Office. The drift is almost worse than having no strategy, because people who decide to retire have no way of persuading the next person of what the business has to offer.

Mr. O'Brien: I am grateful for that intervention, which very much anticipates one of the themes that I shall seek to develop. There is no question but that confidence about the future is the key to whether we shall have any form of sustainable community services, not least ones that are centred on local post offices.

I hope that the Minister and the Government will take note of the petitions that have been gathered. Our concern today, however, is that it is just a pious hope that we can preserve in aspic some kind of a golden age and what we have always called our communities. Is there anything that we can do about the problem? Should we even urge the Government to try? I think that we must because, above all else, community services are the first line of protection for the most vulnerable—the very elderly, disabled people, those who are out of work and other benefit recipients.

If we look at the issue across the board, we see that today's communities are characterised not only by the local post office. Of course, post offices are important because about 75 per cent. of them have a shop attached. There are community post offices not only in rural villages, but in suburban communities, such as John Winward's post office in Over, in Winsford, which is in my constituency, and Helen Rimmer's post office in Ashton Hayes. She has managed to hold on and to undertake new development, despite the most appalling provocation and repeated attacks on her, not least by gunmen. She has managed to come through all

[Mr. Stephen O'Brien]

that and she still provides a vital service to her local community, for which she is much respected.

Communities are also characterised by the pub, which is also under pressure. The traditional local is being taken over by pubs with a theme, and there is a sense that it is perhaps best to attract people from afar who want to eat rather than to drink. We might keep the newsagents and the corner shops if those independent and family retailers—those whose are not part of the Post Office—can hold on in the face of pressure from the supermarkets. Recently, there has been a justified and important campaign to seek recognition of the fact that the traditional practice of demanding rents in advance is becoming deeply injurious to the survival of newsagents and corner shops, and we need to see whether that can be altered.

There is also the rising regulatory burden, which has been a theme for many years among those of us who are deeply concerned about the survival and competitiveness of those in the private sector and in business who must cope with it. The regulatory burden falls hardest on the smaller enterprises. There are also planning pressures, and somewhat draconian planning constraints are often imposed on small enterprises that wish to make small adjustments to increase their offering. Of course, there is the ever-present worry about street and shop crime, which hits small retailers particularly hard. They are often open all hours and they come under real pressure when they become the target of what is often more than petty crime, but they have no local support.

Bob Spink (Castle Point) (Con): My hon. Friend has brought an important issue before us. He is talking about the fabric and structure of our communities, and particularly our high streets. He mentioned pubs, post offices and newsagents, but will he add pharmacies to that list because they are also under threat? The primary care trust on Canvey Island, for instance, is seeking to reorganise health care. There will be two large centres off the high street and they will be out of the way for vulnerable people, such as the elderly and the other groups that my hon. Friend mentioned, as well as for young families with prams who do not have two cars. Those health centres will have full pharmacies, which will provide a range of retail products, but they will destroy the eight community pharmacies that are run by small retailers and which give a wonderful service on Canvey Island. That is yet another threat to our high streets and community services.

Mr. O'Brien: My hon. Friend is entirely correct about pharmacies. I take an interest in that issue in another role, and there has been a campaign to preserve and maintain community pharmacies, which has my wholehearted support. Interestingly, in Farndon, a village in my constituency which is just on the River Dee with the Welsh border the other side, the post office has been combined with the pharmacy. That has been a useful and more profitable way of sustaining a vital set of services to our local community. My hon. Friend makes an entirely valid point; pharmacies are part of the list that I am just beginning to get through, so I am grateful to him.

In addition to pharmacies and the other services that I have mentioned, for some the church represents the essence of their community. As we know, there have been declining church attendances. I cite also primary schools, which are surviving, although in my area and many others there are falling school rolls. That puts terrible pressure on local education authorities to make decisions about whether schools can survive. There are also increasing pressures on bus services, which cater not only for rural areas but for the outlying areas of towns. Where such services are not being used, it is difficult to get a replacement to come in to take over. All of us recognise that we must go much further these days to fill up with petrol or diesel, and that there has been a decline of the small local petrol station. Such petrol stations used to provide an important community service.

We are also aware of the difficulty of maintaining in a viable way vibrant village halls, which are often associated with playing fields next door. That becomes a major source of concern when there is a decline in community activities. There has also been a decline in the number of butchers' businesses in local communities. I suppose that that has largely been the cost of the higher requirements of inspection regimes. That decline is of grave concern, particularly for those who have been dependent on the rural economy over the years. I cite also mobile libraries and doctors in this context. Notwithstanding the diminution in out-of-hours services and the diminution in the number of NHS dentists in local communities, there has been a sharp fall in the number of district and specialist nurses in our communities. Sadly, that situation will become worse given the continuing financial constraints which arise through the Government's financial mismanagement of the NHS budget.

There is also increasing pressure in our local communities given people's lack of confidence in the fire service, with which the Minister has particular familiarity, the ambulance service and the police. That arises for different reasons but it all boils down to one issue: there is a feeling that unless someone is right in the middle of a large conurbation, most people's community services do not know where they are. People are deeply concerned that when they need those services in an emergency, it will take longer for the service to get to them. There is not the same confidence that comes from a service being localised and placed in the local area where people feel that they have immediate access to it.

I am pleased that the Government, whether by design or accident, are now finding that their plan to merge the Cheshire police force into Merseyside's seems to be going rapidly backwards, because it would have further exacerbated the lack of community support and direction. All of us are aware of the importance of maintaining community hospitals and the huge number of charities, voluntary sector bodies, and interest and hobby groups that work in our communities.

Above all—I suppose that this is the centre of the argument and the reason for the title of the debate—I was trying to understand from my own constituency

experience which is the one place where all these community activities come together. Where do people find that they are talking to one another? Where do they meet and find that there is a commonality of their experience? Where do they find the strength of identity that goes with it? As it happens, the answer is: in the post office. It is difficult to think that the same is true of any of the other places that I have mentioned. Of course, for a large village event there might sometimes be a coming together in the village hall, but not everyone will turn up. Almost everybody, at some point, has to go into the post office, and they will find that that is where they come together. So, it becomes vital to examine closely how we will maintain the local community post office network. It is obviously a tremendous asset and an opportunity. The question is: how do we keep what there is?

As we know, most people still live within 1 mile of a post office—the figure is about 93 per cent. That is not the case in rural areas. Post offices provide services in respect of communications and the receiving of Government-related payments. There are currently slightly more than 14,000 post offices, and they serve 28 million customers. The current Government have presided over 3,800 closures—we have lost two post offices in my patch and between eight and 10 in neighbouring constituencies. There seems to be an average of about 18 post offices a constituency in Cheshire.

The chief executive of the Post Office has a responsibility to run his business most efficiently. If he were to reduce that figure to the number that he thinks that he needs to run his Post Office, one could infer that there would be a significant series of further losses of post offices. While rural areas and the urban deprived ones will be the hardest hit, it is clear that it is not our business in Parliament to tell the Post Office chief executive how to run his business most efficiently. He has a duty to do that. The question is: how do we make best use of that network and how do we preserve it? It might be a partnership. There might well be a need for Government and the Post Office to act together to recognise that the network is something to be valued and that, once lost, it cannot be revived.

Bob Spink: Does my hon. Friend accept that if the Government were more helpful to the Post Office, they would enable it to provide a much better service, for instance in terms of providing television licences and proper bank accounts?

Mr. O'Brien: I shall come on to that briefly. As I am sure my hon. Friend knows, it is quite a complex subject. It is important to recognise that the Government made a promise to keep post offices open, except in unavoidable circumstances. That was contained in the Labour manifesto of 2001. The pledge was to last until March this year, and I think it has now been extended until this autumn. That is important, because it is still within a relevant period. After much argument and urging the Government eventually made the welcome announcement that they would contribute £750 million—£150 million per annum—up to 2008 under the social network payments. The money is to support the rural and urban deprived community post offices and sub-post offices. We do not yet know whether it will be renewed.

That is important and goes back to a point that was made earlier, because a sub-postmaster or sub-postmistress is no different from someone in the rest of the private sector. They are in the private sector, and have bank managers to deal with and business plans to make. Most bank managers rightly want to see a three-year plan. We are now in a period in which it is impossible for a sub-postmaster or sub-postmistress to say confidently what their income will be.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): The hon. Gentleman is making an important point. Does he agree that this is not only about the social network payment and the money that the Government make available to support the rural network? It is also about the level of commitment that they show to providing their services through post offices, the most important example of which so far highlighted is the Post Office card account. Next year, the contract for people buying their car tax disc at the post office comes up for renewal. There was an opportunity with both for the Government to show a commitment to post offices by providing services, not just by providing the funds for rural post offices, necessary though those are.

Mr. O'Brien: I entirely agree with the hon. Gentleman; indeed, I shall recite that argument as part of what I think the opportunity is for the Government to ensure that there is a sustainable future for these vital community services.

We were told by the Department of Trade and Industry, as the Minister will no doubt confirm, in November 2005 that it was planning a public consultation on the future of the social—that is the rural and urban deprived—post office network. That was originally planned to start in February and report by the middle of this month—within a few days, I suspect. I am very much hoping that the Minister will have the opportunity to put our minds at rest and say that he is now able to give us a timetable and the expected time of this report. We have been waiting for it with some anxiety. It is vital that it takes place, because it has not yet been started. No announcement has been made about when it will begin, despite the recent creation of a new Cabinet Committee. I think we are all beginning to wonder whether we should be holding our breath, because it will be chaired by none other than the well-renowned Deputy Prime Minister, and will deal with Post Office issues. We hope that it will be more joined-up across Government—

Danny Alexander: Will the hon. Gentleman give way?

Mr. O'Brien: I shall give way, but I hope that the hon. Gentleman has a serious point.

Danny Alexander: It is a very serious point. I want to report to the hon. Gentleman that recent correspondence with the Deputy Prime Minister about his Cabinet Committee implies that it has not yet met.

[Danny Alexander]

Perhaps the Minister could put our minds at rest about that. Given the vital importance of the future of the post office network to our rural communities and, indeed, deprived urban areas, that Committee should be actively engaged in putting forward a strategy for consultation instead of sitting on its hands.

Mr. O'Brien: The hon. Gentleman made a very serious point if the Committee has not yet met. I would have thought that with new-found time on his hands the Deputy Prime Minister would think that that is one of the most urgent things he could get on with, given that there is so much pressure and anxiety while we wait for the Government to act.

I have had extensive discussions with many of my sub-postmasters and sub-postmistresses, as well as the National Federation of Sub-Postmasters, and have had the opportunity of briefings from Colin Baker, to whom I am grateful. All our post offices have both a social and economic role. It is well recognised that they provide a wide range not only of postal, governmental, commercial and retail services, but in rural and urban deprived areas they are often the only place where cash can be obtained. They represent a vital service for local businesses. Many rural businesses do not have a high turnover and it matters to them that their payment transactions and mailings are dealt with daily and promptly. It is not uncommon for those of us who represent such constituencies to hear of people making the run to the post office at 3.30 pm or 3.45 pm to catch the post because it is vital to the survival of their small businesses. If that service were lost it would be a major impediment to their survival.

What we as Members of Parliament probably get most concerned about is that post offices provide immense and vital support to the most vulnerable residents in our constituencies: older and disabled people. For example, the complexity of pensions is now so great that 1.7 million people who are entitled to claim the pension credit fail to do so. It is often the sub-postmaster or sub-postmistress who can give advice in a way that does not cause anyone to lose face and preserves the dignity of confidentiality, which is vital. They have confidence and knowledge and older people in particular value that and see the sub-postmaster or sub-postmistress as having a degree of independence from the Government as well as being knowledgeable and used by the Government as a channel of information. That independence often gives people the confidence to pursue that line of inquiry.

Julia Goldsworthy (Falmouth and Camborne) (LD): During the previous debate in this Chamber on pension credits more than one hon. Member, including me, raised concern about advisers on the telephone telling people who were entitled to the pension credit that only the first payment could be paid into the post office and that subsequent payments would be paid into their bank account. Does the hon. Gentleman share my concern that that is another stealthy way of trying to undermine the service? Clearly that is not Government policy, but are they aware of that practice and what are they doing to prevent it?

Mr. O'Brien: I have heard about that practice and the hon. Lady raises an important issue. Guidance and encouragement to do the right thing to sustain the relationships and incomes of post offices is needed and it is for the Government to take action. It is in the Government's gift to influence such matters and they should not wash their hands of that.

The local post office often becomes a community focal point. People often congregate there and the police, local authorities and tourist organisations often display and provide information in them. They are increasingly places where people can go online if they are interested in doing so. Above all, we all have a shared responsibility in our communities and they are places where we can look out for one another. I am sure that we all know of someone in our community—perhaps an elderly person—who has gone to the post office when they were not well. They may have wanted to remain in their own home but have struggled out and the sub-postmaster or sub-postmistress did not face that person down with something that they would find embarrassing and difficult to deal with, but waited for a friend to come into the post office and alerted them quietly that the person they saw earlier might need looking after. That is such an important and valuable part of what post offices do in the centre of our communities. They help to preserve dignity and independence. I know that that happens almost weekly at one of the most enterprising small post offices in Wrenbury in my constituency, which Neil and Janet Palmer run to great effect. They are the centre of their community.

We should not lose sight of the fact that there is a multiplier effect in having a post office in the vicinity. Clearly, those who call into a post office will spend money elsewhere, not least if they are able to obtain cash because that is where the first, essential spends are made.

With incomes declining, the trend to non-viability and the fact that it is becoming increasingly difficult to make the idea of becoming a sub-postmaster or sub-postmistress attractive for people, particularly young people and young couples, to take over, the pressures of technology and the greater mobility that we all have means that we tend not to walk to a local service but to jump in the car. The question that then arises is, "What can the Government do about it?" They have the power to make decisions about state benefits and, particularly, how pensions are paid. Given the trend and the Government's efforts to pay pensions electronically into accounts, there has been a substantial reduction in income from encashments. The National Consumer Council said in 2003:

"The end to cash benefits just hasn't been thought through properly"

and the new arrangements

"take little account of people's real needs."

As we have heard, the Post Office card account was brought in in 2003 and it was said at the time that it would not be restricted, but earlier this year we found that it would be for only seven years. We have already had an important discussion about the major effect that that will have on the ability of businesses to plan and to receive investment support, and for confidence. What was amazing about the announcement in January was that the Government said that that was always

intended. It cannot have been always intended if we knew nothing about it. I certainly remember the announcement because I was sitting where my hon. Friend the Member for Wealden (Charles Hendry) is sitting now. I well remember our hot debates to try to obtain a commitment that the card was sustainable and would not be limited.

Three years after its introduction, we learn from written answers—the information has only just been revealed—that the Post Office card account with 4.3 million users in the United Kingdom, providing 10 per cent. of the post office income, will be axed by 2010 with massive loss of revenue. No Post Office-based replacement has been announced. I hope that the Minister will be able to reassure us that there will be a son or daughter of POCA. The matter is important to us all and our constituents, not least the 1 million people who have signed the NFSP's petition.

We heard in interventions about the loss of the BBC television licence contract, which, with other bill payments, represents 5 per cent. of Post Office income. The encouragement to renew vehicle excise duty online has shown a lack of commitment from the Government to encourage services to be provided by post offices as part of the underpinning of their social and community responsibilities and as part of a strategy that goes hand in hand with the commercial activities of the Post Office, which must run efficiently. There is the difficulty of gaining full recognition by the banks that they should see post offices as an extension of their network. That should be strongly encouraged, and I would have thought that the Government could do something to encourage that recognition. With rising costs, we are faced with the real possibility of closures. I am sure that the NFSP's brief will be familiar to many hon. Members.

The problem is not just the inconvenience, although that is a particular difficulty for those with no transport or with mobility problems, and for older people; the problem is also that, in this more environmentally conscious age, closures will inevitably increase the use of the car, as people will have to go much further to reach a post office. Half of rural residents currently walk to their post office. We will find that increasing dependency on others becomes a feature of our communities, but many older people will simply not look for the assistance that they need, and they will often suffer quietly behind closed doors. We MPs have a duty to take real note of that.

Above all, community spirit will be badly affected. A spirit is always difficult to define, but we know when we have lost it. It is certainly difficult to rebuild. It is not an exaggeration to say that the post offices in our communities give strong evidence of community spirit. The loss of those facilities would have a very negative impact. Of course, if there is a multiplier effect, it will work both ways, including in a negative way.

I hope that colleagues throughout the House will join me in calling on the Government to undertake an urgent examination of the social—that is, the rural and urban deprived—post office network. I fully endorse what the NFSP says: a strategy is needed to combine the commercial and social activities. We have to accept that, as a matter of public policy, such a strategy will not necessarily be funded purely by commercial activities. It may need support, in which case we will need a review, so that Parliament and Government can come to a decision on the allocation of public resources to support a vital social and economic network across the UK. In the meantime, the Post Office can certainly encourage the use of services that can be delivered at post offices.

Communities must be put first, and we insist that central and local government use post offices as their primary outlet for information and services. We recognise that people want the continuing ability to feel an identity and belong to their communities, and want basic things, such as the ability to run their finances with cash rather than a bank account. That is a perfectly proper thing to do, and it can often be a much better budgeting process for those who have the least. We should not prescribe in either way, as there are plenty who would want a bank account, but the unremitting trend of alienating cash from the way that people think about managing their affairs is inappropriate and somewhat patronising.

Community value is strategic and is in the public interest. Our community services, epitomised by the local sub-post office, are the test by which we decide whether we can call ourselves a cohesive society. I call on the Government to act now, before it is too late. At the very least, I hope that the Minister will today announce the dates of the Department of Trade and Industry's public consultation on the future of the social post office network.

10.3 am

Mr. David Drew (Stroud) (Lab/Co-op): I congratulate the hon. Member for Eddisbury (Mr. O'Brien) on bringing this well-worn topic back to Westminster Hall. It does not matter that we are going over old ground; until we get clarification of exactly what the Government want to do with the post office network, and of the plans on how to deliver services in rural areas, we will retread the same ground.

I welcome this morning's debates. I see this as a three-hour debate; I hope that all hon. Members will stay for the second part, which is on the future of affordable housing in rural areas. To me, the two subjects are inextricably linked. It is no good talking about service provision unless we consider who lives in rural communities, and how they can afford to live in them.

I start by laying down a challenge. Too many rural communities want to maintain their services, but do not think about how they will do that. All rural communities need to regenerate themselves. They either grow in a sustainable way, or they die.

Bob Spink: The hon. Gentleman is a well known campaigner and fighter for rural communities, but does he acknowledge that post offices are important to urban communities, too? They have been hit hardest over the past five years, with the number of urban post offices falling from about 9,000 to only 6,500. They are just as important to vulnerable people.

Mr. Drew: I take that as a slap on the wrist. I agree with the hon. Gentleman, but I am here to talk largely about my experiences in a semi-rural area. The way in which we look at the link between rural and urban areas is absolutely essential.

Julia Goldsworthy *rose—*

Mr. Drew: I give way to the hon. Member for Falmouth and Camborne (Julia Goldsworthy), who will talk about the Sustainable Communities Bill, which I was about to talk about, although she will get her plug in first.

Julia Goldsworthy: I thank the hon. Gentleman for being so generous. I shall refer tangentially to the Sustainable Communities Bill. The hon. Gentleman talked about the importance of rural communities and their wider sustainability, in terms of supporting services such as post offices. Does he agree that, unfortunately, rural communities are often hamstrung and have no control over important aspects of their future sustainability, such as over the growth in the number of second homes? At the moment, there are no restrictions on that growth, which is one of the key drivers in undermining the social, economic and environmental sustainability of many rural communities.

Mr. Drew: I thank the hon. Lady for that; of course, I agree with her. I shall push on and try to connect some of the points made.

I stress that in the Sustainable Communities Bill—I hope that the House will treat that subject increasingly seriously—there is at least the idea of a strategy on how local communities can take back power and responsibility, as they perceive, at least, that they have lost it. I think that often that is a perception, rather than a reality, but of course if a community has an out-of-town shopping facility, that is a reality that it cannot escape from.

There are three levels, and we have to start at the level of the individual. Too often, individuals complain about the loss of their post office, pub or village school, yet they drive past that school with their children, or drive past those facilities to the supermarket, or they work 200 miles away. That may well be the nature of the world that we live in, but it is not a good world, a sustainable world, or a world that will be fit for purpose in this decade and beyond. The adage "use it or lose it" applies, and too often we lose it, because people become concerned about a facility only when it is about to close. That is sad and reprehensible, but it is avoidable; we must start with the individual.

One of the problems with the Post Office card account is that too few people in the know have signed up to it. I have signed up to it; that is a moral responsibility to which I have adhered. I hope that the decision-makers see the value of it, and run it alongside bank accounts. It was never supposed to be a pure alternative to the bank account; it was supposed to be a different way for people to withdraw money. I know that that is not the Minister's responsibility, but he has to talk to the Department for Work and Pensions about what plans it has for POCA. We just need coherence. A lot of people signed up for POCA because it is easy and successful, but also because they believed that that was how to keep their post offices open. Let us build on that.

Next, we move on to the level of the community. I believe that the whole community has a responsibility to its service provision. I declare an interest: I am still a town councillor in my town of Stonehouse. We were faced with the post office not necessarily closing, but being moved from a specially built building, and with a possibly deteriorating service. The town council, because it had money, invested in that facility and took the whole building on; now, the town council building abuts the post office. To me, that is the best of both worlds. A lot of smaller community councils do not have the money or wherewithal to do that. However, when they produce their annual report for their parishioners, they should state whether they have engaged with their post office and service deliverers in order to determine whether there are things that they could do better together, whether there is a mutual support mechanism, and whether they should go out to their community and say, "We need to invest in those services." The idea of the common bond and the money that could be raised therein is not a fantasy. People can sign up to the belief that their services are important, and they can put their money where their mouth is.

The Library's debate pack provides an excellent run through the issues. I am featured on page 3—I hope that it does not go to my head—in a story about Paganhill in my constituency. Paganhill post office was situated within a one-stop shop. There is a Tesco less than a mile away, but Tesco took on the one-stop shop and announced that it intended to move the post office out. Catastrophe! The community were up in arms, but what could they do about it? It just so happened that the Maypole hall, which was round the corner from the post office, was willing to consider assimilating the post office. *It was a long saga, but 18 months down the line,* 10 days ago, the new, refurbished post office opened in the Maypole hall.

There were three heroes: Alan Churchill, who chairs the Maypole hall committee, Robin Craig, who has taken on two sub-post offices and is looking to take on more, and Cyrsta Harris, who works for Stroud district council in its community development department. They all worked hard to make the transfer happen, and it is people like that who keep our services alive. Tesco, the Post Office and others played a part, but that is what is vital: people have to make things happen, otherwise services will be lost.

I was in Oakridge yesterday, a small village on the outskirts of my constituency. Mike and Kim Gorney live there, and she runs the sub-post office. Two hamlets, Oakridge Lynch and Far Oakridge, came together to keep a sub-post office going throughout all the recent difficulties. She has run it for the past 12 years, but Mike and Kim want to move in order to improve and extend the post office and introduce longer opening hours. I do not want to pre-empt the planning process, but I hope that they receive permission. Yesterday, they took me through how they will fund the development, and they are looking for help. One important aspect of the figure of £150 million is that it is supposed not only to pay a pure subsidy to keep businesses going, but to reward innovation. However, when the Gorneys look for funds, it always seems that the funds are spent up or they are not the right ones.

The last two pages of the excellent debate pack refer to the different funding streams available. The rural

capital start-up subsidy scheme has gone, to be replaced by the rural re-start scheme. Interestingly, it has to be match-funded, and the Gorneys made it clear how difficult that is. When one raises money to buy a building and undertake much of the work, one has to pay for the movement of counters, security and so on. The rural investment fund was launched in October 2004, but it has only £1 million. Against the thousands of post offices that are trying to keep themselves going, let alone improve, it is not a great sum of money. I hope that my hon. Friend the Minister will explain how we can bolster it. Many post offices are able to take advantage of the rural rate relief, but it does not help when one moves a business. A small rural post office is already likely to have drawn down that money.

The Government need to be clear. They cannot keep withdrawing services. The Post Office card account is a classic case of worthy investment, and to announce that it will be run down over the next couple of years and replaced with bank accounts is not good news, because it is a psychological kick in the teeth. People have invested a lot of money in their business and they have run it not to make money. The submission that I think we all received from the National Federation of Sub-Postmasters shows that the average drawings are less than £1,000 a month. There are some bigger post offices, but as the submission says, it means that an awful lot of people take substantially smaller sums than even two years ago. They are minuscule. However, those people are heroes, and that is why communities owe them an obligation. It is no good saying, "Isn't it terrible that they no longer want to carry on and nobody wants to take this business on from them?" One must be slightly mad to take on those businesses, such is the level of reward; however those people are true heroes and they should be rewarded financially and because they are key people in their communities.

The issues to do with the Driver and Vehicle Licensing Agency, which the hon. Member for Eddisbury highlighted, and that TV stamps saga all give out the wrong signals. They may not be problematic as discrete decisions, but collectively they are doing immense damage.

Sir Robert Smith: Those issues not only send the wrong signal, but downgrade a service. In my constituency there are 41 sub-post offices in which people can obtain a TV stamp, but there are only 16 PayPoints. It seems rather sad that the two organisations could not come together to work out how they could have maintained a mixed system in rural areas. The Post Office could have assisted people, as it has with banking, and reached further into the rural community.

Mr. Drew: I agree. I shall refer to the ATM issue, because I seek clarification from my hon. Friend the Minister about their—and perhaps other services'—introduction in rural post offices.

The Post Office sold me on the hub and spokes idea, whereby the main post office, which the Post Office might own, becomes the hub and uses its delivery mechanism to work in tandem with sub-post offices. As the hon. Member for Eddisbury said, they can remain independent private businesses, but it does not mean that they cannot co-operate. It is far better they do, rather than compete against one another and fail, with all those businesses suffering as a result.

I make no apology for concentrating on rural businesses, because they are under greatest threat. We have been through the urban reintegration issue, but I hope that my hon. Friend the Minister will clarify where the hub and spoke idea has got to. It affects what we do in Stroud, but it seems to happen by accident. Perhaps it happens by osmosis, but it does not seem to happen by design. It is not as well planned as it could be, and I want to know that sub-post masters and sub-post mistresses are being given all the help that they require to keep their businesses going, expand them and co-ordinate them with others.

The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) referred to banking and financial services. It is a crucial issue, because the whole system needs to hold together. Last week I received from the Post Office a long press release about the installation of ATMs in more sub-post offices. Even though my hon. Friend the Minister does not speak for the Post Office, he can talk to the Post Office, and I read into the press release that ATMs would be free of charge. We need to build up a bond of trust with customers and keep them using post offices, and if there are no banks easily accessible for miles around, they could be tempted to use ATMs and allied services. Foreign exchange has been a huge success story recently.

I want the process clarified. It is no good putting out press releases if we do not know what they mean in detail. If the post office is to become the community's financial hub, we want to know that it will be invested in properly, and that it will be affordable, which means that we do not charge the poorest people more than they would pay if they could get to a bank. We have to make the process as easy as possible.

The challenge exists, but it will not be met by the Government alone. Communities and individuals bear a responsibility, too. The Government must set the strategy correctly and put the money in, and clearly £150 million will not be enough next time. We shall have to consider how we revisit and rework what we are doing in the more urbanised areas, as we are now considering the true urban centres, which face somewhat different problems. That is the challenge. I hope that we can move forward, and this debate has been a worthwhile opportunity to do so.

Several hon. Members *rose—*

Mrs. Joan Humble (in the Chair): Order. Before I call the next speaker, I want to point out to the hon. Members who are trying to catch my eye that I hope to call the speakers from the Front Benches soon after half-past 10, so brevity is the order of the day.

10.20 am

Mr. Alan Reid (Argyll and Bute) (LD): I welcome you to the Chair, Mrs. Humble. I also want to congratulate the hon. Member for Eddisbury (Mr. O'Brien) on securing the debate, which is important. The fact that we have had a series of debates, on both the Post Office card account and the Post Office, shows how concerned hon. Members from all parties are about the future of the post office network.

[Mr. Alan Reid]

The Post Office has suffered three blows this year: the announcement that the Post Office card account will be withdrawn in 2010, the encouragement to motorists to renew their car tax over the internet, and now the removal of TV licensing. What strikes me is that we have in the Chamber the Minister from the Department of Trade and Industry who is responsible for the Post Office, but those decisions have all been made by other Departments, which seem to be under pressure to cut their budgets and appear to be acting independently of the DTI.

We have heard that the Deputy Prime Minister is the Chairman of the Cabinet Committee that is supposed to be co-ordinating Government policy on the Post Office. I was extremely shocked to find out that the Committee has not even met yet. It is easy to make jokes about the Deputy Prime Minister, but as this is a serious debate I will avoid doing so. I simply point out that the Deputy Prime Minister seems to have nothing to do other than chair Committees, so if the Minister takes one thing away from the debate it should be to go to the Deputy Prime Minister and say that the message from all parties is that we want him to get on with the job of getting the Committee up and running and to come up with a solution.

The Post Office card account is clearly an important part of the business. I shall not go into detail on that subject today, because we have had plenty of debates on it already. However, I stress its importance and the need for a Post Office account to follow on from POCA and allow people to collect their benefits and pensions from the Post Office and from their Post Office account. Again, it is important that we have an early announcement on that subject. To emphasise a point that has already been made, as sub-postmasters and mistresses retire they will not be able to find anyone to take on the business unless it is seen to have a secure future. The most important thing that the Government can do is to make an early announcement that there will be a Post Office successor to POCA.

The other issue that I wanted to mention was that the Government have taken away TV licence renewals from the Post Office, which is taking away a service from rural communities. The contract has been given to PayPoint, and PayPoint tends to be based in Co-ops and Spar supermarkets and nearly all the outlets are in towns. It rarely has outlets in villages, so the service is being removed from rural communities.

PayPoint also seems to have an incompetent computer system that tells people the location of their nearest PayPoint outlet. Most worryingly, TV Licensing, too, is using that computer system to tell people where their nearest outlet is. I have a licence renewal letter that was sent to a constituent of mine in the village of Cardross, on the north bank of the river Clyde with a population of more than 2,000 people. It has a post office where people have been able to renew their TV licences for many years, but it does not have a PayPoint outlet. The letter to my constituent lists the local PayPoint outlets, and gives two, both in Port Glasgow. The PayPoint website says that Port Glasgow is only 2 miles away from Cardross. That is all very well, but the only problem is that the river Clyde is in between. The Minister knows the geography well, and if someone wants to get from Cardross to Port Glasgow they have to drive 10 miles up the north bank of the Clyde to the Erskine bridge, cross the bridge and drive 10 miles back. Clearly, the computer system is totally incompetent. There is a PayPoint outlet 3 miles away in Dumbarton, but the letter does not point that out. How can the Government possibly have given such an important contract to such an incompetent company, which does not have outlets in rural areas?

Another disadvantage of PayPoint is that because it does not have outlets in rural areas it causes great difficulties in many of the islands in my constituency. Seven of those islands—Lismore, Iona, Coll, Colonsay, Luing, Jura and Gigha—have post offices where people can renew their TV licences. There are no PayPoint outlets on any of the islands, so how are people there supposed to renew their TV licences? Clearly they can do so over the phone or through the post with a postal order, which, if they do not have a bank account, they will have to pay a lot of money to get, but they cannot take advantage of the new card that is the successor to the TV stamp scheme. People in those islands are being excluded from that important Government service.

If people on the islands are not able to buy their TV licences, I have a solution: we should simply make using a TV on the islands free from the requirement to obtain a TV licence. If the Government are not prepared to set up outlets for people to buy their TV licences, the quid pro quo should be that a licence is not needed to operate a TV on any of the islands. Those are my messages for the Government today.

10.26 am

Tony Baldry (Banbury) (Con): I am grateful to the hon. Member for Argyll and Bute (Mr. Reid) for leaving me time to speak. I feel very sorry for the hon. Member for Stroud (Mr. Drew), and the Minister ought to listen to him. Week after week he turns up to Westminster Hall, because he has a majority of only 350, and tells the Chamber about how the Government are cutting services in his constituency. The Minister, who has the benefit of a majority that is nearly 20 per cent. of the vote in his constituency of Poplar and Canning Town, ought to listen to the hon. Gentleman because it is the seats such as his that are keeping Ministers in red boxes and croquet sets. I hope the Minister will listen. It is also important that the hon. Gentleman is the only Labour Member who has bothered to turn up to the debate at all, which highlights a cause for concern.

I hope that the Minister will take time during the summer recess to visit a constituency such as mine—he would be welcome in Banbury—to see how rural or semi-rural England works. The Minister represents Poplar and Canning Town; most Ministers seem to represent inner-city constituencies and they have little understanding about how rural and semi-rural England works. Indeed, the Minister's responsibilities include London. I hope that someone in the Department of Trade and Industry is responsible for the English countryside, rural areas and how they function. I do not think that anyone is.

The Government make much about social exclusion, which, for them, seems almost entirely synonymous with inner-city deprivation. There seems to be no

understanding in the Government that we can have rural social exclusion, and that we can have social exclusion in housing estates on the edge of towns such as Banbury and Bicester. They ought to see the Post Office as an opportunity.

Where does government interact with the people? We hear a lot from the Prime Minister about enhanced delivery of public services, but we are seeing a continuing alienation and remoteness of government as more is done online. That is fine for younger generations, who might be competent and au fait with being online and using the internet, but for older generations that is not always the case. We see the removal of services that gave people face-to-face contact with government such as Jobcentre Plus, which has disappeared entirely in a big town such as Bicester, one of the fastest-growing towns in England. If one cannot get online, the only other way to connect with the machinery of government is through call centres and the infuriating process of having to press serial buttons, which drives constituents and all of us completely crazy. We are privileged with most of those systems, because the Government have realised that they do not work, in having MPs' hotlines so that we do not all go mad with Ministers in the Division Lobby.

The Government ought to see Post Offices as a real opportunity where the state and the machinery of government can interface with people and tackle some of the issues of social exclusion that the Government talk about.

The withdrawal of the Post Office card account from 2010 is absolutely crazy. At a stroke, it will undermine the viability of practically every village and urban sub-post office. As my hon. Friend the Member for Eddisbury (Mr. O'Brien) said, it was also disingenuous, because when the scheme was introduced everyone thought that it would go on for ever—that there would be a degree of continuity and substance. The Government's withdrawal of the card account will undermine the post office network, and once that has happened it cannot be replaced. Once the post offices have been sold and the premises disposed of, they will never be available again.

I am not surprised that the hon. Gentleman, desperate to hold on to his majority of 350, should implore the Minister to throw him a lifeline by maintaining rural post offices, but if Ministers do not start to listen to the voice of England they will lose many more constituencies than Stroud. People are fed up with a Government who have become increasingly distant and remote—a Government who simply do not listen to those who want to see protection for the elderly, the isolated and the disadvantaged.

10.31 am

Lorely Burt (Solihull) (LD): I thank the hon. Member for Eddisbury (Mr. O'Brien) for initiating the debate. I also thank all hon. Members who have spoken. I have a word of consolation for those of my hon. Friends who were unable to speak because of time constraints. The Liberal Democrats, like all parties, believe that this is an important issue, but I shall be brief in my response to this wide-ranging discussion, as we all look forward to many of our questions being answered by the Minister.

It seems to me that two forces are pulling against each other—the Government and the community. Communities want control over their lives and their surroundings. The Government have a tendency for centralisation, which they use in the name of efficiency and standardisation.

In Solihull, neighbourhood policing has worked most effectively, as has community support. The idea of localisation, of familiarity with one's immediate area, has been extremely successful for Silhillians and, I am sure, for all in the United Kingdom who have been able to enjoy its benefits. I understand that an announcement will be made later today on the merger of police forces into super-forces; I hope that the plan will be shelved.

Similar things are happening to ambulance trusts, with 29 forces being reduced to 12. Again that is a removal from the local area and local knowledge.

Tim Farron (Westmorland and Lonsdale) (LD): On the merger of ambulance services, I can tell my hon. Friend that in my constituency recently, first responders—they provide a remarkable service, particularly in rural areas, by getting to critically ill people before the ambulance arrives—have not been called out because the system has been changed. It is now more centralised and more automated, and because the service covers a larger area peoples' lives are being put at risk. Does my hon. Friend share my concern about that development?

Lorely Burt: I do indeed. My hon. Friend gives an important illustration of what can go wrong when over-centralisation takes place.

About 80 community hospitals are under threat. We have lost 1,400 beds since 1999. The idea of a market-driven concept does not sit well with community hospitals. It seems to be their fault if they cannot make ends meet, and they have to close as a result. There is much concern among local people; community hospitals is a hot topic in many areas.

Hon. Members have already spoken about small shops, pubs, pharmacies and many other organisations. I remind the House that 30,000 independent retailers have closed during the past 10 years. We have often debated the encroaching role of the supermarkets, whose non-food sales have doubled in the last five years, and we have spoken of their predatory pricing and their squeezing of suppliers, and particularly in rural areas, those selling at the farm gate. That all gives rise to great concern.

As many as 20 per cent. of post offices have been lost in the past five years. The Government's contribution to that, I am sorry to say, comes in the withdrawal of tax disc renewals, pension book payments and the Post Office card account. That all illustrates how much more difficult it is for post offices to make a living. However, I am pleased that the social network payments have been retained until 2008.

I am pleased also that other innovations are being explored that one hopes will be implemented in many areas. One idea is the hub and spoke system in which a major village has a post office with satellites in the surrounding villages in pubs, village halls, mobile post offices and in partnership with libraries, the police and

[Lorely Burt]

so on. Those are all innovative ways that could help support the vital community link.

It has been alleged that members of my party and others who are extremely worried about the sustainability of communities are clinging on to a romantic concept of the village and the community as they used to be 50 years ago. We certainly cannot go back, but we can use what works. I have already mentioned neighbourhood policing. Solihull is also spearheading a care trust, a partnership between health and social services working as one, which I am excited to see and which I hope will have a good result.

My hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) has introduced the Sustainable Communities Bill, and I understand that an early-day motion supporting it now has the support of more than 50 per cent. of Members. I ask the Minister to give serious consideration to the issues dealt with in that Bill. While speaking of private Members' Bills, my Local Government and Planning (Parkland and Windfall Development) Bill seeks to ensure that local communities have some say in the planning decisions that affect their lives.

In control is where people want to be. People want to be in control of their lives, their destinies and their communities. When that control is taken away, the sense of community breaks down and we see alienation in the countryside and the town, where the need, particularly of the young, to assert identity manifests itself in a plague of graffiti and other forms of antisocial behaviour. We see elderly people alone, afraid to go out, with nowhere to go, and with their shops and post offices shutting down; and we see communities disintegrating as their character is changed beyond control and beyond recognition.

The psychological health of our nation and our communities is at stake. It is worth more than a few figures on the balance sheet. We want community services to be just that—services run by and for the community. We say no to ghost town Britain. We say yes to sustainable villages and towns, which are defined by thriving local economies, environmental protection, community involvement and democratic participation.

10.39 am

Charles Hendry (Wealden) (Con): I congratulate my hon. Friend the Member for Eddisbury (Mr. O'Brien) on securing this important debate. There is an element of "Groundhog Day" about it; we regularly pop into the Chamber to discuss the future of the Post Office network. We last did so on 14 June, when I welcomed the Minister and said that we were prepared to give him a small exemption because he was new to his post, but that he had to come up with some answers soon. I went on to say:

> "We are watching the whole network crumble while Ministers simply wash their hands of responsibility".—[*Official Report, Westminster Hall*, 14 June 2006; Vol. 447, c. 293WH.]

That was an interesting mixed metaphor; I hope that the Minister has now finished washing his hands and that today he will break out of the Groundhog day tradition to give us clear answers about the future of the Post Office network.

The debate has been extremely wide-ranging and has covered a tremendous number of issues of enormous importance to our rural communities and others. My hon. Friend set those out with great clarity and understanding. He made a particularly important point in saying that we were not seeking to preserve communities in aspic, but trying to find a realistic way forward to bring new life, vitality and business into them. We are not trying to preserve something for the sake of tradition.

My hon. Friend outlined some of the other issues that we are considering in this debate: the village shop, the pub, the churches, the school bus services and village halls. We have also heard about pharmacies and ambulance services. One of the most startling points made to me by the excellent head of the Sussex ambulance service, Paul Sutton, was that only 5 per cent. of people in this country who have a cardiac arrest outside hospital will be alive two years later. In Finland, a much more rural country, 10 times as many—nearly 50 per cent.—will be alive two years later because there are defibrillators in the local communities. The issue is not only about relying on the local ambulance service, but how to put new services into the communities that will help people, and improve and save their lives.

Safety is a further aspect that should be mentioned. If we had had this debate 10 years ago, none of us would have said that there was a problem of antisocial behaviour in the communities that we are talking about. However, such behaviour has now spread out of the cities and into the big towns—into large villages as well. One of the things about which people are most concerned is the lack of a police presence in those communities and the lack of a sense that crime is being brought under control in them.

My hon. Friend the Member for Banbury (Tony Baldry) was absolutely right to highlight the extent to which Government services have been systematically removed from our communities. Such services are becoming more and more remote. My hon. Friend highlighted how, ultimately, they are moved to call centres with no connection whatever with the people whom they are supposed to serve. That process, of course, is part of the Government's regional agenda, so beloved of the Deputy Prime Minister.

It was intriguing to hear the hon. Member for Solihull (Lorely Burt) criticise those changes; the Liberal Democrats are also committed to the Government's regional agenda. If the hon. Lady wishes for such an agenda, she should know that the consequence is that increased remoteness of services. The only way to break away from that is to scrap that agenda and move decision making and power back to the communities that are most affected.

This debate is not just about whether Stroud, or a range of other marginals, will continue to be a Labour seat after the next election; we take it for granted that they will not. The issues are much more important. They are about the whole range of facilities that people enjoy in their communities and the survival of those communities. I hope that the Minister will be able to give us some good answers today.

The Post Office had declined dramatically. In 1999 there were 18,374 post offices in this country. There are now 14,400—a decline of 20 per cent. in just five years.

In 1999, there were 43 post offices in my constituency. Now there are 28, a decline of a third in just five years.

Rural post offices account for about half the network; there are, perhaps, about 7,800. Nevertheless, they account for only 10 per cent. of the business. On average, they have something like 350 consumers a week, but 1,000 rural post offices have fewer than 50 consumers a week. We need to be sensible; we cannot simply preserve a business that is not operating well. Sometimes the postmaster or postmistress decides to move out. However, we need a strategy and long-term vision for what role the Post Office should play.

This year, the Post Office network will lose £2 million, and that loss is expected to double next year. In the course of that, the Government are withdrawing £168 million in Government contracts from the Post Office network. As we have heard, that will get worse. There are the issues of the Post Office card account, the changes in respect of renewing car tax licences online, and the moves, on commercial grounds, not by the Government but the BBC—although the Minister was accused of being responsible—to take the TV licence away from the Post Office and to give it to PayPoint.

The chief executive of the Post Office, Adam Crozier, has said that he can fulfil his legal obligations with just 4,000 post offices. We have to be very careful about how we interpret that; he is not saying that that is what he wants. We should also pay tribute to the outstanding job done by him and Allan Leighton in turning around the Post Office. However, we need to understand that Mr. Crozier can meet his legal commitments with just 4,000 post offices. If we want more than that, it is up to the Government to come forward with a strategy. The Post Office has a business to run, but a Government strategy and vision is completely lacking in this debate.

As my hon. Friend the Member for Eddisbury said, current Government funding for the Post Office network runs out in 2008. Decisions are being made now. In the coming months, people will sit down to decide whether they should close down or sell on their business. They may turn it into a house because they simply do not know what the future holds.

The Minister has to start coming up with answers. We look particularly to him to give examples of how we can bring new business into the Post Office network. Could post offices be used as centres for storing undelivered parcels? Courier companies often cannot deliver huge numbers of parcels. Rather than taking them back to their bases, why should they not take the parcels to the village post office, where they could be collected in due course? Can more be done with what is called the first mile of the postal network? Businesses in communities might bring their post to the Post Office and send it to whatever postal service delivery network they wished to use.

What are the Government doing about a successor to the Post Office card account? Ministers have to take the lead on that issue. In the 14 June debate, I said to the Minister that there had been too many examples of people being instructed to move from Post Office card accounts to bank accounts for that to have been happening by accident. Ministers must confirm that they will send a message to every single agency stating that they should put no pressure on people to move away from the POCA if they do not wish to do so.

In the months since then, has the Minister had a meeting about the issue? Has he written or spoken to his counterpart in the Department for Work and Pensions to make the point clearly? Furthermore, has he told his counterpart that DWP Ministers cannot simply stand back from the issue and say that it is a matter for the Post Office? It is a matter for the Post Office and the Government, and the banking community should be brought in as well. We need the Minister to take a lead on the issue, and I hope that he will give some more encouraging news today.

In the light of what we have heard today, will the Minister ensure that he has a discussion with the Deputy Prime Minister soon? The Deputy Prime Minister has very little else to do apart from sticking his tongue out at the media, so why has the Committee that he chairs not met? We are debating one of the most important issues, which affects every single constituency in this country. If the Deputy Prime Minister, with his reduced responsibility, has not found time to chair that Committee, that is a complete scandal.

There are ways forward, but so many of them are in the hands of the Government. We look to the Government and the Minister to give clear examples of how to move forward. However, I want to finish on a positive note. At this time of year, we go every weekend to village fêtes and to see what communities are doing to make themselves vibrant, successful and good places in which to live. We owe an incredible tribute to the people who make that happen: those who write the parish magazines, put on the village fêtes, run the local sports clubs and give cricket, football or rugby training for youngsters.

The communities in this country remain incredibly special. The fact that our communities are losing some of their economic vitality should concern us all. However, they remain immensely special places because of the desire of so many people who live in them to contribute to and improve their communities. We owe a tremendous debt of gratitude to the many people in our constituencies who make that happen.

10.50 am

The Parliamentary Under-Secretary of State for Trade and Industry (Jim Fitzpatrick): It is a pleasure to see you in the Chair today, Mrs. Humble. I associate myself with the concluding remarks of the hon. Member for Wealden (Charles Hendry). It was clear from the response of other hon. Members that they also supported those remarks.

I congratulate the hon. Member for Eddisbury (Mr. O'Brien) on securing this debate. I shall keep my remarks to a minimum but try to respond to as many of the points raised by hon. Members as possible. However, I am not able to provide a definitive timetable, so the outcome of the debate will not be to everyone's satisfaction.

Let me make it perfectly clear that the Government have heard everyone's concerns and will take heed of them in their continuing deliberations on the future of the post office network. If it is to survive and have a sustainable future, it must adapt to the changing circumstances and environment in which it operates. Many sectors of the post office network lose

[Jim Fitzpatrick]

substantial amounts of money. The rural network loses some £150 million a year, and the directly managed Crown offices have been losing some £70 million annually. The status quo is simply not sustainable. Several important steps to restructure and revitalise the Post Office have already been taken but the future of the network rightly remains an issue of national debate.

I acknowledge the generous comments of the hon. Member for Wealden about the success of the chairman, chief executive and staff of Royal Mail in turning around that service, which only a few years ago was losing £1 million a day. It has moved back into profitability and is investing on behalf of the taxpayer in a much more successful business. However, as everyone acknowledges, that involved painful changes.

As the Minister with responsibility for postal services, I have a contradictory role, given the circumstances in which I find myself. I want to help ensure the widest provision of services but also a sustainable network. Just before the debate, the hon. Member for Eddisbury and I discussed that contradiction in the corridor. There is clearly a need for a community network, but it must have the bedrock of a sustainable commercial network.

I appreciated the tone of the debate. It would have been easy for hon. Members to come here and criticise. I am not saying that there were no criticisms—clearly, there were—but in the vast majority of the contributions they were delivered in a constructive way. I assure hon. Members that I and officials at the Department of Trade and Industry are working extremely hard with officials and Ministers from other Departments on the issues that were raised in the "Groundhog Day" debate only a few weeks ago. Obviously, we will consider issues that have been raised today that are separate from those, but I suspect that all the bases have been covered in our considerations. We want to arrive at the best possible strategy in our conclusions. As colleagues would expect, I have also initiated discussions with Post Office Ltd and the National Federation of Sub-Postmasters in past weeks.

The hon. Gentleman said that the number of signatures on petitions shows the depth of feeling. Our response to that is straightforward: many people express an affinity with their post office by signing petitions. Unfortunately, as my hon. Friend the Member for Stroud (Mr. Drew) said, that does not mean that they use the services. There is an affinity with rural services but translating such support into commercial usage of the post office is obviously one of the challenges that we face. The least used 20 per cent. of offices in the rural network average 40 customer visits per week, and the least used 10 per cent. average just 16 customer visits per week. At £17 per visit, those figures loom large in our calculations.

The hon. Gentleman and other colleagues discussed the difficulty in selling on sub-post offices because of the uncertainty of the future. We recognise such concerns, but the sale of sub-post offices on a commercial basis continues. In 2005-06, there were 1,243 successful transfers—649 rural and 594 urban—and an increase on the number for 2004-05, which was 1,179.

The hon. Gentleman suggested that post office partnerships with stores such as pharmacies and with churches ought to be considered. From our initial £450 million support package, £25 million was set aside for a flexible fund to enable the Post Office to pilot new ways of delivering services in rural areas in a sustainable way.

The hon. Gentleman made some interesting suggestions about how other partnerships and other business services could increase viability. The Post Office is undertaking several pilot initiatives aimed at increasing usage of rural post offices; for example, the pilot with the police, which was mentioned by the hon. Member for Solihull (Lorely Burt), in which the local sub-postmaster or postmistress handles simple inquiries in the community and can report crimes. Post Office Ltd is also considering working with tourist information offices to enable the local post office to offer advice.

Furthermore, the Post Office is testing alternative means of service delivery. The core and outreach model, which was mentioned by colleagues, is being piloted by the company to expand the reach of the network to meet the needs of outlying small communities. Typically, the core sub-postmaster provides a service at locations such as the local village hall or pub for several hours each week. The Post Office published its report on the pilot trials in March. The lessons from the pilots will play an important part in the consideration and informing of the Government's longer-term decisions on the future of the network.

The hon. Gentleman asked about Adam Crozier's comments about what he would need to fulfil the licence obligations. He answered his own question when clearly identifying them as a hypothetical response.

Sir Robert Smith: Will the Minister give way?

Jim Fitzpatrick: If the hon. Gentleman will forgive me, I am trying to get through as many answers as possible.

The hon. Member for Eddisbury said that 93 per cent. of people lived within a mile of a post office, but that that was not the case in rural situations. In rural areas, 85 per cent. of households are within 2 km of a post office. That compares with 79 per cent. of rural households that are within 4 km of a doctor's surgery. There are 8,000 rural post offices—some 55 per cent. of the network—catering to only 19 per cent. of the population. That clearly suggests an imbalance.

The hon. Member for Castle Point (Bob Spink) is not in his place, so I will pass by his question. The hon. Member for Eddisbury said that the Government were forcing people away from post offices. I do not want to be partisan, but it was the previous Conservative Government who first introduced direct payments. Not only this Government have changed how benefits are provided.

The hon. Gentleman said that the Government should use post offices as a primary outlet for their services. I assure him that other Ministers and I are

considering exactly what we ought to be doing to ensure that we identify the protection that Government services might be able to offer.

My hon. Friend the Member for Stroud asked about fee-charging automated teller machines in some offices. Post Office Ltd has changed its cash machine strategy and is withdrawing from its contractual arrangements with the existing ATM suppliers, which supply fee-charging machines. A new partnership with the Bank of Ireland will result in the introduction of 1,500 Post Office-branded free-to-use ATMs across the network in the next few years. My hon. Friend may take that message to his constituents.

The hon. Member for Argyll and Bute (Mr. Reid) asked whether the Government are to blame for the decline in the post office network. I remind colleagues that we cannot force people to use post offices. We ought to do as much as we can to provide Government services through them, but we also provide services on the internet, by telephone and by mobile phone, and people readily access them through such means. We must work within the context of that trend. I am sure that those who are responsible for television licensing will receive suggestions about free use of TVs on islands and respond to them directly. However, I am not sure that they will agree.

My final comment is to the hon. Member for Wealden. I had a meeting with a Minister from the Department for Work and Pensions on the Post Office card account and other issues raised in our last debate and with other Ministers on the issues that clearly are of concern to both Government and Opposition Members. Inevitably, suggestions for change in and restructuring of the post office network—

Mrs. Joan Humble (in the Chair): Order. We must move on to the next debate.

Affordable Housing (Rural Areas)

11 am

Paddy Tipping (Sherwood) (Lab): I am pleased to introduce this debate, particularly in the context of the Affordable Rural Housing Commission's report that was published in May. I thank the Minister for commissioning the report and congratulate the commission on its work, but towards the end of my speech I shall press her on what the next steps are, because affordable housing is a big problem in rural communities. Although progress has been made, we need to make further progress.

From my experience in Nottinghamshire, people have difficulty moving into the rural villages that surround the Nottingham conurbation. I know a family in Farnsfield, for example, three generations of whom live together—grandparents, parents and children. The children aspire to live in the village, but there is no affordable accommodation for them. There are similar problems in places such as Lambley, Lowdham and Woodborough. They are attractive villages where house prices have spiralled and young people have difficulty getting into the market. The situation is difficult in Nottingham, but I am painfully aware that it is far worse in other parts of the country, particularly the south-west, most of the south and the national park areas.

Everyone has a right to decent housing, whether they live in the town or the countryside. It is important to acknowledge that many people aspire to move out of the town and into the countryside. The Countryside Agency suggests that 100,000 people a year move out of the town and into the countryside, hoping for a better quality of life. We need to ensure that there is not an urban-rural divide. Some people, including some politicians, argue strongly that urban issues are different from rural issues, but rural housing is one side of the same coin—people move out of the town because they are worried about poor educational standards, high levels of crime and a decaying environment.

We need to continue to work hard as a Government to build on what we have achieved, to ensure that our town centres are revitalised and become places where people feel pleased and comfortable to live. The Government have a long history and a good platform on that. We need to continue that work, but of course we need to do things in the countryside too.

That is why I was delighted that our rural manifesto at the last general election contained a commitment to establish a commission on rural housing:

> "We will establish a Commission on Rural Housing and ask it to explore measures to ensure that local residents and their families can have access to affordable housing. The Commission will examine a range of models—such as cooperative ownership or shared equity—to see which work well in a rural setting.
>
> We are also keen that they look at the place of government owned housing stock in rural areas in addressing rural housing need."

The commission was established shortly after the general election. It was chaired by Elinor Goodman and produced a comprehensive and well inter-linked report in May. The commission is keen to make progress with the report and so am I.

[Paddy Tipping]

The commission has described its report, saying that it offered

"practical solutions which would improve access to affordable housing to rent or buy for those who live or work in rural areas. They were to be evidence-based, draw on best practice and propose action which could be taken forward across public, private and voluntary sectors."

The commission achieved that aim. Its report contains a range of measures that, taken together, can be a move towards providing affordable housing.

Before I come to solutions, however, I want briefly to consider some of the evidence that the commission gathered. The statistics tell a compelling story. There was a 6 per cent. decline in rural new build as compared to a 29 per cent. increase in urban areas between 1998 and 2005. Average house prices in the countryside rose by 73 per cent., as compared with 68 per cent. in towns, between 2000 and 2005. It is therefore not surprising that, with rising prices linked to spiralling demand and falling supply, house prices for first-time buyers are 12 per cent. higher in rural districts than in towns and that the median house price in a rural area is 6 per cent. higher than in the towns.

If that was not problem enough, the average earnings in the rural economy are £17,400 a year, compared with an urban average of £22,300. The combination of high house prices and low incomes in rural areas means that people seeking to buy, even at the bottom end of the rural market, have to pay seven to 10 times their earnings, compared with an average of 3.4 to four times in urban areas. Rural dwellers, particularly young rural dwellers who have low incomes, face a real problem in accessing the housing market.

The consequence is that someone on such an income could probably afford housing in 50 per cent. of urban wards, but in only 28 per cent. of rural wards and 2 per cent. of rural wards in the south-east. Some 45 per cent. of newly formed households cannot afford to set up home in the ward in which they currently live. It is also important to note that the public sector is not compensating for market sector failure. There was a 22 per cent. increase in urban affordable housing provision, but only a 3 per cent. increase in rural areas between 2001 and 2005, and only 5 per cent. of houses are social housing in rural areas, compared with a national average of just over 23 per cent. Those figures spell out the stark reality for people who are looking for entry into the housing market in rural areas. There are problems of market access not only in Nottinghamshire but across the south, and particularly in the south-west.

What is to be done? Clearly we need to build a lot more affordable housing, not only in market towns—important as that is—but in villages of less than 10,000. They make up 19 per cent. of the population but receive only 10 per cent. of Housing Corporation grants. The commission has calculated how many new homes will be necessary and suggests that 11,000 new affordable homes will be needed in rural areas each year, which would be made up of 7,600 for rent and 3,200 for low-cost shared ownership. No one doubts that that is a big task, but the commission's recommendations are compelling. We are taking those ideas forward, but we should do so much more firmly.

Let me run through some of the ideas. First, there needs to be a better analysis of rural housing need. Our current methodology is not as robust as one might want. There needs to be a debate, starting in the locality through parish councils and in local authorities, to a regional and Government level, about how we calculate housing figures, what we really need and what the timetable is for delivering those figures.

I am particularly keen to involve regional spatial strategies in the process. The strategies of most regional planning forums are now well under way. We could consider at an early stage what provision and recommendation those spatial strategies make for rural housing. Some strategies acknowledge the need, but some do not. There are some early gains to be made in this area.

I am a great believer in planning. Planning is a Labour concept—a socialist concept—and we should aspire to a planned, spatial structure. We should not be afraid of that, despite the waves in the water at the moment. I am keen for local authorities to introduce plans for rural housing through their local development frameworks. The exceptions policy has served us well up to now, but by itself it is not sufficient. In the new local development frameworks, local authorities need to identify sites for housing. The threshold for affordable housing in new developments needs to be brought down.

We need to revise some planning policies. It is not possible at present to convert outbuildings to housing on many farms in rural areas. We need to consider that matter closely. Last week I visited Beecroft farm in Bulcote, Nottinghamshire, where there was once a big piggery where pigs were fed on swill. However, that business has gone and the buildings are decrepit and decaying. In effect, it is a brownfield site, but our current policy guidance does not allow us to convert the buildings to housing. We should revisit that guidance.

Andrew George (St. Ives) (LD): The hon. Gentleman is making an interesting point in arguing that planning has socialist origins. Having said that, does he not agree that planning appears to be fuelled more by greed than need and that when local planning authorities pass permissions—particularly unfettered permissions for housing development in rural areas—they effectively give away lottery sums to landowners? Does he agree that we need to ensure that the planning system in rural areas should meet the need for affordable housing, not stuff the pockets of people who happen to be lucky enough to have developable sites?

Paddy Tipping: I am not always sure that greed drives the planning process—clearly, landowners want to maximise the benefit of their land—but the hon. Gentleman is right that, through their local plans, local authorities are in a position to drive affordable housing. That is the commission's view and mine, too. I hope that the Minister will continue along that line. Planning policy guidance is already being revised. There are encouraging movements in respect of planning policy statement 3 that will help affordable housing.

I have talked about the need to know how much housing we require and to use the planning process

However, it is also important to retain the existing stock. One can argue for new housing, but there is a strong case to revisit the right to buy in rural areas where public housing is in low supply. I welcome the movement on staircasing in rural areas, so that shared equity can be released—that is a step in the right direction—but if we are concerned about affordable housing, we must maintain the current stock.

We need to move towards financing public housing—affordable housing—in rural areas. I am pleased that in May the Housing Corporation announced an extra £230 million to provide 6,000 new houses in rural areas between 2006 and 2008. That decision recognises that there is a problem and progress has to be made. If the commission is right that we need to create 11,000 new houses each year in rural areas, we need to revisit the allocation from the Housing Corporation and at least double it.

I know—I am sure that the Minister will tell me—that this is a matter for the spending review. We need more money for rural housing. The Government have set up a commission to recommend the way forward and the Minister has considered the commission's proposals. I hope that colleagues throughout the Government and in the Treasury will reconsider, because given the scale of the market failure, we need to provide more public support for rural housing.

We need to do many more things. Let me canter quickly through some of the things that the commission mentioned. We must continue to look at the public ownership of land in rural areas. The Ministry of Defence and the national health service, for example, are big landowners. A review is under way, but we need to make more progress so that we can define land in public ownership for rural housing. We must secure funding for rural housing enablers, which do tremendous work in bringing together proposals throughout the country, although their funding is not secure. We need to resolve that issue.

If we are to combat the elements who do not want to see more affordable housing in rural areas, we must advance high-quality design proposals that are sensitive to the environment. We need to consider new models of delivery and ownership, such as community land trusts and land-swap levies. We must also have a sensible discussion about second homes. Some people argue strongly that second homes are the problem and getting rid of them is the solution, but that is not my perception. I accept that in parts of the countryside, particularly the south-west and the national parks, second homes are an issue. However, we are considering more systematic market failure.

I look forward to reading the Lyons report at the end of the year, because I presume that Sir Michael Lyons will comment on taxing second homes in the countryside. Second homes are a problem, but we must not be seduced into thinking that it is the major problem; the issue is much wider than that.

Andrew George: It is a major issue in west Cornwall and the Isles of Scilly, which I represent. Does the hon. Gentleman share my concern that not only is it a problem, but it sets the tone for the market price of housing, which is way out of reach of people on the lowest incomes in the country, as is the case in my part of the world? Does he share my concern that in an interview in the *Financial Times* last week, the Minister said that the Government did not intend to follow the Affordable Rural Housing Commission's recommendation in that respect?

Paddy Tipping: I look forward to hearing what the Minister has to say about the commission's recommendation and I shall consider her comments closely.

I accept that second homes are raising house prices to an exceptional level in attractive parts of the countryside like the hon. Gentleman's, but affordable housing in rural areas is a much wider problem and is not just connected with second homes.

Real leadership is necessary to deliver affordable housing in rural areas. We are not talking about concreting over the countryside. The commission's proposals would mean that to achieve its targets in population wards of 5,000, we are talking about six houses per community. I believe that that is achievable and sustainable. We must move away from a notion of sustainability in the countryside that focuses solely on landscape and environmental issues. We want a living, changing countryside, a countryside in which investment can take place, and in which investment in new housing is investment in a new future for the countryside. We have heard talk in this Chamber today about the post office network. There are concerns about small village schools, shops, pubs and bus services in rural areas. We must move towards younger, more vibrant and more sustainable villages in our countryside.

The commission has set out an agenda. I do not want it to be an agenda for discussion; I want it to be an agenda for change. If we are serious about a living, working countryside, we must take up the commission's challenge and make the change. I am confident that the Government, having set up the commission, will look closely at its recommendation, follow some of its policy advice and introduce tools and measures for change.

11.21 am

Mr. Geoffrey Cox (Torridge and West Devon) (Con): I congratulate the hon. Member for Sherwood (Paddy Tipping) on securing the debate, which is on an extremely important subject. The lack of affordable housing used to be called the hidden problem in rural areas. It is now much less hidden due to the efforts of the hon. Gentleman and others in this Chamber and outside it.

My constituency, rather like that of the hon. Member for St. Ives (Andrew George), is a south-west constituency. According to figures just published, Torridge is the worst out of 408 English local authorities in terms of wages, and wages in West Devon are almost as bad. The published figures for Torridge and West Devon show that the average house price in Torridge is £186,000, and the average house price in West Devon is £235,000. That is 10.6 times average earnings in Torridge and 9.3 times average earnings in West Devon. No doubt the experience of many hon. Members on both sides of the House who represent rural areas is that their surgeries are filled

[Mr. Geoffrey Cox]

increasingly with young people, families and single people who find it almost impossible to find a decent place in which to live.

That is why I welcome the Affordable Rural Housing Commission's report. I agree with much of it. I have questions about parts of it, but there is no doubt that when I began to examine this problem and spoke to the chief executives and the planning and the housing departments of the local authorities, I found that the planning system was centre stage as the main obstacle to the development that both those authorities wanted to carry out. I congratulate West Devon borough council on its pioneering approach in this area. It is doing wonderful things and has recently produced a report that prioritises affordable housing in the villages as one of its main targets and objectives. That must be a good precedent; I hope that it will be repeated.

The planning system, however, is a major problem, and I want to raise with the Minister a specific example from my constituency of a pioneering, innovative scheme, developed by the community. A village in my constituency called High Bickington, which has received some national attention lately, formed a community property trust. The Minister may be familiar with the story. The village needed a new school. The Victorian cramped conditions in which the children are taught have been obviously inadequate for a long time, but instead of deciding to address only the educational need of the village, those in the village who were concerned about their community, of whom there were many, devised a plan that would address not only the need for a new school, but community woodland, affordable housing and the important question—I agree with the hon. Member for Sherwood—of design. If people are to accept the development of their villages, they must be satisfied that the design quality is high enough for them to feel easy and comfortable about the expansion in population and the expansion in building that it requires.

The community property trust in High Bickington worked for several years and many hundreds of hours—with the assistance, I must say, of some Government money—to devise a plan. It was recognised from the outset that that would not be within the local development plan. It was an innovative departure; it involved pioneering ideas. Several Ministers visited the scheme and described it as inspirational. So did the Prince of Wales. The trust's plans for affordable housing were exceptionally good ideas. It devised a scheme whereby those whom it had identified already to occupy the affordable homes that it was building would receive back, when they handed over the tenancy to a new family, a sum of money that represented a proportion of the rent above cost that they had paid to the trust. They would pay their rent and, at the end of their tenancy, the trust would calculate how much it had cost it to maintain the building, and over and above that the departing tenants would receive a sum of money that was small but sufficient to enable them possibly to move on to a shared equity scheme or some other form of house ownership. Those ideas were immensely precious and valuable.

The trust submitted its application to Torridge district council, but that council was obliged, because the application departed from the local plan, to pass it to the Government office for the south-west. There it languished for many months, until eventually a public inquiry was held and the planning inspector decided to recommend against it on the ground that it departed from the local plan. Imagine the disappointment of those hundreds of villagers and members of the local community who had received encouragement from the Government—indeed, a senior Minister had visited and said that the scheme was inspirational—only to be confronted with devastating failure. That is despite their having received Government money for a scheme—I must make this clear to the Minister—that would always have departed from the local plan.

This is a case, I would submit, of the right hand not knowing what the left is doing. The Minister will know that I have written to the Secretary of State, raising the case and asking for the Secretary of State's comments. I hope that she will feel able to comment, because there are still hundreds of devastated members of the local community, who have found that when they take the initiative and show the drive and energy necessary to devise a solution, they come up against the planning system. They had identified the local families that would be involved. They had measured carefully the local need. When they take into their own hands the means by which to produce local and radical solutions to the problems that they face, they come up against the rock of bureaucracy and the planning system.

I respectfully suggest that it is vital that the planning system be the subject, from top to bottom, of a radical review as to whether it favours the development of rural affordable housing. Only if we take that concerted approach and have a radical review of the planning system in rural areas—I agree with Elinor Goodman and the commission—can we conceivably begin to address the problem that we face.

The hon. Member for Sherwood talked about the need for imagination. The other day, I was with a representative of South West Water—not a very popular company, I have to say, in the areas that I and the hon. Member for North Cornwall (Mr. Rogerson) represent. I was being told about a plan that South West Water had and I was shown a map. I invite the other hon. Gentlemen here from constituencies in the south-west to make an application for the same map, because it is extremely interesting. Across the map of the south-west—across Devon and Cornwall—there were literally hundreds of dots, which showed brownfield sites. They were disused water processing or other water sites. Many of them were on the edges of villages and would be ideal for the development of two or three houses. There were about 100 such sites in my constituency alone. At least some of those would present potential opportunities for the development of affordable housing.

The company was telling me that it would like to make the land available for the purposes of affordable housing. It might be difficult for it to develop it profitably and viably if it were not permitted at least one market-priced house, but it does not, as I understand it—some hon. Members may be sceptical—seek to make a substantial profit. It wants instead to cross-subsidise, by the production of, say, one market

unit and two, three or four other affordable homes. If there are 100 such sites on the edges of villages in my constituency alone, I ask the House to reflect on what a difference they might make to the problem in my constituency and other constituencies in the soutn-west. As the hon. Member for Sherwood said, however, that requires will and leadership. It requires a coherent and joined-up approach, which is what currently seems to be lacking.

The hon. Gentleman mentioned farmers. There is no question that many farming families in my constituency would like to build a bungalow or put up a building for members of their own family on the farm, so as to be able to work the farm. However, the planning system makes that very difficult. The hoops that people must jump through and the hurdles that they must get over are extremely rigorous. It should not be so, particularly if they are willing to have an agricultural tie on any such building. I agree with the hon. Gentleman that barns and redundant outbuildings are also wonderful opportunities to develop affordable housing. However—and I say this merely to enter a caution—it might not be profitable to do that unless at the same time there was permission to provide perhaps one market-price unit for the purposes of cross-subsidy.

I shall conclude—I know that other hon. Members want to speak—with an appeal to the Minister. It is critical that the Government should show that what we are debating is a crucial priority within their rural housing policy. It is vital that instead of a regional spatial strategy that is always urban-focused in relation to development, we should have a specific mainstream policy that will allow villages to breathe. I know that there is concern about nimbyism. There is no doubt that people who retire to villages or come to live in them at other times feel uncomfortable about what they may see as a threat to the precious way of life in which they have invested, which was the reason they went there. It is not only retired people or those who have arrived lately who feel that way. It is precisely those concerns that can, I believe, be tackled by the concern for design that the hon. Gentleman has spoken about.

I ask the Minister seriously to consider the sort of radical reform of the planning system, or at least the kind of leadership and will, that the Affordable Rural Housing Commission has spoken about. High Bickington was a classic example of a community taking its future into its own hands. However, it was confronted by bureaucracy and astonishing Government blindness to the effects of their own policy. That policy both paid for the development of the plan and then brought about its defeat, because of the objection, which had been apparent throughout the three or more years of the scheme's development period, that it would mean departing from the local plan. We must have greater imagination and flexibility, and I urge the Minister to take that message back. Nothing is more important in the countryside at the moment than genuinely and urgently tackling the housing problem.

11.34 am

Mr. David Drew (Stroud) (Lab/Co-op): I apologise, Mrs. Humble, for the fact that you must listen to me again, but, as I said in the debate on post offices and community services, the debates this morning have a unified theme. They are not only about how we deliver services but about how people can live in the countryside and use them.

I thank my hon. Friend the Member for Sherwood (Paddy Tipping) for securing a debate on this issue now, and for explaining it so carefully and clearly, with numbers that even I can understand, to show the depth of the current crisis and why we must do something about it. I am pleased to follow the hon. and learned Member for Torridge and West Devon (Mr. Cox), if for no other reason than that the Minister may hear his plaintive cry for the High Bickington scheme. It is a brilliant scheme and one that needs to be moved forward. I know that planning rules exist, but I have always believed that rules are there to be broken if that would lead to a better outcome; we sometimes have a negative way of turning things down for reasons that are difficult to understand.

As my hon. Friend the Member for Sherwood would expect me to say, one of the pleas that needs to be made is for progress with the idea of community land trusts, which feature prominently in the report. I hope that the Government will sign up to the report lock, stock and barrel. It is really very good and well written, and it is possible to read it and think, "This makes sense." Nothing less is to be expected from a body chaired by Elinor Goodman, the political journalist. If she cannot put the information across, no one can. However, its quality is due also to other members of the commission, including our late lamented colleague Peter Bradley, and Mark Shucksmith, who probably understands more about rural communities than most of us would ever claim to. There are people of real importance involved, and I hope that the Minister is presently not just dwelling on the report but considering the points for action.

The report is a road map that will take us forward. It contains ideas whose time has come, among which are community land trusts. I shall quickly plug the Cashes Green scheme in my community, which receives a mention in the report. It is described as a model, but things seem to be somewhat more complicated than they might. We need to unravel the complexities and recognise that such schemes are a way to move forward in rural communities such as High Bickington. The problem is often about locking the land away. If it is possible to control the land, the equity value that can be taken from it, and which people can share in, provides people with a reward. The important things are the land, its ownership, and communalising that.

I am not here to have a dig at the Minister, but perhaps we can clear some of the history of local authority ownership of housing out the way. The Government have a brilliant record on the decent homes standard. We do not congratulate ourselves enough, but we are driving that forward and it is almost certain that we shall reach our target by 2010. I feel slightly argumentative about who should own the property in question, but I do not want to get bogged down in that. The most important thing is to recognise that social ownership of housing is a key factor.

The Minister was at a seminar that I attended a couple of weeks ago. It was interesting, because we examined some of the complexities in models of social ownership across the domain, but particularly in rural

[Mr. David Drew]

areas. I made the point that local authorities have a key role to play and that leadership is sometimes lacking. It is too easy to abdicate responsibility and blame the planning process. I expect local authorities to be determined, and to make it clear that they will keep coming back until they deliver the schemes in villages and market towns as well as urban areas. That is their responsibility and what they are elected to do. They must sometimes take on the nimbies. This is about pointing out to people—this is linked to the previous debate—that there will be no services in rural Britain unless people of different ages, classes and, dare I say it, ethnic backgrounds move in to regenerate those communities. That will have to happen and will have to be encouraged.

I have two more points to make; I know that other hon. Members want to contribute. I hope that we can agree across the parties that the commission is brilliant and is worthy of full support, and that this is simply a question of pushing the Government even further in trying to get more resources going in faster.

I was interested to receive a paper from Shelter on this matter. Too often, we think of homelessness as an urban and city problem. Purely by chance, I was talking to a couple of people from a Christian group in Stroud called Marah, which was set up four or five years ago. Its initial aim was simply to offer a warm meal in the day, and it now operates on at least three days a week, providing meals for people who need them. One would think that we were talking about two or three people, but the group regularly feeds 70 people, 50 of whom it believes to be genuinely homeless, although not necessarily on the street. In rural areas there can be a lot of sofa surfing and people are often able to find residences for a while. Many such people have dependency problems with alcohol and drugs and believe that they are forgotten. Indeed, there is a great deal of evidence that they are. Inevitably, we are talking about people who can speak for themselves and aspire to some form of ownership or look to get some form of social rent, but let us remember that there are people below that level in rural areas—as you well know, Mrs. Humble—as well as in more urban settings.

My next point is, perhaps, sometimes forgotten. One of the key reasons for providing accommodation in rural areas is because a lot of jobs are being created in such areas at the moment, but that cannot work if there is no housing for people to live and work there. This is about squaring a circle: we must be cleverer in market towns and villages. We must recognise that if we are to provide for our older people, we need the people who can provide such care to live and work locally, or that will not happen. In the Cotswolds, and coming into my constituency, there is a care problem. People simply are not able to live and work there because they cannot afford to travel from Gloucester or Cheltenham. That is a real problem.

Alison Seabeck (Plymouth, Devonport) (Lab): My hon. Friend makes an extremely interesting point. In urban areas, we face demand pressures from people who are coming from the rural hinterland because they cannot afford to live in the market towns and villages. Indeed, they are the very people who we need to take up the employment that is now in those areas. In Plymouth, we now have the third-highest-rising house prices in the country, and that is partly because of the pressure on our young people to leave towns and villages and go to urban areas where they can afford housing.

Mr. Drew: I thank my hon. Friend for her comments, because I have always believed that rural and urban problems are not separate, but interlinked. Problems in different areas may have different gradations and stresses, but they are essentially the same problems.

We should not isolate housing from either service provision, which depends on people coming and enhancing vibrancy in communities, or employment. It is a myth that people want to live in rural areas and commute miles and miles. If they do, they are wrong, and they may have to take slightly less well-paid jobs so that their quality of life will improve, which is, of course, why they moved to a rural area in the first place. The sustainability which is so vital, and for which we must all change our lifestyles, can be achieved only if people recognise that they have to make some sacrifices. If they want to live in those communities, they must work more locally. The good news is that, with the rolling out of the internet, plenty of jobs are being created in the service sector in rural areas; we simply need the houses there for people to live in so that they can do those jobs.

11.45 am

Andrew George (St. Ives) (LD): It is, as ever, a pleasure to follow the hon. Member for Stroud (Mr. Drew), who speaks with great articulacy on issues concerning rural communities, as well as international issues. He is certainly known as a rural champion in the House.

I congratulate the hon. Member for Sherwood (Paddy Tipping) on having secured this important debate and on having set out so accurately the issues before us today. I am keen to hear the Minister's response to his points, and will therefore do my best to keep my remarks as brief as possible to allow the winding-up speakers to give the Minister as long as possible to address the relevant issues.

I congratulate also the hon. and learned Member for Torridge and West Devon (Mr. Cox) on his speech. We are relatively near neighbours, although he represents an English seat and I a Cornish one. Our constituencies are not many miles apart, and we therefore share a geographical connection. Our constituencies are both affected by many of the same issues.

I return to a point that I mentioned in my intervention on the hon. Member for Sherwood. The Government's figures on second home ownership clearly show that Cornwall has by far the highest level, proportionately, of second homes anywhere in the country, followed by Cumbria, Dorset, Norfolk, Devon and East Sussex. This is not simply about the politics of envy. I still count among my friends many people who own second homes in my constituency, despite all that I say about the impact that they have on the local community. This is a question of the practical management of the existing housing stock and the impact that it has on local people.

Given the way in which the housing market works in areas such as mine in west Cornwall and the Isles of Scilly, it is almost as though local people—Cornish folk—do not have any right to live there. I can speak only about my area, although I know a little about the housing market in other parts of the country, having worked as a quasi-rural enabler in Nottinghamshire, Devon and elsewhere. The only options available to local people are to leave the area or live on low-cost reservations. Surely that is not the way forward if we are to have a housing supply that provides any sort of equity for the community who have been living there.

We know that the market is dysfunctional and that house prices are high, having doubled in the past five years in Cornwall. Figures on this are regularly trotted out, and I could trot out more, but I will not, which show clearly that the bottom rung of the housing ladder is now well beyond the reach of local people. Last year, I undertook a survey of local estate agents, which showed that twice as many properties in my constituency were sold to second-home buyers as to first-time buyers. I was surprised that any properties had been sold to first-time buyers, because I could not believe that any properties in my constituency were any longer affordable to local people. They must have benefited from the recent loss of an aunt or other rich relative. It is certainly not possible, on local wages, to get on to even the bottom rung of the housing ladder.

In addition, the public rented sector is extremely small; it is well below 10 per cent. of the housing stock, compared with 15, 16 or 20 per cent. in many urban areas. The private rented sector is smaller still. In many urban areas, such as London, the private rented sector might be expensive, but it is relatively healthy. The rents chargeable on private rented properties in my area are well in excess of anything that the housing benefit system is prepared to offer. Local reference rents are entirely unrealistic compared with what local people are charged in the market. As a result, the situation is extremely difficult.

The hon. Member for Stroud referred to the problem of homelessness, but where does the problem go? It does not go on to the streets, but into quarries, caravans at the backs of farms, garages and garden sheds on the Isles of Scilly. People do not sleep on park benches quite so much but they do live in lichgates outside churches and elsewhere. Yesterday, in the Salvation Army hall in Penzance, I was a panel member at a Cornwall independent poverty forum hearing, which was organised by the diocese of Truro. Local young single men told us about people who were earning a living, but who were unable to afford even to rent a flat. We are talking not about people who are unemployed, but about people who are actually earning and who cannot find a place to live. That is happening in west Cornwall and, indeed, on the Isles of Scilly. That is the serious nature of the problem that we face.

Of course, simply building homes is not the answer. People talk rather blithely about the Kate Barker report and about the thousands of houses that are needed to meet housing need in rural areas, but that is a simplistic response, which will not address the problem. Over the past 30 years, Cornwall has had one of the fastest growing populations in the country, as well as the number of houses that have been built as a proportion of the overall housing supply. However, it has one of the worst housing problems—if not the worst housing problem—in the country, so simply building houses is not the answer.

Although I think that the planning system was set up with entirely honourable intentions, it deals, sadly, only with the supply side of the demand/supply equation, as I said in an intervention on the hon. Member for Sherwood. It must be recognised that it is creating scarcity on the supply side, which affects the market value of the land on which it allows people to build. Sadly, human frailties being what they are, that means that the system is fuelled by greed, rather than need. Landowners go to extreme lengths to persuade the local planning committee that they must have permission to build on their land. They know that getting that permission will turn one acre of agricultural land, which might be worth about £3,000, into something that could be worth £500,000 or more. Planning committees are, in effect, writing cheques for lottery sums for landowners, and we end up with people not having to work terribly hard to gain a great deal of income.

What does that do for local housing need? The answer is absolutely nothing if there is no affordable element. Even if one uses the planning gain approach, which I describe as the planning bribe approach, and builds some affordable housing, that still multiplies the price of the land to a large extent. We must therefore address the need to construct a new rung on the housing ladder. The intermediate market is not there and it needs to be constructed. Shared equity, mutual housing and other forms of property semi-ownership clearly need to be created.

In an interview in the *Financial Times* on 3 July—I think that the Minister knows my views about it—she said that second home ownership was

"not a significant factor affecting affordability".

Well, it is in an area such as mine and in many other parts of the country. It might not be a significant factor affecting affordability throughout the country, but in areas where it is an issue, it is very significant; it sets the tone for the market price and has a tremendous impact.

Alison Seabeck: On the issue of second homes, the commission discussed the option of tighter fiscal controls, and many contributors felt that higher taxes on second homes and holiday lets might be the way to go. Does the hon. Gentleman have a view on that?

Andrew George: There are only two ways to go. One is to make second home ownership fiscally less attractive. The Liberal Democrat tax commission has made it publicly known that we are looking at adding further taxes to capital gains tax to discourage second home ownership in certain circumstances. The other way is through the planning system. The knotty problem has always been how to define second homes, and I think that it can be defined through the taxation system. Once we agree on the mechanism that we use to define it, we can describe second home ownership as a separate and quite distinct use from permanent occupation. Under the use classes order, such use would be subject to a planning application that gave the local authority the opportunity to constrain the

[Andrew George]

number or proportion of second and holiday homes in communities where the scarcity of properties had caused housing problems.

There are therefore two approaches to addressing the issue of affordability. I should say in parenthesis that my comments on second home ownership and planning should apply only to the lifetime of the occupancy; otherwise, we would have a stupid situation, in which we would all be applying to change our properties from first to second home use because of the premium market value that would apply to the property after the change.

My final point relates to the intermediate market. Clearly, that is the direction in which Government policy needs to go in rural areas where the mismatch between very low earnings and very high house prices is creating such tremendous problems. Although this sounds counterintuitive, one of the best ways to make progress would be to start by saying that there will be no further development in rural areas, but that, as an exception, we will use planning policy statement 3 to constrain land prices. Land prices are the big constraint on achieving any sort of affordable housing.

11.59 am

Mr. Dan Rogerson (North Cornwall) (LD): I should like to echo the sentiments of other hon. Members in paying tribute to the hon. Member for Sherwood (Paddy Tipping) for securing this debate, which is particularly important and timely, given that the Affordable Rural Housing Commission report, to which he and other hon. Members referred, was published some weeks ago, and we are now moving towards the recess, so hon. Members will have a valuable chance to comment on it and seek indications from the Minister as to how the Government intend to respond.

The hon. Gentleman gave a clear indication of the size and nature of the problem that is facing communities in rural areas. The housing dimension interacts with other problems in rural areas where, in the past, poverty has been concealed. The report by the Commission for Rural Communities highlights the fact that one in five people in rural areas is living in poverty, and seeks to show that these issues are interrelated and that the unaffordability of housing has a great impact on people's ability to exist on the income that they receive.

In many cases, the examples of poverty do not show up because they are in small pockets in what would seem to be wealthier communities. That reflects the need for housing. As the hon. Gentleman said, we are not talking about huge developments in villages; we are talking about the need for one or two, or perhaps five to 10, houses in small villages and the fact that they would have a huge impact in tackling the problem of unaffordability.

The problem is getting worse in that the disparity between incomes and house prices is growing. The nature of the right to buy has meant that many villages now do not have any, or have very few, homes that are still available in the conventional social rented sector. People are forced either into staying on longer with extended family, if they still have family in those communities, or into relocating to other parts of the country or to urban areas, as we heard in the contribution from the hon. Member for Stroud (Mr. Drew) and the intervention by the hon. Member for Plymouth, Devonport (Alison Seabeck).

The consequences of the shortage of affordable housing in rural areas include overcrowding, where young adults, young couples and so on are forced to stay on longer in the family home. That can have health implications. I have seen in my surgery, as other hon. Members will have in theirs, the genuine anguish that exists in families and the impact on children who are growing up in inadequate housing. There can be problems whereby relationships then break up because they cannot cope with the strain. I saw a recent example where the number of children in a family was not quite enough to secure a banding that would have allowed the local authority to prioritise this particular application under the homefinder system and choice-based letting. The pressure of the circumstances in which that family was living was great. The couple broke up and a new dimension was added to the problems that they were experiencing.

The issue has effects not just on people as individuals and as families, but on the rural economy. If people cannot afford to live in rural areas but they still work there, they need to travel back into those areas, as the hon. Member for Stroud pointed out. We hear about sustainable development being that in the larger towns and on their edges, but that is not the case, because people are being forced to commute, almost invariably by car, back into the rural areas, and that has an effect.

The issue has an effect on the rural economy in terms of local shops and businesses. If younger families are not able to exist and to live in rural areas, those business will be affected. In my constituency and those of many other hon. Members in rural areas, small schools are a valuable part of village life. They, too, are under threat. We are now entering a period in which the change in the demographics might mean that a number of small schools will face problems. That can only be exacerbated by the lack of affordable housing in rural areas.

The break-up of extended families undermines the social network that exists to ensure that where problems are experienced relatives are on hand to lend a helping hand. In effect, some rural villages, particularly in the south-east, are becoming dormitories and commuter villages.

As with all problems of this nature, the causes are complex; they are never straightforward. It is clear that one dimension is the lack of supply. We need to build more. The report that I mentioned discusses—Shelter has supported this, as we have heard—the need for about 11,000 affordable homes a year to start to meet the need. I understand that the Housing Corporation has set aside the funding for about 3,000, so there is a huge gap to be made up.

We also need to examine the issue of planning. The contribution from the hon. and learned Member for Torridge and West Devon (Mr. Cox) was timely, and he gave a heartbreaking example of how a community's hopes had been raised, people had been invited to participate in coming up with innovative solutions and

then the existing system had failed them at a crucial juncture. I look forward to hearing the Minister's comments on the issues he raised.

Julia Goldsworthy (Falmouth and Camborne) (LD): Does my hon. Friend agree that part of the planning issue derives from a lack of flexibility for local communities to identify their own particular problems and to find their own solutions? Does he agree that the Sustainable Communities Bill, which has the support of more than half the House in an early-day motion, might be one mechanism to allow local communities to identify their own problems and solutions, and to get Government support to help them overcome those problems? We could overcome the problem of the unintended consequences of national policy on the local community.

Mr. Rogerson: I thank my hon. Friend for her contribution and pay tribute to her work in support of the Sustainable Communities Bill. I am a signatory to that early-day motion and have spoken at a public meeting in my constituency—I know other hon. Members will have done the same in their constituencies—in support of the Bill's concept. The Bill will make a valuable contribution to allowing local communities to take control of these issues, come up with innovative solutions and, hopefully, put them into practice; unfortunately, I have not been able to do so thus far.

There are also problems in respect of the new regional spatial strategy, as the hon. Member for Sherwood pointed out. The pressure to examine sustainability in terms of public transport infrastructure, travel-to-work areas and so on is having the effect of encouraging regional spatial strategies to focus new developments almost completely within larger settlements or on their edges—on green belt land. We have heard that there are examples of brownfield sites in the rural areas, and we need to be examining those as well. I hope that the Minister will reassure us that the regional spatial strategy process, as it moves forward, will also include more support for small, appropriate schemes in smaller towns and villages.

The problem is also caused by the issue of land pricing. My hon. Friend the Member for St. Ives (Andrew George) made a valuable contribution when he spoke about his area's experiences of development, the attitude of some landowners to the planning process and how their land might be used to meet—or not to meet—the problems that their community is facing.

Local councils do not always insist on enough affordable housing. There are examples of councils that have taken a tougher line on the matter and I hope that we will encourage councils to take the opportunities that exist to deal with the problem. There are a number of indications in the Commission's report of where it feels that Government policy could expand that area to give more opportunities to local authorities to tackle these problems. We also need to be aware that some guidelines could be clearer and the message could be stronger for local authorities to take advantage of existing possibilities.

I will touch on the crucial issue of second homes as a cause, which my hon. Friend raised. We have heard about the league table that shows which counties that is a particular problem in, and I speak not just as a member of my party's team of spokespeople on this issue but as a Member of Parliament for a Cornwall constituency. In North Cornwall it is a huge problem. The parish of Crantoch in my constituency wrote to all the parishes in Cornwall to ask them to come up with a figure for the number of second homes in their parishes. Some appalling statistics came back from some parishes and showed the distortion. I believe that in Manaccan in my hon. Friend's constituency the figure was 80 per cent. That is clearly unsustainable. Sustainability in the round is vital.

For solutions I refer hon. Members to South Shropshire where councils have taken a robust line with developers to ensure every opportunity of providing as many affordable homes as possible. We must look at methods of providing council homes, whether through the taxation system or, more helpfully, a planning category for second homes. The Government must make every effort in their spending commitments to ensure that additional money is provided for more affordable rural housing schemes.

12.11 pm

Mr. Robert Syms (Poole) (Con): As we are straying into planning policy, Mr. Hood, I declare an interest as the director of a property and building company.

I congratulate the hon. Member for Sherwood (Paddy Tipping) on the sensible and measured way in which he introduced the debate. With housing matters, it is usually easier to identify the problems than to identify the solutions, but, unusually for a debate in this place, a number of good ideas have come out of our debate today. Some have come from the commission's work and some from hon. Members' experience, which proves that there are solutions. However, I am not sure that they are solutions from the centre; I think that they are solutions that must be delivered in those communities with the greatest difficulties.

I shall set the context. The number of affordable homes being built has fallen over the past half a dozen years. In 1996-97, 32,489 were built and in 2004-05, 22,823 were built. Although the trend is now upward, we did not expect that fall when a left-wing Government were elected. There has also been a substantial collapse in the number of first-time buyers. There were 503,000 in 1997, which fell to 320,000 in 2005. Some of that fall is due to changes in the housing market and some to lifestyle changes. Some people want to do their own thing in Kathmandu and to buy a property in their 30s rather than in their 20s, which was perhaps the case in the 1980s. Nevertheless, there is a real problem.

The hon. Member for Sherwood set out clearly the problems in rural areas. A statistic that I saw recently was that in 2003 37 per cent. of people in rural areas paid more than half their income in mortgage payments whereas only 26 per cent. in urban areas did so. Some of that is a feature of lower wage levels, but certainly people are willing to gear up to get their little corner of England. The result is that there are real

[Mr. Robert Syms]

burdens. Those who were born and grew up in an area face substantial competition and difficulties.

I feel that I should say something nice about second home owners, partly because of the tone of the debate. I do not consider them necessarily negative, negative, negative. I understand what Cornwall Members are saying. We have the same problems in Dorset, and they cause particular housing problems. The hon. Member for St. Ives (Andrew George) mentioned some of the problems, not least definition. Second home owners are often people who have grown up in an area but have moved away to work and intend to return when they retire. They inject money into the local economy. Second homes are sometimes rented to tourists and tourism is very important in the south-west.

It is interesting to note the personnel who have taken part in the debate. Although they have changed a little during the past hour and a half, two thirds of the hon. Members in the Chamber are from the south-west of England. If one put a pin in the area with the real pressure, it would be the south-west.

Andrew George: I am interested in what the hon. Gentleman is saying about second homes. With the benefit of hindsight, does he think that it was a good or bad idea to spend hundreds of millions of pounds through the council tax subsidy under Conservative legislation subsidising wealthy people to have second homes when so many thousands of people in areas like mine cannot afford a first home?

Mr. Syms: That has changed now, and those people pay 90 per cent. of the council tax. My party has accepted that, but when second homes are sold they attract capital gains tax, which first homes do not. Most Members of Parliament have a second home for their work and face capital gains tax on either their property in London or their property in their constituency. There are fiscal disincentives. Even if a definition could be found, I am not sure whether two housing markets could be created. That is possible in the Channel Islands, which have special status, but I am not sure that it is possible here.

To return to the tenor of the debate, if we focus heavily on second home owners, we miss the point, which is finding land for development. The key point that was raised by my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox) and the hon. Members for Sherwood and for Stroud (Mr. Drew) is the difficulty of finding suitable sites for affordable homes. Most of my experience of rural areas comes from when I was a district and county councillor in Wiltshire. I was always surprised that growth was pushed into towns and that the villages had lines drawn around them that were so fierce—they sometimes went through people's gardens—that it was almost impossible to have any organic growth.

The hon. Member for Stroud made an important point about services and one factor is that unless there is some organic growth in villages, a proper cross-section of people and ages is not retained and services such as post offices, schools and rural transport are not provided as the population becomes slightly more elderly and perhaps slightly better off, so the way in which the area grows is distorted. The growth factor is important.

On the question of farms, in my experience there are sometimes opportunities for both light industrial use and housing growth on farms on the edge of villages, but that tends to create strong emotions. When I was leader of a district council, we made proposals for certain villages to become local centres to allow more growth. I have never been faced with such a large avalanche of letters and protests from people in those villages who did not want them to grow. The difficulties are understandable.

The solution is to give a lot more flexibility to local planners. If local people are given the ability to vary local planning without an inspector overruling them, they are in much the best position to create local solutions to local problems. I know numerous examples of district and parish councils signing up to schemes, but being overruled by national planning policy. I hope that when the Minister looks at planning policy statement 3 she will allow a degree of flexibility for housing in rural areas.

We heard that 11,000 units are needed, which is not an awful lot, and it should not be beyond the wit of people in rural communities to provide that. We have heard today of water companies, the Ministry of Defence and a number of public corporations that have sites in rural areas that could be adjusted and used. The local solution is the best solution and some sensible ideas have come up today. I understand the strong passions and emotions about the second home argument, but I do not think that it is the key. The key argument is to provide suitable sites for land so that our villages can grow more organically.

Design is terribly important. Sometimes, the best way of getting the design that one wants is to control the land, which Prince Charles has often done, particularly with his developments in places such as Poundbury in Dorset. His control of the land allowed him to do rather more with the development. We must consider giving local planning committees more flexibility on design. I am not sure that we want all housing to look the same, whether it is in Warrington, Basingstoke or Plymouth. Local materials and the local look not only add diversity but can make our country look more attractive.

12.20 pm

The Minister for Housing and Planning (Yvette Cooper): I congratulate the hon. Member for Sherwood (Paddy Tipping) on securing the debate, and on raising the issue of the Affordable Rural Housing Commission report, which is widely agreed to be extremely important and weighty. The Government added to that report. We set up the commission precisely because we were concerned about affordability pressures in rural areas. Such areas face all sorts of additional challenges and wider issues to do with affordability. We are looking to develop some of the recommendations and to take forward the commission's work. I shall try to give hon. Members a flavour of some of the work now under way.

However, we recognise that there is a wider problem of affordability that affects both rural and urban areas; my hon. Friend the Member for Sherwood is right

about that. Housing supply is simply not keeping up with housing demand. More than 200,000 new households are formed each year, but only about 160,000 new homes are built a year. The level of house building is significantly lower than it was, say, 30 years ago. As long as there is that gap between new household formation and the number of homes built, there will be growing pressures on affordability across the country in future. Our assessment and research suggests that if we simply carry on at the current rate of house building, over the next 20 years the proportion of 30-year-old couples able to afford their own home is likely to drop from more than 50 per cent. to nearer 30 per cent. That is simply unsustainable, given the aspirations of first-time buyers and the next generation.

My hon. Friend is right that rural areas face particular problems, and hon. Members raised a series of issues. Problems can include restrictions on areas in which homes can be built, the planning system, and the quite proper need to protect the countryside in rural areas. It is important to recognise that there can be different levels of wages in rural areas; in particular, agricultural wages can be much lower. We also have to recognise that there are wide variations between rural communities. Small coalfield villages that face regeneration challenges are different to affluent commuter villages, which are different again to coastal villages. Rural areas will face very different challenges, and we should not make the mistake of assuming that there is a single answer for all rural areas.

Equally, we need to recognise the challenges set out in the Affordable Rural Housing Commission's report. The commission challenged the approach to sustainability that was built into the planning system some time ago. Often, the well-intentioned response to the need to protect brownfield development and to ensure sustainable development in terms of transport, including public transport, has been to focus the vast majority of new development around big cities and towns. However, as the commission makes clear, the consequence is that some of the wider issues around sustainability that affect rural areas have not been considered.

Hon. Members have pointed out the challenges that result when young people cannot afford to buy homes in the villages and rural areas where they grew up. They move out, and local schools can become unsustainable as a result. Just as there is an ageing population, there can be ageing villages, as young people often cannot stay in the area because there are no homes for them to move into. The approach taken by the commission is right, and we need to consider the idea of the living, working, and changing countryside, as my hon. Friend said. That is why we have stated that we need to reform the approach through planning policy guidance, and through our new draft policy on planning for housing, planning policy statement 3. The commission welcomes our approach to PPS3, and says that it builds in the kind of flexibility that we need when approaching the subject of rural areas. We need to allow them to grow where necessary, and to respond to local demands.

The hon. and learned Member for Torridge and West Devon (Mr. Cox) mentioned a case in his constituency. He will be aware that I cannot comment on individual planning cases. I was not involved in the decision, and although I am aware of the case, he will know that I cannot comment on its details. However, I would like to address some of the broader issues linked to it. He asked a question that was really about whether there should be more flexibility for small sites in rural areas where needed housing could be developed. I agree that there should be, and that is exactly why PPS3 tries to incorporate that approach for the future.

The hon. and learned Gentleman asked, effectively, whether it should be easier to adapt to housing need and not to be bound by out-of-date local plans. I think that it should be easier to update local plans, and that is why we are changing the approach to planning to encourage local development frameworks. Aspects of such frameworks can be updated much more easily. Also, the change will mean that decision makers need not simply respond to decisions that may have been made years ago about the housing needed in a particular area, but could instead consider current need and market demand, and so could be more responsive to market approaches. That is our new approach as part of PPS3 and as part of the response to the Barker inquiry.

There are two ways for hon. Members who face such problems in their area to deal with the issue. First, they can think about what can be done to update local plans more rapidly and to take advantage of the changes that we have made to the broader planning system; secondly, they can consider how applications measure up against the new approach in PPS3. We hope to publish the final version of the planning policy statement later in the year; we have already published the draft for consultation. It is useful to compare planning applications that are currently coming through with the approach in the new guidance.

Hon. Members mentioned the need for shared ownership and social housing, which is an important subject. Predominantly rural districts account for about 23 per cent. of the population, and get about 21 per cent. of the social housing budget. My hon. Friend the Member for Sherwood mentioned smaller local areas. Some 19 per cent. of the population live in settlements of fewer than 10,000 people, and just 10 per cent. of the programme budget is spent on them. That suggests that, although a proportionate share of resources goes to predominantly rural districts as a whole, my hon. Friend is right that social housing is being built predominantly in market towns and larger communities. My hon. Friend the Member for Stroud (Mr. Drew) asked what we would do to support social housing, and asked whether we could use community land trusts. I agree with him that we have an important opportunity to support more social housing and shared ownership in smaller communities.

There are particular opportunities for the use of section 106 of the Town and Country Planning Act 1990, which the hon. Member for North Cornwall (Mr. Rogerson) mentioned. Nationally, 140,000 new homes were built in 2004. Of those, 100,000 were built with no developer contribution at all to either affordable housing or infrastructure. That is not fair. As a result, rural areas in particular can end up not getting their fair share of shared ownership and social housing. Our assessment was that if all rural communities could do as well as the best rural

[Yvette Cooper]

communities in getting resources out of section 106 and the planning gain system, there would be substantially more affordable homes being built in rural areas, and we particularly support that.

The hon. Member for St. Ives (Andrew George) raised the issue of second homes. The *Financial Times* asked me about the national approach, and we were talking about the national economy. The fact is that second homes account for about 1 per cent. of overall housing stock. There are plenty of rural and urban areas in which second homes account for less than 0.5 per cent. of housing stock. The reality is that the national housing market and the national affordability problem is driven by lack of housing supply, not by issues to do with second homes.

However, I recognise that in some areas second homes create particular pressures. Some communities do face particular pressures; we have always recognised that. We asked the Affordable Rural Housing Commission to look into that because we thought it such an important issue. However, the challenge faced by the commission is one that hon. Members have long debated in this House: it is the issue of what workable measures can be used to address the problem. That is difficult, but we have to recognise that there are broader issues, including the amount of affordable housing and new supply. We have to do something to challenge that problem across the country.

Charitable and Community Events

12.30 pm

Mr. Anthony Steen (Totnes) (Con): Mr. Hood, it is delightful to see you in the Chamber in a different context.

I am grateful for the opportunity to raise a matter that concerns a great number of people. I should like to bring to the attention of the House the way in which local police authorities invoke section 25(1) of the Police Act 1996 to charge charitable community events considerable sums for police cover. It puts scores of events at risk by making them financially unviable. In Devon and Cornwall alone, some 80 annual charitable community events, which are a vital and cherished part of community life, may disappear.

Section 25 of the 1996 Act states:

> "The chief officer of police of a police force may provide, at the request of any person, special police services at any premises or in any locality in the police area for which the force is maintained, subject to the payment to the police authority of charges on such scales as may be determined by that authority."

That provision replaced an earlier, identical section, section 15(1) of the Police Act 1964, which itself was based on common law established by Glasbrook Brothers Ltd *v.* Glamorgan county council in 1925.

Why am I concerning myself with a well established and historical police power? Until recently, the police did not exercise the power in relation to charitable and community events, but the varying attitudes of police authorities throughout the country have created an unequal and unfair playing field. Community events flourish in areas where police choose not to charge, while in others, community life grinds to a standstill as police price events out of existence.

The House needs no convincing about the benefits of such charitable and community events. They bring together communities, foster social cohesion, maintain precious traditions and enhance our cultural life through the hard work and dedication of altruistic volunteers who give up their time for the benefit of the community. However, the current legislation draws no distinction between charging for the charitable community event and the commercial profit-making event. It also provides no clarification of what constitutes "special police services" above and beyond what the police are obliged to provide as part of their regular service. It devolves the entire responsibility for setting the scale of charges to individual police authorities. Yet again, we see a postcode lottery. As in the health service, it is true of the police service.

The Notting Hill carnival escapes any charge whatever for a considerable policing cost that runs into hundreds of thousands of pounds, because the Metropolitan police do not charge for such community events, but the organisers of the Dart music festival in Dartmouth, which is minuscule in comparison, were whacked with an initial bill of £16,095.15. As a result of negotiations, the bill was reduced to £5,875, and finally, after further negotiations, to £2,742.35. I am not sure whether the role of the constabulary in Devon and Cornwall is not more like that of a car salesman. One haggles with the individual police inspector over

how much one should pay for policing. It is not the way that I see policing, and the public do not want to see it continue either.

One would have thought that throughout the land, constabularies would wish to promote good deeds and community enterprise. At least the Metropolitan Police Commissioner recognises that each year the Notting Hill carnival has helped to cement good race relations and bolster good community spirit. In spite of massive police presence, he refuses to make any charge whatever to the organisers in London. What is wrong with the Devon and Cornwall constabulary? Why cannot it recognise the benefits to the community of events such as the Dart community festival, and soon the Dart regatta?

Mr. Geoffrey Cox (Torridge and West Devon) (Con): My hon. Friend's excellent speech gives rise to two thoughts. First, does he agree that when one challenges police officers—local divisional inspectors in particular—about a charitable event such as the Hatherleigh carnival in my constituency, which was fixed with a bill last year, they are embarrassed about it? They find themselves in a terrible position—

Mr. Jimmy Hood (in the Chair): Order. Interventions have to be much shorter.

Mr. Steen: I am most grateful to my hon. and learned Friend for attending the debate. If he catches your eye, Mr. Hood, I feel sure that he will be able to develop that point. The whole House would welcome hearing from him, as it always does. He highlights no more than an anxiety throughout Devon and Cornwall. The police have suddenly discovered that they have the powers, which are nothing new, as they have been available since 1925, to squeeze more money out of a hard-pressed community that already pays taxes, and pays council taxes to the police. Communities will be charged even more if they do anything socially useful.

The question may well be asked: will the police charge for antisocial behaviour? When they catch a group of young people, will they send them a charge, too? Besides a criminal charge, will there be a civil charge for the police time spent apprehending them? That would be the natural result of such thinking.

The assistant chief constable in charge of operations support in Devon and Cornwall constabulary said in a letter of 3 May to the *Western Morning News*:

"Every force in the country is obliged under the provisions of the Police Act 1996 to charge organisers of events for all additional services provided outside core policing. This is a national policy, and one that the force cannot opt out of."

I am sure that the Minister has taken note of that last point. The Minister knows, as I do, that that is just not true. Section 25 of the 1996 Act simply enables the police to levy charges; it by no means requires them to. It is not mandatory; it is discretionary.

As the then Home Office Minister, the right hon. Member for Norwich, South (Mr. Clarke), subsequently Home Secretary, said in a written answer on 29 November 2000:

"The decision whether to charge for costs of policing at local events is a matter for the local police authority and the Chief Constable... Special police services are not defined in the 1996 Act or elsewhere. I would expect them to be services that meet some or all of the following criteria:

They are not part of the general duty of the police to keep the peace and protect life and property;

The service to be provided is on private land; and,

The service to be provided is for a commercially organised event."—[*Official Report*, 29 November 2000; Vol. 357, c. 683W.]

Is it right that decisions affecting the future of at least 80 annual community events in Devon and Cornwall alone should be decided at the discretion of an unelected police authority? There have been a few important judicial decisions about the legality of charging for special police services. In May, two months ago, the Court of Appeal found against the West Yorkshire police authority, because there was no written contract prior to the services provided to Reading festival, which is a large profit-making event.

My concern is related to the operation of section 25 not in respect of large commercial events such as music festivals—Glastonbury, for example, has a £17 million turnover; it is a commercial event—or football matches, but in respect of the small, charitable, local, peaceful events that are an established and cherished part of the west country way of life. By their very definition, they do not have the resources to fight expensive legal battles that often hinge on obscure legal points. They are the quiet martyrs of the legislation. It threatens to wipe them out without recourse to appeal and without too much fuss.

I would like to believe that the relatively modest nature of such events is the reason why the Government have failed to notice the reprehensible approach to police charging which is creeping in throughout many parts of the country. We would certainly hear about it if the Met landed the Notting Hill carnival with a bill for hundreds of thousands of pounds. But small events such as the Dart music festival, or Widdecombe fair, which has been going for hundreds of years, can slip easily under the radar of the public, the media and the Government. This is in no way a reflection of their importance to the local communities and how beneficial they are to our culture.

I pay tribute to the *Western Morning News*, the regional organ of our area, which has taken up the cause wholeheartedly and exposed the number of shows, festivals and carnivals that face new charges for policing. Its excellent leader on 30 May pointed out that public support for the police is essential to help them uphold the law, and concluded that

"the force could do itself a great favour and win a great deal of public backing by announcing there will be no policing charges for such popular local events".

I fear that the police are hitting at softer targets—events with limited resources but huge social, community and cultural benefits—to help pay for policing the real problems elsewhere. That is not the way to foster good community relations and is not a practice that should be allowed to continue on an ad hoc, incoherent and inconsistent basis.

I certainly do not wish to see every decision of the local police authority prescribed by central Government. I believe that it is absolutely right to keep decisions as close to the people as possible, and I am for creating real and genuine local accountability.

[Mr. Steen]

However, I fear that local police authorities are proving far from accountable. I have still received no substantive reply to the three letters that I wrote to the chief constable of the Devon and Cornwall constabulary about the matter in April. That is not good news and does not foster good relations between Members of Parliament and the constabulary.

As a result of the tremendous impact that police charges are having and will have on charitable community events in the west country and the geographical disparity in applying the legislation, combined with the opaque decision-making procedures through which charges are applied and levied, I ask the Government to bring forward clear and fair national guidelines that will ensure that charitable community events across the country are not wiped out by surreptitious police charges.

12.42 pm

Mr. Gary Streeter (South-West Devon) (Con): I congratulate my hon. Friend the Member for Totnes (Mr. Steen) on securing the debate, and thank him for allowing me to have two or three minutes to underpin his remarks and to raise one specific case, which is that of Yealmpton show, a show with which my hon. Friend will be extremely familiar as he used to represent the part of my constituency that comprises Yealmpton. It has been going on for well over 100 years and is a prime example of what my hon. Friend is talking about.

Yealmpton show is the biggest show by far in my constituency and on a good day, when the weather is right, it can attract up to 10,000 people, 20 per cent. of whom are children. It is run by a registered charity and all the work is done by hard-working volunteers. It is not profit-making and any surplus is given away to charity. Ironically, recently it gave some money to the constabulary widows' and orphans' fund, not knowing that it would receive a bill for this year's performance.

Last year, the show made a loss because of bad weather. That is the sort of organisation that we are talking about. It is a day when people from the countryside and Plymouth come together and have a day of tremendous fun, which is exactly the kind of things we should be encouraging. However, this year the police have come to the organisers out of the blue and asked for payment to cover half of the cost of police engagement in the show. What does that engagement entail? It is not like Notting Hill carnival, where there have been riots and difficulties in the past. It is not about public order, but about a constable or two diverting traffic from the public highway into Yealmpton show field and carrying out ordinary police activities, which are obviously increased by the number of people using the field on a particular day. The show has been asked to pay nearly £2,000, which is money it can ill afford as a marginal activity.

At a time when the Devon and Cornwall constabulary should be seeking to make friends rather than enemies in our part of the world, there will be a huge public reaction, because the Yealmpton show is so popular, when the demand for payment is realised by my constituents. People in South-West Devon are entitled to ask what on earth they are paying their taxes for. If something like policing the show is subject to an additional charge, what are we paying for generally through our taxes for the police? I hope that the Devon and Cornwall constabulary will think again. Like my hon. Friend the Member for Totnes, I have written to the chief constable and still not received a reply. I hope that the constabulary will think again but, if not, I hope that the Minister will listen seriously to the case and take action that will cause the Devon and Cornwall constabulary to think again.

12.44 pm

Mr. Geoffrey Cox (Torridge and West Devon) (Con): I shall raise two points. Hatherleigh carnival is an event that has been held for many years. It has a particular attraction as it is one of the few carnivals to have flaming tar barrels, which are wheeled down the high street in Hatherleigh. When I first heard about the flaming tar barrels, and when I went to see them, it caused me a degree of discomfort, but it is only when one goes to see them and inquire into how they are handled that one realises that at every stage the barrels are under the close and tight control of people who know exactly what they are doing and that there is no danger. The fire service is consulted every year, and there have been no accidents or injuries.

Last year, Hatherleigh carnival, which usually raises about £1,500 to £2,000 for charity, was suddenly fixed with a bill of about £1,500 to £2,000. That meant that my constituents would have nothing left to give to charity after they had paid the police force. The point that was made to me by my constituents and the organisers of the carnival was that that would deter people from participating in such important community events. They usually get involved because they know that the proceeds will go to charity. The chances of Hatherleigh carnival happening the following year were remote.

I am fortunate because there are an excellent number of local divisional inspectors and officers who, as I said to my hon. Friend the Member for Totnes (Mr. Steen) earlier, were embarrassed by their position. They found themselves caught between the community that they were trying, often with great care and diligence, to police and the ridiculous order that meant that they were required to charge a small, charitable event that encouraged the charitable activities of the community. With a degree of good will and negotiation, we managed to get that charge extinguished. Of course, the carnival now lives from year to year with the threat that that charge might reappear.

My constituents said to me, "How often do we use the resources of the police through a normal year? We barely see a policeman in our village communities." Insult has been added to injury because not only are our rural beat officers and our neighbourhood beat managers fairly infrequently seen in rural areas, but they are now being withdrawn to be replaced by police community support officers. The rural communities in which such charitable events are, as has been said, at the very heart of community activity and feeling, are being deterred, disappointed and depressed, not only by the absence of police but by the fact that when they put on an event that takes a great deal of initiative and hard work, they find themselves charged for it.

12.48 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): It is a pleasure to serve under your chairmanship, Mr. Hood. I begin by congratulating the hon. Member for Totnes (Mr. Steen) on securing an important debate, not only for his constituents but throughout the country. I will mention some of the points that he raised about his locality, but to cover the terms of the debate I shall need to draw widely and broadly on issues across the country and raise a number of issues that might not be specifically relevant to his part of the world.

I also congratulate the hon. Gentleman on the way in which he conducted the debate and the measured tones in which he put forward his case. In addition, I congratulate the hon. and learned Member for Torridge and West Devon (Mr. Cox) and the hon. Member for South-West Devon (Mr. Streeter) on putting forward their points of view in support of their hon. Friend.

I understand the importance of the issue, because only recently I met the Showmen's Guild. My hon. Friends the Members for Nuneaton (Mr. Olner) and for Chorley (Mr. Hoyle) raised issues about travelling fairs and so on similar to those that the hon. Member for Totnes raised about the Dart music festival. It is an issue across the country, and we are seeking to address it and to work with the police in dealing with it.

Mr. Steen: One must distinguish between commercial events, such as fairs, and charitable, social and community events. That is an important distinction.

Mr. Coaker: The hon. Gentleman makes a fair point. To a degree, I accept what he says. I was illustrating the fact that there is much debate about the matter in respect of commercial and community or charitable events.

Section 25 of the Police Act 1996 replaced a similar provision in section 15(1) of the Police Act 1964. Prior to those statutory provisions, the practice of lending constables has been recognised since the 19th century. There are three key elements to section 25. First, anyone may ask the chief constable of a police force to provide special services. Secondly, it is for the chief constable to decide whether or not to provide those services. In reaching a decision whether to provide services, the chief constable is likely to take into account the overall resources available and the impact of providing the special services on the policing that would otherwise be provided to the community. The third key element is that it is for the police authority to determine the scale of charges. In practice, most day-to-day decisions are likely to be delegated to the chief officer of the force.

Section 25 clearly requires a request for services to be made before the question of charging arises—an important point. The police cannot unilaterally impose a charge. In some cases the request may be made by a person other than the organiser or promoter of an event. For example, the owner of land on which an event is to be held may ask for special police services to be provided, and he may then pass on any policing costs to the organisers of the event.

Section 25 does not describe what constitutes special police services. From time to time, there have been disputes about whether particular services fall within the bounds of section 25 or of previous provisions. Judgments in court cases arising from such disputes provide the main guidance to the interpretation of section 25. A judgment was recently given in the Court of Appeal; the hon. Member for Totnes referred to that case, and I shall say more about it later. First, however, it may be useful to say more about the definition of special services.

The broad definition set out in case law is that special police services are those provided over and above the general obligation of the police to maintain law and order and to keep the peace. Examples of special police services include the provision of policing at football stadiums, at concert venues and at motor racing grand prix. In those examples, much or all of the policing service is provided on private property, and the courts have identified that as an important factor in deciding whether special police services are being provided.

Other events may involve the provision of some special police services. For instance, special police services may be requested for large-scale private parties or to provide an additional police presence at funfairs. No central record is maintained of the events for which charges are made under section 25. However, figures published by the Chartered Institute of Public Finance and Accountancy indicate that police forces in England and Wales received income of about £23 million from providing special police services in 2004-05. The hon. Member for Totnes may be interested to know that that is the latest year for which figures are available. That sum represents about one quarter of 1 per cent. of the net budgets of forces in England and Wales.

It is clearly sensible for the organisers of events at which special police services may be required to discuss the likely policing requirements with the police, in advance. It is evidently in the interests of all parties to reach a clear agreement about what services are to be provided under section 25 and what the cost will be.

Mr. Steen: Would the Minister think it wholly unconscionable for the police to say to the organisers of a charitable event that if they did not have special policing, the police would not support their application to the local authority for an entertainment licence?

Mr. Coaker: As I said, those are matters for local negotiation. Clearly, if negotiations take place, the local police will have to make a judgment about what they think is appropriate, and they will have to take account of what is appropriate for general safety and for law and order in the area. I say again that it is for the local police to work with the local organisers of such events, and for them to come to an agreement prior to the event. Such agreements are made and adhered to in the vast majority of cases. As I said, we need to see good practice; we need to encourage people to come to agreements locally.

Mr. Cox: Why does the Minister think it is that, after all these years, the police are suddenly starting to use these powers to impose charges on small charitable events? Why now?

Mr. Coaker: The power was available for a number of years prior to 1996. It is important to remember that section 25 requires a request be made for special police services. It is not only a matter for the police; it is for the organisers of events to ask the police.

Mr. Steen: The police are approaching organisations that do superb work in the community and implying that if the organisers do not come to an agreement the police will block any request for an entertainment licence that may be applied for to run the event. That is not good practice; it is blackmail.

Mr. Coaker: It is a matter for local negotiation. What I have to say about the guidance published by the Association of Chief Police Officers may help.

In 2005, ACPO published guidance on charging for police services. It provides forces with a common and comprehensive charging methodology. It reflects the association's recognition of the importance of taking a transparent and consistent approach to such matters. ACPO recommends that forces should seek to harmonise their methodologies with the guidance over the three years following its publication in April 2005. It is therefore rather early to assess the impact of the guidance, but I would expect it to deal with some of the points raised by the hon. Gentleman.

The guidance was, at least in part, a response to criticisms of the diversity and inconsistency of approach taken by forces to charging and calculating the cost of services provided. The guidance does not mean that the cost of special police services will be identical at every apparently similar event. The cost of providing services will vary, in order to reflect the characteristics and requirements of particular venues.

For events to which section 25 applies, the guidance sets out an approach to calculating the full economic cost of services provided. That cost includes all pay and allowances for the officers involved, usually at overtime rates. It also includes pension and national insurance contributions and the cost of other overheads. As I said, I believe that the guidance will help tackle some of the issues raised by the hon. Gentleman.

In the time left to me, I shall say a little about the Dart music festival. The hon. Member for Totnes will know better than me that the festival brings a diverse range of musical entertainment to Dartmouth. I believe that it has been an annual event since 1998, and that it is enjoyed by residents and many visitors. I understand that 2006 is the first year in which the question of a charge for policing the event has arisen; that flowed from the constabulary's wish to follow ACPO guidance.

The Devon and Cornwall constabulary advises me that the festival organisers discussed the programme with it ahead of the event. The constabulary identified a requirement for additional policing in Dartmouth during the three days of the festival over and above that normally needed on a Friday, Saturday and Sunday. The full economic cost of that additional policing was some £14,000. However, the force agreed with the organisers that only about £2,700 of the total related to special police services in respect of some additional police officer overtime.

I further understand that although the festival took place in May, the force has not yet invoiced the festival for that amount. The force is still considering whether the charge is appropriate. I believe that the matter is to be discussed by the hon. Gentleman and the assistant chief constable later this month. No doubt, what has been said this morning will help.

I congratulate the hon. Member for Totnes on securing this important debate, and I thank the hon. Member for South-West Devon and the hon. and learned Member for Torridge and West Devon for their contributions. It has provided an opportunity to consider matters that are important both to the police service and to the many organisers of commercial and community events.

Section 25 of the Police Act 1996 provides a useful enabling power. Through it, the organisers of events, or others with an interest, may request services that the police are able to provide that go beyond what they are obliged to provide as part of their ordinary duty.

Television Licence Agents

1 pm

Mr. Mark Todd (South Derbyshire) (Lab): I wish to raise the issue of how the licensing authorities deal with those who choose not to own a television—or own one, but only to play videotapes or DVDs, not to receive broadcast material.

A TV licence is payable if a set is owned and used to receive broadcasts. The Government decide the proportion of the licence fee that goes to the BBC, which receives the fee in its entirety, as far as I know. For that reason, the BBC has recently been left to collect the licence fee, although the rate of the fee and the principle behind it is established by Parliament.

The BBC has chosen to contract out collection to a third party called TV Licensing, which is linked to Capita, the organisation that provides a range of public services for private profit on behalf of a number of agencies, including parts of the Government. My hon. Friend the Member for Bassetlaw (John Mann), who is here today, will be aware of Capita's role in dealing with compensation for mineworkers.

TV Licensing has a code of practice on how to deal with collecting the licence fee. Among its harmless provisions is that it should be courteous to customers, and we all recognise that as an important part of any service agency. Unless it obtains a magistrate's warrant, the organisation has no power to enter someone's property without their consent to verify whether they have a TV or whether a TV is being used for receiving broadcasts.

To some extent, the organisation also propagates what is possibly an illusion about TV licensing vans. From childhood, I remember adverts featuring vehicles with discs on top of them that were supposed to identify where a TV was in operation; a man would knock on doors to pursue the matter. TV Licensing propagates the impression that such activity is a critical part of prosecuting those who choose not to pay for a licence, although, as far as I know, there has not been a case in which evidence from such a vehicle has been produced in court.

I shall be intrigued to hear what the Minister has to say. When such matters have been raised in the past, the Government have sought to suggest that responsibility for collection and policy is a matter for the BBC and not for parliamentary concern. Indeed, a previous Minister, my hon. Friend the Member for Rossendale and Darwen (Janet Anderson), said:

> "It is for the BBC, as licensing authority, to keep under review the guidelines under which TV Licensing operates."—[*Official Report*, 5 March 2001; Vol. 364, c. 87W.]

That is wholly inadequate; such activities are sanctioned by Parliament. The principle of having a licence fee to pay for broadcasting is sanctioned by Parliament, and to express no interest in how that fee should be collected is an inappropriate dismissal of responsibility.

We all recognise that some people who should have a licence choose not to pay for one. It is difficult to estimate how many such people there are, but it is reckoned that they make up about 5 per cent. of those who should have licences. All of us would accept that if we are to have a licence to pay for public service broadcasting, we should attempt to make sure that people do not freeload and receive such broadcasts for nothing.

I turn to the group whom I want to address in this debate. In our society, a small group of people choose not to have a television. They do so for a variety of reasons; for example, they may feel that the broadcast content is inadequate and that they do not want it. A small number of people have moral objections; only a couple of weeks ago, a constituent of mine told me that he does not wish to have a television because of his religious beliefs. It is not for us to be concerned about why someone should choose not to have a television; it is entirely for them to decide.

Until reasonably recently, an individual's clear statement that they did not have a television was accepted by the licensing authorities. People were taken at their word. Presumably, it was subsequently decided for some reason that among those people were a reasonable number of liars, or people who were forgetful and changed their minds about having a television but did not apply for a licence, and that those people were a concern.

At the moment, the approach taken is to assume that every household has a television. The address database includes all addresses in this country. In some cases, it includes commercial addresses; mailings sometimes go out to industrial estates suggesting that TV licences are not being paid. The premises involved are not only domestic. The assumption that I mentioned is made, and there is therefore also an assumption that homes on the database that do not hold a licence must be breaking the law. That is backed at the moment by a further assumption that when someone, replying to a TV licence inquiry, says that they do not have a television or do not receive broadcasts, they are probably not telling the truth—or, at the very least, that the issue requires verification. An agent will knock on the door and ask to inspect the property to find out whether there is a TV.

It seems that there is an exception, which was raised by a constituent of mine. If someone is over 75, they are not obliged to pay for a TV licence. If they can show, by producing a birth certificate, that they are over 75, they are left alone. I suppose that we should be thankful for small mercies, although my constituent was very upset. I shall come in moment to the mail that is sent out. A relative of the elderly lady concerned contacted me to say that she had been very shocked to receive her letter. The licensing authorities graciously responded to me and said that they took my word, as a Member of Parliament, that the lady in question was over 75. They said that they intended to leave her alone. Their discretion on whose word should be taken as truth is interesting. Anyway, that small exception applies: the authorities will not persist with very elderly people.

The mailings sent out are offensive in a number of ways. I have a number of examples here, and unless I am a very unusual hon. Member, they are also drawn to the attention of other MPs from time to time. One common feature is that the envelope makes it perfectly clear what the matter is about. If the letter were put through the letterbox of a multiple-occupation block,

[Mr. Mark Todd]

it would be clear to all one's neighbours that one was probably not complying with the law.

One letter states that TV Licensing officers would soon be visiting the address of the gentleman who wrote to me. Another one, perhaps jokingly, refers to the chance to own Britain's most successful anti-detection device—there is a picture of a van with radio equipment inside—and to avoiding a knock on the door, risking a fine, millions sold, batteries not required, peace of mind guaranteed and so on. Ho, ho, ho.

However, if one is sharing a property with other people, such a letter gives the message that they might be a fiddler. If it goes to an ordinary household, it certainly gives a message to the postman who puts it through the letterbox that he is dealing with someone who probably is not complying with the law. The public disclosure of what the letter is about is offensive to many people.

The tone and accuracy of the correspondence are also offensive. Let me deal first with accuracy. The gentleman who wrote to me provided a selection of the 150-plus letters he received from TV Licensing at his address. He has made it clear repeatedly that he does not own a television and does not wish to own a television. To be fair, he does own a television but only for the purpose of playing tapes. Nevertheless, in law he is not required to pay for a licence. He received a letter that stated:

"After repeated reminders that this address is currently unlicensed"

repeated reminders, certainly, but he had responded to them and made it perfectly clear that he was not obliged to pay for a licence—

"we have still had no response from you."

The letter then draws attention to some of the penalties that may apply.

Another letter entertainingly states:

"On average, Officers from our Enforcement Division catch 70,933 people every year."

The organisation achieves a remarkably precise average. In any case, I would be interested in public disclosure of exactly how well the activity is performed. The letter goes on to state that

"there is no record of a TV Licence at your address, and that you may therefore be watching or recording television programme services without a valid licence. If this is the case, you are breaking the law.

Enforcement Officers have been authorised by us to visit your address...to interview you under caution in compliance with the Police and Criminal Evidence Act 1984."

To be honest, that might not appear aggressive to a highly educated, well-prepared individual, but to many people, waving legal penalties and saying that they may be interviewed under caution is extraordinarily aggressive, particularly if they have repeatedly made it clear that they are not obliged to pay for a licence in the first place. The process of recording who has said what and ensuring that the database functions as a source of information for pursuing those who have not paid for a licence clearly is not carried out satisfactorily or efficiently by TV Licensing.

What do constituents complain about? First, they complain that there is an assumption that they have a television. I suspect that they have to live with that, as the overwhelming majority of households in this country do have a television. The assumption is probably fair. People find it offensive because they choose not to have a television, but we must accept that it is probably reasonable.

People certainly object to the refusal to accept their word, and I have a great deal of sympathy with them. If a resident has made it clear that they do not own a television and that they will not own a television, the most that TV Licensing should do is to contact them, perhaps once a year, to ask if that is still the case. They should be contacted courteously with an appropriately phrased letter, not one that aggressively implies that they are probably breaking the law.

People do not like the aggressive tone of the letters. I gave some examples of the kind of tone that is used. Again, I sympathise with their concerns. They certainly do not like the public way in which that aggression is delivered. To package such letters in what are, in effect, open envelopes and indicate that people may be offenders is simply not acceptable if someone is carrying out a perfectly lawful activity and does not have to pay for a licence.

Lastly, we must consider the impact on someone who is elderly or disadvantaged in some way and who may readily become confused or made anxious by highly legalistic mail. Again, that is not acceptable.

What should we do? First, there are perfectly reasonable databases of names and addresses in the UK that are updated regularly. If there is no evidence of a change of occupier, a gentle and neutrally worded annual inquiry would be appropriate. If a person says that they have no TV, asking them to confirm that on an annual basis is reasonable.

Secondly, a response from the resident—as I said, in most cases my constituents do respond—should prompt a review of appropriate actions. A response to one of my constituents stated:

"This is an automatically produced letter and the wording may not be totally appropriate to your individual circumstances."

It simply is not acceptable or reasonable for a company to send aggressive direct mail to an individual who has made their circumstances clear because it cannot be bothered to change its records. I hope for an improvement in performance in that respect.

Thirdly, correspondence should be private. It is not appropriate to use a variety of logos and messages on the envelope that indicate what is inside. Fourthly, I would like to know about the performance of the organisation. Does it provide a cost-effective means of collecting TV licence fees from people who have chosen not to pay? What is the BBC paying for this purpose, and with what result? I look forward to the Minister's response.

1.17 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): I congratulate my hon. Friend the Member for South Derbyshire (Mr. Todd) on securing this debate. I appreciate not only from his remarks but from those of other hon. Members the effect that correspondence or

a visit from officials of TV Licensing can have. They can cause anxiety to those who are affected, not least those who are legitimately paying their licence fee and may have been caught in the system.

However, it is important to put on the record the fact that licence fee evasion costs some £150 million each year. From the surveys and work that we have done with licence fee payers, the majority of the public—substantial numbers—have huge faith and trust in the BBC, but absolutely expect value for money. The sum of £150 million a year is substantial, and it is right that the BBC has a system to try to collect that money and drive down losses. My hon. Friend asked about performance, and I shall come to that.

To set out the Government's position, we all must recognise the need for effective and efficient TV licence fee collection. In the charter review White Paper, we confirmed that we consider the television licence fee to be the best way to finance the BBC and that it should therefore remain the main funding source throughout the 10- year period covered by the corporation's new charter. In keeping with the need to maintain the BBC's independence from the Government, we have also confirmed that it will remain the responsibility of the BBC to collect the licence fee and to ensure that that is done in a proper, efficient and cost-effective manner.

On the efficiency of licence fee collection, enforcement has rightly been the subject of past scrutiny by the National Audit Office and the Public Accounts Committee, and we expect it to be the subject of further inquiries. The House of Lords BBC Charter Review Select Committee also stressed the importance of cost efficiency in the collection and enforcement of the licence fee, and sought improvement in that area.

The Government acknowledge that licence fee enforcement must take place in such a way as to maintain public support. Successive charter review public consultations have reminded us of the public concerns about the impact of the licensing system and the way it operates, particularly in relation to the elderly and low-income households.

My hon. Friend commented that the BBC collects television licence fees on behalf of the Government. That is absolutely correct, but it is not the same as saying that the Government are—to use his words—expressing no interest in how fees are collected. Parliament originally gave the BBC the responsibility for collecting licence fee revenue in the Broadcasting Act 1990, but endorsed that more recently in the Communications Act 2003, which contains additional safeguards in relation to the powers of entry. As television licensing authority, the BBC has a statutory responsibility for the administration and enforcement of the licensing system. With that goes the responsibility to establish appropriate procedures and guidelines for staff and collection agents.

It is not the Government's responsibility to administer that, but of course we have a view on how that might be done if the system is abused. In the light of concerns such as those that my hon. Friend has expressed, we have included a provision in the BBC's new royal charter to make the BBC Trust more directly accountable for the activities of TV Licensing than has hitherto been the case under the board of governors. Article 24(2) of the charter explicitly provides that the functions of the new trust will include ensuring

"that arrangements for the collection of the licence fee are efficient, appropriate and proportionate"

and I emphasise "proportionate."

We intend that that requirement should give a clear steer to the trust to take a close interest in the TV licence arrangements and satisfy itself that they operate in a way that is efficient, yet without seeming unfair or oppressive to those who come into contact with the system. There is a careful balance to be struck. One the one hand, the BBC as enforcing authority has a responsibility to ensure that every address that should have a television licence has one. On the other hand, it should not turn its back on significant evidence of licence fee evasion, which currently runs at around £150 million each year in lost licence fee revenue, the cost of which is ultimately borne by those who pay their television licence fee.

My hon. Friend asked about performance. The BBC has so far been successful in reducing the evasion rate, which stood at an estimated 4.6 per cent. in March 2006—around one in 20 households, which is still staggering. That was, however, down from 7.8 per cent. in March 2001. The trend is downwards, which is significant in terms of the many tens of millions of pounds of revenue that would otherwise be lost to the BBC or which would constitute an extra cost to be borne by everybody else who legitimately pays their licence fee. Given both the scale of the problem and the amounts of money lost, it is correct that a rigorous approach should be taken to maintain and improve on that record.

On the other hand, efficiency and effectiveness should not be seen in isolation. The public have a right to be treated with respect and fairness. It is an absolute prerequisite that that should be seen to be the case in order to ensure long-term support for the licence fee system. I am aware that concern has been expressed about TV Licensing enforcement officers visiting people in their homes or expressing an intention to make such visits, particularly when the person in question has already indicated that he or she does not have a television. However, home visits are not a new practice to combat evasion. TV Licensing has long made a point of making home visits to selected addresses for which it receives a declaration that no television set is in use.

The BBC indicates that the underlying reason for the home visit policy is the scale of false declarations. To give an idea of what we are talking about, in 2004-05 more than 50 per cent. of declarations received by TV Licensing that no television was in use were false. For that reason, the BBC has a policy under which TV Licensing now visits all addresses for which it has received such a declaration. The purpose of the visit is to identify genuine non-users of televisions, so that subsequent contact with them can be minimised.

If one considers the volume of licence fee evasion—£150 million a year—and the fact that 50 per cent. of declarations that no set is in use are false, the case for a rigorous procedure to stop licence fee evasion is absolutely justifiable. The fact that the figures are coming down suggests that the policy is working. As I have said, however, it matters that the procedure is fair and proportionate.

TV Licensing officials may enter a person's home only with that person's consent or if authorised to do

[Mr. Shaun Woodward]

so by a warrant issued by a magistrate, as my hon. Friend will understand. The BBC assures me that visits by inquiry officers follow a strict set of procedural instructions and take a matter of minutes. I understand that, following successful verification that no television is in use at the premises, the policy of TV Licensing is now to exclude the address from any further enquiries for an initial period of four years.

I also acknowledge the concerns about the tone of TV Licensing's advertisements and letters of inquiry. Although the BBC has assured my officials that the contents of TV Licensing's letters are not visible to a postman, it is clear that they come from TV Licensing, and I can understand that some recipients are unhappy about that. I also understand that it may sometimes appear that TV Licensing is out to pursue people who choose not to own a television set.

For the sake of clarity, it may be helpful to point out that an estimated 1.19 million households have a TV but no licence, as of March 2006. To give some perspective, that is twice the number of households with no television. In their duty to administer and enforce the television licensing system, the BBC and TV Licensing take the view that there is a clear obligation to all licence fee payers to investigate unlicensed addresses, to verify the status of the premises and establish whether a licence is indeed required.

I appreciate the need for TV Licensing to consider the individual's privacy when corresponding, however. Although it is not for the Government to become involved in the day-to-day operation of the system, I will undertake to raise my hon. Friend's concern about envelopes and logos with the BBC.

In conclusion, I hope that what I have said, especially my references to the obligations on the new BBC Trust in relation to the licensing system, will go some way to reassuring my hon. Friend that the Government are alert to the concerns that he has raised in this debate. We remain committed to the television licence fee as the basis for funding the BBC. That requires support for a collection and enforcement system that is efficient and effective; but that system must also be seen as fair and proportionate to those who come into contact with it.

Mr. Todd: I thank the Minister for his response, which has included some encouraging points, but the standard of administrative efficiency is poor. In the case of the 75-year-old to whom I referred, the letter to me said:

"We have found that a small number of addresses"—

I do not know what "small" might mean, bearing in mind the scale—

"have recently been sent a mailing in error. We had already been told that no TV Licences were needed".

The difficulty is often with TV Licensing not logging what it already knows on its system.

Mr. Woodward: If one looks at efficiency, one must consider the scale of the evasion and the BBC's success in driving it down. Evasion is a serious problem that costs all licence fee payers considerable amounts of money in order to support those who do not pay their fair share. However, I am prepared to raise some of the issues that my hon. Friend has mentioned with the BBC. I remind him of the contents of the new charter, specifically the section that relates to the collection of the licence fee now being the responsibility of the trust. I hope that the trust will listen carefully not only to my hon. Friend's speech but to the Government's reply.

China Clay Industry

1.30 pm

Matthew Taylor (Truro and St. Austell) (LD): I welcome the opportunity to have this urgent debate on the devastating news that has hit mid-Cornwall, and particularly the china clay community, not just about some 800 direct job losses in Imerys, but about the loss of as many knock-on jobs and, significantly, the fact that china clay will no longer compete in a major sector of the market against overseas competition. This is not outsourcing, which has been behind many job losses in the past, but a real loss at the centre of one of Britain's most impoverished communities.

Mr. Colin Breed (South-East Cornwall) (LD): My hon. Friend is right. Some commentators believe that this problem is identified directly with the clay industry in a relatively small geographical area. In fact, it will have huge repercussions throughout my constituency, which is adjacent to my hon. Friend's, and will go wider into other sectors of the Cornish economy, much of which is fragile and at a critical point.

Matthew Taylor: I agree. It is worth noting that this announcement has also led to the lowest morale that I can remember, not just in the clay industry, but in St. Austell and the wider community, including Fowey, Par docks and the other affected areas in my hon. Friend's constituency. I hope that the Minister will be able to bring a glimmer of hope to that devastated community.

I do not intend to make any political complaint. It has been obvious for some years that there is a threat to the Cornish industry. Cheaply accessible reserves of clay are opening up in Brazil. Those are cheap not because of low labour rates, but because the clay deposits have already been washed out of the hard rock. I visited Brazil and saw that a digger and a lorry is all that is needed to produce clay there. Cornwall has been relatively protected because it is near the main paper markets and Brazil is a long way away. I shall return to that issue.

I thank the Minister's colleagues at the Treasury, with whom I worked for some years to find a solution to the climate change levy, which has impacted on the clay industry. When I first raised that matter with Ministers in 2003, the levy had already taken £4 million out of the industry and raised energy costs alongside others that were already rising. The climate change levy was a clear threat to an industry in which 20 per cent. of costs are energy related and 80 to 90 per cent. of production is exported. I was pleased that Ministers acknowledged that the industry was potentially in the category that should have help with the climate change levy. There was a rather tortuous route to get help, but help has been put in place and, as a result, climate change levy costs for the industry have potentially been reduced by £1 million or so a year. The industry has also done a lot of work for itself, for example, by introducing combined heat and power plant before any grants from Government to do so and being innovative in reducing energy costs.

This is not a complaint about Government in any sense; it is a plea for help, particularly for Ministers to understand the scale of the impact in a tightly defined community. Sadly, the work done with Treasury Ministers and others to get the reduction in costs has not been enough, given the pressures on the industry from energy costs that have risen through the roof.

Figures given to me by Imerys during a meeting on Thursday, when I also met trade unions and local councils, show that over a three-year period its energy costs have risen from £15 million to £40 million per annum. That is a huge hit by any standard and is compounded by the dollar exchange rate. The low value of the dollar has increased the competitiveness of clay from Brazil, where both production and sales are in dollars, meaning that it is cheap relative to Cornish-produced clay. All those factors have hit the industry hard and the only protection for Cornwall has been the cost of bringing clay from Brazil, which is around £35 a tonne.

It is a significant, although not huge, factor that paper-coating clays sell for $120 to $140 a tonne. Imerys is now pulling out of that market, because that product is highly energy intensive to produce and not so protected from shipping costs, because of its high value. Imerys is saying that it will concentrate on filler clays, which are low value—the opposite of what is happening generally in manufacturing and other goods markets in the UK—and by selling at roughly £70 a tonne, the £35 a tonne shipping costs and low energy costs significantly protect Cornwall's clays relative to Brazil. However, the company is still on edge. Later on, I shall mention help that the Minister might be able to offer.

It is interesting to hear the trade unions, which I met privately, and workers in the company say that there is low morale and great unhappiness with this decision by a French-based company. Nevertheless, there is a degree of understanding of the pressures faced by the industry and the strategy that it is pursuing. I thought that my meeting with the company on Thursday was likely to be preparatory to a pull-out from Cornwall on a fairly short-term scale. Imerys is making some major investment to try to ensure that the filler clays will continue, which makes sense strategically, but we need to be aware that this industry will not be in Cornwall in the lifetimes of those alive and working in the industry now. There is a limit to how far the clay can be worked economically. Only three years ago, the company's statements were talking about a 40-year life; it is now talking about 20 years-worth of reserves, even if things go well. They may last longer than that—there are potential new reserves to work—but the future for the industry is rapidly contracting in an area where there is little other employment. That situation should be viewed in the context of measures that the company says will cut its operating costs by nearly a third. These are drastic reductions.

The clay company has said that there are 1,850 directly employed jobs left. Some reduction is already going on from a previous round of cuts, but another 800 jobs are to go. The company also confirms, as does the council, that because it will no longer be operating in this sector, the present reductions are not like previous ones, when much work was being outsourced. In this case, the outsource suppliers will be losing jobs on a large scale as well. A minimum of 800 job losses

[Matthew Taylor]

are expected on top of the ones already announced, so we are probably talking about a minimum of 1,600 jobs being directly affected by this decision.

Mr. Dan Rogerson (North Cornwall) (LD): I congratulate my hon. Friend on securing this debate and thank him for giving way. He mentioned the impact on the wider economy of mid-Cornwall and potentially the whole county. Does he agree that that will make it harder for the convergence funding that is coming to Cornwall to have an effect, given that the playing field has been lowered even further for people in mid-Cornwall, who will now have to work particularly hard to achieve any level of regeneration?

Matthew Taylor: Convergence funding is important. We in Cornwall are fortunate to have objective 1 funding, which is the highest level of European support. That has been matched by the Government. We are the only place in the UK poor enough to get convergence funding, but there is a still a question about the match funding. It is difficult for the Government to put that in place quickly, but we urgently require some reassurance on that convergence funding matching from Government, which is important and even more difficult to find, especially when yet another private sector employer—the biggest one in Cornwall—is contracting.

The net effect of the china clay job losses impacts on nearly 7 per cent. of jobs in the travel-to-work area. The concentration in the clay villages is massive. Taking into account the direct and indirect effect of the job cuts, more than one in three of the 3,700 working households in the clay villages can expect one of their members to lose full-time employment. One in five clay village household jobs will go directly with the Imerys job losses. Within the clay communities, the impact is absolutely enormous. We are talking about between 20 per cent. and one third of all the employment in villages that are among the most deprived communities anywhere in the country and where employment opportunities are extremely scarce and, indeed, employment land has been extremely scarce up to now because of the clay workings themselves.

To put this in context, the Imerys jobs are relatively well paid. The incomes average £23,000 a year in a borough where local incomes average only £18,500 a year, so they are some of the high-grade jobs. Despite the fact that they are sometimes relatively low skilled and they are certainly very specifically skilled, they are full-time, mainly male jobs in an area that has very little else and where other jobs in the community are worse paid.

A study conducted a few years ago—so the figures are a little out of date—in St. Dennis, which happens to be the village I live in, showed that the average household income there was only £6,000 a year. That is one of the larger clay villages, so these are very poor communities indeed. Thirty-two per cent. of people in Restormel borough as a whole—the communities that we are talking about are the poorest communities, so the figure for them is likely to be even higher—have no skills, compared with an average in the south-west of 26 per cent., so there is a major issue about skills as well. The skills that people do have are mostly specifically orientated on clay communities.

The deprivation in these communities is among the greatest in the United Kingdom. We are talking about a community that is regarded as one of the poorest communities in Cornwall, which is poorer than anywhere else in England. We need to bear it in mind that the only really equivalent community is that in the Camborne-Redruth area, which lost its heavy engineering and is now the target of very high levels of Government support. If I can get one message across to the Minister, it will be that the fear in St. Austell and the clay villages is that we will end up in the same circumstances. Those of us from Cornwall remember the way in which the shops went from Camborne and the shops closed in Redruth—everything went. Only now, after huge investment, is the area showing signs of picking up.

In this case, we know that the clay industry will go over the next 10 or 20 years—whatever it will be—at best. We know that there are huge-scale job impacts now in villages that are best thought of as coal-mining villages—if the Minister is not familiar with clay villages, she should think of coal villages. We need the kind of support that coal villages received and we hope to receive it before the full impact is felt. The Minister may well say that at least this is not a closure; it is only a cutback. However, we know that closure will come in time, and right now the cutback is huge for what are very small communities.

The Minister may be aware of the closure at St. Mawgan on almost exactly the same time scale. RAF St. Mawgan is shutting. There, we are losing 920 military jobs and some 200 civilian jobs. It is the other half of the borough, but I know that many of those people are located in the clay villages, because it is that kind of employment. I meet all the time military staff working at RAF St. Mawgan and civilian staff. It is a relatively affordable area, a relatively low-cost area, so there will be an impact there, too. Some 670 indirect jobs associated with RAF St. Mawgan are also expected to go as part of the works happening.

We know that the Minister and other Departments will offer a package relating to training, skills and job seeking. That is one of the things that will come through the action force that will be set up. A taskforce involving the South West of England regional development agency, the Government office for the south-west, the county, the borough, the jobcentre and others is meeting now in St. Austell to consider the issue. I know that a lot of work will be going on, but if there are no jobs, there is a limit to what can be done. People cannot be retrained for jobs that do not exist.

In those terms, I also want to highlight the fact that Imerys is not the only clay company. In particular, Goonvean wrote to me only last year, expressing its concern about the impact of rising energy costs. I hope that we will not see the same effects on that company. It is a specialist company,—a niche supplier,—so it is a little more protected than Imerys. Nevertheless, there is an almost palpable concern that this issue runs right across the china clay industry at the moment.

What do we want? First, I am not optimistic that we can save any of these jobs. There is a clear reason for the changes, and the company is presenting a strategy to meet that challenge. Nevertheless, there is an

ongoing threat to the remaining operations. I hope that it will be possible to look again at the energy costs facing the company. The company will be doing that. It is taking out the thermal driers, which is the most expensive end, but if the Government could do anything to help the company to work through the energy cost issue, that would be helpful. I know that there is a limit. Nevertheless, work with the company would be welcome.

Secondly and fundamentally, I have talked in the past about the support given to MG Rover when it shut during the general election. However, the impact of MG Rover closing, in a much, much larger community, was not, frankly, as big as the impact will be in clay communities. As I said, the best way to think of them is as coalfield communities. I hope that I can persuade the Minister to examine whether some of the support packages given to the coalfield communities can be offered to clay communities. That includes all the waste restoration issues. The company will have an obligation to restore some of the areas, but there are no obligations on the company to restore some of the older worked areas that are no longer being worked. It now looks extremely unlikely that those areas will be worked again.

We need the Government agencies—the Government office for the south-west, the regional development agency, the county council and Restormel borough council—to work together through a 20-year strategy. Some of that work will already have been initiated. Clearly, it must be brought forward now, and the 20-year strategy has to include the process of working out what the future is for employment in the area, what the Government can do to help that, and what can be done to bring it forward. Clearly, waiting is no longer an option.

I hope that the Minister will look again at the A30-St. Austell link road: the A391. That has just been deprioritised by regional government's recommendations to the Department for Transport. It said that it is not a regional priority, so it is unlikely to happen in 10 or 20 years. That link road is proposed specifically to help to facilitate economic regeneration in St. Austell. I know that it is not directly the Minister's responsibility, but I hope that she can say today that she will talk to her colleagues at the Department for Transport about it. Clearly, the decisions taken at regional level by the regional assembly on the issue do not really apply in the current circumstances. I hope that Ministers will consider the proposal in terms of the specific needs of the community.

I hope that we can also have an assurance that in terms of Government funding—I talked about match funding for objective 1—there is potential for investment in a range of ways in the community. I am thinking particularly of the closures at Par docks. The complete cessation of use of those facilities by the clay company opens up a big opportunity for marine-related industries or other kinds of development. It is important that the Government work through that with the local councils to ensure that it is based on employment opportunities, not simply a quick profit for developers. I hope that the Minister will ask officials to work with the company and the local councils to ensure that any land disposals and asset disposals take place in the context of job regeneration, rather than a quick payback to the company. The company has given some reassurance on that, but it is easy to say it; it is often harder to do it in practice. We need employment opportunities to come out of these events. I hope that the Minister will work with colleagues to seek to ensure that we can have some reassurance about the match funding needed for the next round of European funding.

There is no underestimating the impact of these events in the communities affected. We really ask just two things of the Minister, and these are the biggest points of all. First, we must not wait for absolute catastrophe in order to start prioritising the St. Austell and clay village area in the same way as the Camborne, Redruth and Poole area is the subject of some prioritisation at the moment. That will require a change in policy to be made by the regional development agency and by Government, but it is important that we do that now, rather than waiting for catastrophe to strike.

Secondly, we ask that the Minister give some reassurance to the community that she is aware that the impact of what is happening is far bigger than it may seem on paper to a Government who are used to dealing with thousands of jobs. In the community in question, one in five households is set to suffer a direct loss of full-time employment, and the number is probably one in three when the knock-on effects are taken into consideration, even without RAF St. Mawgan. That is a very big impact.

1.50 pm

The Minister for Industry and the Regions (Margaret Hodge): I congratulate the hon. Member for Truro and St. Austell (Matthew Taylor) on securing the debate so quickly after the news that we received towards the end of last week. I am very conscious of the importance of the china clay industry to Cornwall, and to his constituency in particular. I understand entirely the disproportionate impact that such events can have, especially in a rural constituency. I know the area quite well and have been there a number of times, with various ministerial hats on, to try to tackle some of the problems with employment opportunities—particularly, in the first instance, when the tin mines were closed. I know that such closures create devastation for individuals, families and communities, and we all need to work together to ensure that we build a sustainable future by way of jobs for people who live there.

My analysis of the future of the china clay industry is the same as the hon. Gentleman's, but I am not as pessimistic as he is. We should grasp the opportunity of the £25 million that Imerys is putting in to maintain a presence in the area, and work with the company. We shall do that—probably through the regional development agency, which is our vehicle for ensuring delivery of many of our tools of support to companies. However, we will work hard to ensure that we do the most that we can.

Matthew Taylor: It is an important point; I do not want to give the impression that I think the company is about to pull out overnight. I think that it has a

[Matthew Taylor]

strategy in place, and I hope that that will retain jobs, but there is a limited resource. The company is under continued pressure. However, I agree that it is important, for the sake of morale, for the community to understand that there is work, and to try to preserve the 1,200 jobs that remain.

Margaret Hodge: As the hon. Gentleman knows, we have established the taskforce, and I and other Ministers will be examining its work. That provides immediate support to the individuals affected and their families, and provides retraining. I hope that it will be able to organise some job fairs and similar events, such as we have used elsewhere in comparable circumstances, to try to link individuals who have just lost their jobs with employers in the region who have vacancies to fill.

I am conscious that I have little time to answer the hon. Gentleman's questions. The Cornwall economy is one of the poorest; for that reason it always gets access to many of the European funding mechanisms that are available, in recognition of the challenges that it faces in sustaining jobs and developing enterprise and growth. However, figures are much better than they used to be. The growth rate for 2002-03, with respect to total gross added value, shows that Cornwall added 6.8 per cent., outperforming the rest of the UK by 5.5 per cent. and outperforming all other objective 1 areas, where the average was 5.9 per cent.

Employment has grown in Cornwall since 1999, although, interestingly enough, it is a depopulating area, and many of the traditional jobs have gone. Clearly, new industries are settling there. Other key initiatives are important. One of those is the combined universities in Cornwall, which I was involved in helping to establish when I had responsibility for higher education. The hon. Gentleman spoke about new marine-related industries, for example. If the right relationship can be established, involving the university and its research capacity, and if ideas arising from that knowledge and research development can be translated into practical enterprise opportunities in the locality, that will be the best way to ensure sustainable long-term job opportunities in the area. I always saw that combined university development as central to the attempt to regenerate.

We all take great joy in visiting such places as the Eden project or Tate St. Ives. The Eden project now employs up to 600 staff during its busy period. I hope that the hon. Gentleman accepts that that is a positive development in the area. We reckon that it brings about £100 million of local economic benefit. I understand that there is also a major redevelopment project in St. Austell.

Yesterday I announced the new map for assisted area status. Cornwall has full status and will also benefit from full convergence funding. I hear what the hon. Gentleman said about match funding; it is down to the local players—the regional development agency and the local authorities, including the county council—to look for that match funding, but they, and the RDA in particular, have the necessary resources and I hope that those concerned will benefit from them. If the hon. Gentleman has a problem, he should come back to me about it. Substantial resources are thus available in the area in question, and assisted area status, for example, could be of help to the company if it has a sustainable project. Perhaps the company should work with the RDA to see whether, on matters such as energy costs, a proper case could be put, through assisted area status, for state aid to support its continuing endeavour in the area.

Many of the issues that the hon. Gentleman has raised are now dealt with locally. We have decentralised, and his party should be in favour of that. I was surprised—it was news to me—that the A391 had been deprioritised locally. I had seen it as a quite important way to open up those very poor communities to job opportunities. It is a decision that has been taken regionally, however, and I am in some difficulty. I do not mind talking to my colleagues in other Departments, but if it has become a lower regional priority, that is difficult for us at the centre to override.

Matthew Taylor: It is a matter in which the region advises, but Ministers dispose, so the Minister's colleagues at the Department for Transport take the decision. Also, the issue has arisen in the consultation exercise at regional level. I hope that the Minister will raise it. We shall have a much better idea by the time Parliament returns in the autumn, and perhaps the Minister will be willing then, if we feel the need, to meet local representatives if issues need to be dealt with.

Margaret Hodge: I am certainly happy to meet representatives, and I undertake to do so. I also undertake to write to my colleagues in the Department for Transport, if that decision was taken before the Imerys redundancies. I completely understand, also, the impact of the supply chain in relation to jobs. However, land and asset disposal are really matters for the locality, through the RDA and the relevant local authorities. It is not a matter for Government, and I urge the hon. Gentleman to work closely with those bodies, as I am sure he already does.

The hon. Gentleman asked me to show an understanding of how devastating the impact of the closure is locally. I understand totally, and tried to express it last week in the responses that I gave to the situation. Our job, in working with the hon. Gentleman and all the relevant agencies locally and nationally, must be to give the area a future, and to close the gap in prosperity and job opportunities that still exists across England. It is our intention and policy aim to tackle that gap.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 12 July 2006

[SIR NICHOLAS WINTERTON *in the Chair*]

Wind Energy

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watts.]*

Sir Nicholas Winterton (in the Chair): Before I call the right hon. Member for Cardiff, South and Penarth (Alun Michael), I welcome all hon. Members to this sitting in Westminster Hall. In order that Members should be comfortable, I am prepared to use an element of discretion and allow them to remove their jackets. I am showing some progressiveness that perhaps is not associated with me in normal circumstances.

9.30 am

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I am grateful to you, Sir Nicholas, first for calling me to speak and secondly for your kindness in allowing us not to treat this Room as a free sauna, given the warmth of the day.

I sought to initiate this debate to consider the contribution of wind energy to the national interest in the broadest sense. The debate is about power and energy, and about the power of the people linked to the power of the wind. It is about the empowerment of people and sustainable development, and how wind power can benefit the environment, the economy and the community. I am delighted to be joined in the debate by someone who knows a great deal about these topics, the former environment Minister my hon. Friend the Member for Scunthorpe (Mr. Morley). I am particularly pleased that my good friend the Minister for Energy will reply to the debate.

This debate comes a day after the statement on the energy review, and it is easy to despair at the facile way in which energy issues are often discussed and reported. The complex issues of supply that my hon. Friend the Minister has been grappling with in the review, which are crucial to our future and our economy, are reduced to the simplistic question, "Are you for or against nuclear?" I sometimes despair of the profession in which I started my working life, before I earned remission for good behaviour as a youth worker. Another issue that is reduced to a knee-jerk reaction is the question, "Are you in favour of wind farms?" That often gets two distinct answers from the same people at the same time. They say yes in general, but, "No, if it's in my back yard"—or perhaps that should be "No, if it's on my hill".

The picture of protestors opposing wind generation is all too familiar to us all. They tell councillors to reject the planning application, as a community united in opposition. We often do not even bother to read the caption. I want to test that. I have with me a photograph of a crowd of protestors outside the council offices in Neath Port Talbot. They are against the planning application, are they not, and telling the council to turn it down? No. They are the supporters of Awel Aman Tawe, based in Gwaun-Cae-Gurwen in the constituency of the Secretary of State for Wales, my right hon. Friend the Member for Neath (Mr. Hain). They are protesting against the proposal that the council should turn down their application for a four turbine, 11 MW community wind farm on Mynydd y Gwrhyd, 20 miles north of Swansea—Awel Aman Tawe. I also have statements of support from a wide range of local people, many clearly excited and inspired by the project.

I shall not go into the planning issues because there is an appeal under way to resolve the issue. I know from my hon. Friend the Member for Aberavon (Dr. Francis) that local opinion is coloured by at least one local application, I think in the upper Amman valley, which has sparked opposition in the community as it is believed that it is being imposed on them from outside with big business deciding the future for the local community. That is not the case with Awel Aman Tawe, and that is at the heart of this debate.

It is clear that Awel Aman Tawe demonstrates well the three strands of sustainable development—the environmental, the economic and the social. The benefits for the local community include more than £4 million over the life of the project for community projects, such as micro-renewables and energy efficiency, 32 new jobs, and construction contracts for local suppliers worth an estimated £1.5 million. It will generate enough clean energy to supply the equivalent of almost 7,000 homes, and last but not least it will help to combat global warming.

Although the planning system is dealing with the appeal, the message of community involvement is very clear. Indeed, perhaps the planning system should be able to take much greater notice of factors such as community ownership into account instead of being neutral on issues of ownership. The independent body Electoral Reform Services carried out a referendum on behalf of Awel Aman Tawe and found that almost 60 per cent. of local residents supported the development of a community wind farm. Compared with a so-called commercial initiative, the technology, the benefit, the price per kilowatt and the financial reward are the same, but for the local community it is not someone from outside coming in to do something to that community. The community owns it and controls it, and it is in its hands.

The situation is the same with the Baywind energy co-operative, which has grown from a community base in Cumbria to win the social enterprise award for the environment, which I was delighted to present to the group. It is the same for the communities that have worked with Energy4All, which is a spin-off from Baywind, to enable communities throughout the land to learn from the Baywind experience and take control of the energy supply from renewables in their area.

At the other end of the spectrum, the Co-operative Group may be the UK's biggest farmer but it has shown a sense of community interest. As a Co-operative MP, I am pleased to see the link between the activities of the big beast of the co-operative movement and the approach of organisations such as Awel Aman Tawe and Baywind. The Co-operative Group is the UK's largest consumer-owned co-operative business and it aims to drive commercial success through true environmental and social

[Alun Michael]

responsibility. In other words, it seeks to live up to the ideals of the Rochdale pioneers all those years ago.

In 2004, the group switched its power supply across 3,000 sites throughout the mainland UK to renewable energy generated from wind farms or hydropower. Co-operative Financial Services and the Co-operative Group together now account for 790 GWh of renewable purchase each year, which is equivalent to nearly half of the UK's onshore wind output. The CIS—Co-operative Insurance—solar tower is the largest ever application of photovoltaic panels in the UK. In Manchester earlier this year, my hon. Friend the Member for Scunthorpe opened the UK's biggest inner-city micro-wind farm, involving 19 micro-wind turbines, on the CFS Portland street building.

The link to Awel Aman Tawe is that last Thursday, 6 July, saw the official switch-on of the Coldham wind farm in Cambridgeshire as a joint venture between the Co-operative Group and ScottishPower, engaging the local community. It is a £17 million, eight turbine wind farm that will realise enough green energy to power 9,000 homes and to save 36,000 tonnes of CO_2 per year. That is because the group

"recognises the importance of involving local people at the outset and giving them direct input into all aspects of wind farm schemes".

Those are not my words, but those of the group's chief executive, Martin Beaumont.

The significance of that development could increase, because there are plans to develop wind turbine schemes that could lead to the supply of 100 GW of electricity to the national grid within three years, which is enough to power more than 20,000 homes. That includes plans for a second, larger wind farm with 14 turbines at Goole in Humberside, also on Co-op farm land. That is also why Co-operative Action is supporting the Baywind energy co-operative. Baywind was formed in 1996, and today, with more than 1,300 members, owns five wind turbines near Ulverston and one in Cumbria.

I am also pleased to learn that in Wales Energy4All's manager, Steve Cranston, is contacting all the developers involved in bidding on Forestry Commission land to request some aspect of community ownership as part of technical advice note 8, which is known as TAN 8. Energy4All is working with Nuon in Wales and hopes to progress an agreement with Airtricity through Dulas.

The potential of the development is huge and growing. I am told that for every community project that Energy4All is involved in, it receives another 100 inquiries. Yet that sector receives no Government support. I want to make it clear that I am arguing not for subsidy, but for cash and support to nurture and help the capacity building that is vital in community ownership and co-operative developments and for the Government to get stuck into the nitty-gritty of the work that is necessary to enable the sector to take off at an even faster rate.

Let us consider some of the projects, such as Westmill wind farm co-operative in Oxfordshire. Energy4All took over full development of the five turbine site in August 2005 and raised £4.4 million over Christmas to build the first onshore wind farm in the south-east, which is 100 per cent. community owned. The development of the project is of significant strategic importance for social enterprises as well as for onshore wind use.

There is also the case of Beech farm in Tavistock, where a public inquiry is due to be held in October. The appeal, for two 850 kW turbines, was brought by the landowners, Mr. and Mrs. Bradford, against West Devon council. The inspector has requested a section 106 agreement to confirm that the site will develop as a co-operative if successful.

If anyone is in doubt, let me spell out the benefits of community involvement and ownership. It encourages proactive rather than reactive community engagement and accountability—the community is not simply being consulted about something that is done to it; it is involved. It responds to the concerns and needs of local people, and it ensures the efficient targeting of investment.

Community involvement and ownership raises awareness of the need for action on climate change. We need to engage the whole of the population in dealing with that issue; acting alone, the Government will make slow progress. It delivers key public services in partnership with local authorities. It delivers also direct accountability for stakeholders and energy consumers. It develops the capacity for smaller projects, which depend on investors accepting a lower return. Sites that are closer to demand may therefore be on less sensitive sites, and the community will support the development.

Such involvement also delivers direct economic benefits and revenue streams for members. It brings together and co-ordinates complex relationships between key stakeholders for biomass and district heating schemes. Such schemes often fail because of a lack of engagement and support, again because people feel that something is being done to them. Investment is mobilised from members and the wider community, which is significant in meeting the Government's objectives. It supports longer-term infrastructure investment.

Embedded energy is, of its nature, more efficient. It develops tailored local solutions to project delivery. It attracts new skills and jobs into the social enterprise sector at local level. I believe that those advantages are enormously important. It is wonderful stuff. The country that invented co-operation and social enterprise should be proud of it, yet community renewables have made slower progress in the United Kingdom than in other north European countries.

The three key reasons for that have been identified as finance, time and knowledge. The key is not massive grants or Government schemes but access to finance and a better understanding by national and local bureaucracies of how to nurture the sector's potential. It is not just a question of looking for the quantum of wind energy; we need to recognise that engaging people can release existing potential.

Energy4All has called on the Government to give direct funding to the social enterprise sector, to pay for staff time and to provide risk funding through the revolving loan fund, which will allow communities to take appropriate schemes forward. The House should mark my words: I underline and support that approach. A revolving loan fund does not have to be a

drag on the Exchequer, but it will not happen without some Government help to facilitate and accelerate the process.

There is also a huge demand for the Government to provide access to renewable energy information and expertise to ensure that good quality schemes in all technologies can move forward; thus, we can gain the multiple benefits of rural and urban sustainable heat and power.

In summary, community involvement, accountability and ownership is the key to achieving the successful integration of distributed renewable generation schemes, which will largely be below 10 MW. Current support is dispersed and inefficient, so it cannot deal with the current barriers or meet public demand.

Support and facilitation for community, individual and business-owned renewable energy schemes has the potential to play a key role in unblocking the economically viable potential of all technologies. If structured appropriately, the cost of assistance through information and financial support will represent considerable value for money, given the anticipated social, economic and environmental returns.

We know the environmental benefits of maximising the use of wind energy; it will cut emissions and reduce dependence on nuclear power. However, some people still think that its impact on the rural environment is negative. For example, the briefing provided for today's debate by the Campaign to Protect Rural England was not wholly negative about wind energy, but it was disappointing and lacking in vision. It damned wind energy with faint praise, so I shall take its argument head on.

I was brought up on the edge of Snowdonia. I spent years introducing young people to its finest landscapes. I have had ministerial responsibility for national parks and areas of outstanding natural beauty in Wales and England. The last thing that I want to see is a wind farm on Moel Siabod or Striding Edge. However, I am amazed that people who can ignore the ugly intrusion of electricity pylons striding across our countryside—are they invisible, perhaps because they have been there for decades?—are opposed to wind farms, which can be a calming and even an inspirational sight as one comes over the brow of a hill.

Mr. David Jones (Clwyd, West) (Con): I congratulate the right hon. Gentleman on initiating such a timely debate. He spoke of pylons striding across our countryside, and I share his concern about that. Would he not concede that if we continue with the current policy of developing large-scale wind farms of above 50 MW, for example, in areas on the edge of Snowdonia, even more pylons will be striding across our countryside?

Alun Michael: No, I do not.

I have stood at the roadside looking at a small number of wind turbines on one side of the valley and seeing pylons further up—pylons not associated with the wind farm—yet people say that the turbines are ugly, and that they do not like them. I ask them to compare the two. When one walks over the brow of a hill and sees the turbines of a wind farm one can see that, in the right place, they are attractive. They generate energy in a way that is socially and visually attractive.

What is the reason for that knee-jerk reaction? Many people have become used not only to pylons but to the extraction of minerals in some of our most beautiful landscapes; it does not arouse their anger, yet they have a knee-jerk opposition to wind farms, even those sited in appropriate locations in the countryside. I do not understand it. It does not make sense. The answer is that it depends on who is establishing the wind farms and for whom. If wind turbines are imposed by big business to make a quick buck—or even, as some perceive it, imposed by the Government—then resentment will kick in. Judgments are made, but not always by those who have to live with the consequences.

I want my hon. Friend the Minister to promise two things. First, I ask him to make it clear that wind energy will be owned by the community and that if big companies or bodies such as the Co-operative Group want to come in, they will have to show the community benefit, community support and genuine engagement. I ask him also to set requirements that will test objectively whether schemes are community led.

Secondly, I ask my hon. Friend to support and promote the practice of community wind farm ownership that I have outlined. We all know that the principles of community ownership—co-operation and mutuality—have great power. They bring long-term benefits. They have the power to move mountains. However, that approach needs to be nurtured and, as I said earlier, that involves cash, time and knowledge.

My hon. Friend will recall that I supplied him with a copy of a publication commissioned by Peter Hunt of Mutuo entitled "Community engagement in energy through energy mutuals". It was researched by Dr. Gill Owen, and I provided an introduction. It made two clear recommendations about how to remove the barriers for community engagement though energy mutuals.

The first recommendation was that the Government should take the lead, perhaps through a community energy unit, in maximising and harvesting the benefits that have been demonstrated—for instance, by Highlands and Islands Enterprise. I do not want to suggest a specific solution to my hon. Friend; I ask him to accept the principle and seek the best way to ensure that the Government are proactive in nurturing such an approach.

The second recommendation was that a renewable heat obligation should be put in place. I am encouraged by the interest shown yesterday in expressing the output of the energy industry in terms of heat and light rather than in specific forms of energy. The Mutuo booklet was ahead of its time in that respect; I hope that my hon. Friend will confirm that it is now part of mainstream thinking.

I have tried to show that wind energy can provide the classic benefits of democracy, especially when linked to the key Government principle of sustainable development—the principle that, in all we do, we should balance and integrate economic, social and environmental considerations. The problem is that those factors are dealt with in separate silos of Government. The publication of the energy review

[Alun Michael]

report and yesterday's statement give my hon. Friend a unique opportunity to take the leadership in bringing those three aspects together. What better example than community-owned wind generation? If Whitehall takes it seriously, the Government could have a win-win-win situation.

It is obvious that maximising renewable energy is key to our future. We would be mad not to support it; it helps feed the energy needs of our national economy. It is also obvious, is it not, that wind energy benefits the environment, whether the countryside or our global future?

Clearly, a community empowered to make its own decisions is likely to choose the wind turbine option, which helps the national and international interest. Above all, that option would help it meet its own energy needs, become at best a new contributor instead of a net consumer and learn to be empowered to make its own decisions in a national and international context.

The issue is urgent; we are trailing in seventh place on installed wind capacity. Germany leads the way with 18,400 MW, followed by Spain with 10,000 MW and the USA with 9,100 MW. Capacity is hardly proportionate to size. The UK has the greatest wind resource in Europe, yet we are not using it. I want to help the Minister change that picture. Wind power's time has come, and I urge the Minister to be brave and help Whitehall understand the creative opportunity before it. My plea is that we should enable community wind energy to support the Government in what they and my hon. Friend the Minister are trying to do.

I understand the Minister's challenges; he has to balance costs and needs, the national interest, the protection of supplies and the energy mix necessary for this country to have a productive future. Will he acknowledge that the power of the people and the community, linked to the production of wind energy, has a part to play in his strategy? With his support and encouragement, people are far more likely to face the big challenges set out in yesterday's statement. Let the people be part of the solution, rather than being perceived as part of the problem.

9.52 am

Mr. David Jones (Clwyd, West) (Con): Again, I congratulate the right hon. Member for Cardiff, South and Penarth (Alun Michael) on securing this debate, which is extremely timely. He may be surprised to hear that I agree with a great deal of what he said. Clearly, the thrust of his argument is that communities should be empowered, in the sense of coming to wind as a source of energy that they wish to embrace, rather than as one imposed on them.

Wind energy certainly has a large part to play in addressing this country's energy needs. Once in operation, it is a relatively non-polluting source of generation. However, it has serious drawbacks. First, it is self-evidently inefficient because when the wind does not blow, or when it blows too hard, no energy is generated. That means that conventional fossil fuel power stations must operate in the background, ready to kick in when the wind drops.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does the hon. Gentleman accept that the installation of a number of community-owned or non-community-owned wind farms throughout the country would substantially reduce and probably remove the element of variability that he talks about? The wind always blows somewhere in the country, and if the wind energy produced fed into the grid, the variability, aggregated out, would hardly be different from that provided by the base load of conventional power.

Mr. Jones: That argument is correct, but it presupposes that we are willing to have wind farms on an industrial scale throughout the country; I imagine that most people would be extremely reluctant to see that.

Martin Horwood (Cheltenham) (LD): The hon. Gentleman suggests that fossil fuels are more efficient than wind power. The right hon. Member for Cardiff, South and Penarth (Alun Michael) talked about microgeneration and community-based generation and power, which are inherently enormously more efficient because they avoid the more than 50 per cent. conversion losses inherent in large-scale fossil fuel power stations.

Mr. Jones: My point was that wind power is inefficient to the extent of being unreliable. Clearly, the wind does not always blow; sometimes, it blows too strongly. Certain Members would be happy to see the country littered with wind farms, but many people would not.

Alun Michael: I ask the hon. Gentleman not to join the knee-jerk brigade and talk down wind farms and wind energy as he has done. What he says is inaccurate. He needs to take a more balanced approach.

Mr. Jones: With respect to the right hon. Gentleman, I listened carefully to what he said in almost complete silence. I agreed with much of it. If he let me develop my argument, he might agree with something that I have to say. I want to talk about empowering people, and I understand that the right hon. Gentleman is also interested in doing that.

The fact is that exaggerated, sometimes—dare I say it—overblown claims are made about the effectiveness of wind farms. Cefn Croes, for example, is the largest onshore wind farm in Wales; until recently, it was the largest wind farm in the country. We were constantly told that it had an installed capacity of 58.5 MW, which in itself is true. However, its operational load factor is about 32 to 35 per cent.—about one third—of its capacity.

Wind is also an extraordinarily environmentally intrusive source of generation. Although it cannot be pretended that conventional or nuclear power stations are attractive structures, they are usually confined to small geographical areas, frequently in already industrialised parts of the country. By contrast, wind farms are far more visually intrusive, often covering tens of square miles located in areas of attractive countryside.

Wind turbines are becoming progressively larger. Modern turbines, such as that proposed for the Gwynt y Môr wind farm off the coast of north Wales, are more than 500 ft high, taller than the Blackpool tower. Turbine blades now have a span greater than the wing span of a Boeing 747 jumbo jet. Wind farms have a significant and often adverse effect on open seascapes and landscapes and often attract a large degree of local opposition. That should not be dismissed as mere nimbyism, as the right hon. Gentleman (Alun Michael) suggests. Seascapes and landscapes are valuable national resources and ought not to be spoiled unless there is a compelling reason for doing so.

Martin Horwood: The hon. Gentleman uses the pejorative term "spoiled" and says that such things should not be done without compelling reason. Does he not think that the threat of global climate change is compelling?

Mr. Jones: My point is that there is a balance to be struck. The wind farm lobby seems to think that wind farms should be stuck on any available stretch of countryside, but clearly they should not. This country has unique and beautiful visual resources, and we must be careful about where we site wind farms.

I wish to concentrate on two matters, which the Government should consider seriously. First, they should consider the operation of the renewables obligation, which I have taken up with the Minister on previous occasions. He has acknowledged to me that the obligation is a blunt instrument. Its problem is that it makes no distinction between the intrinsic merits of various renewable technologies. Consequently, it rewards the least capital-intensive source of generation, which at the moment is wind. That means that wind farms are virtually certain to continue to proliferate for as long as the obligation remains unreformed.

That is a pity, because other sources of renewable power such as tidal, wave and biomass power, are far less visually intrusive and potentially much more beneficial. For example, tidal power is infinitely more reliable than wind power; it is difficult to think of anything more predictable than the ebb and flow of the tide. Yet because tidal power is less developed, there is little incentive under the renewables obligation to pursue tidal schemes. That is a huge pity, and I hope that, in the wake of the energy review, the Government will consider refining the obligation to consider other, less intrusive forms of renewable energy.

Secondly, I should like the Minister to address the question of the planning and consent process. At present, the principal consent route for wind farms of more than 50 MW is section 36 of the Electricity Act 1989. Infrastructure development is governed by the normal town and country planning processes, as are wind farms of less than 50 MW. The difficulty with the two processes is that they have been constructed so as to reduce considerably the right of local objectors to make meaningful representations. There is no appeals procedure under section 36 of the 1989 Act, and through technical advice note 8 in Wales and planning policy statement 22 in England, the town and country planning process imposes a presumption in favour of the development of wind farms.

An extreme example of the consequences was the Scarweather sands development in south Wales. An inspector decided that the objectors were right, that the farm should not proceed and that the application should be refused. The decision was overruled by the Welsh Assembly Committee that considered the inspector's report. It decided that the scheme should proceed, notwithstanding the fact that the inspector had recommended that it should not, as it accorded with the principles set out in the Assembly's planning policy.

It cannot be right that a swathe of local residents supported by technical and scientific advice and, most importantly, by the planning inspector who considered the application, were rendered virtually voiceless. Such decisions give rise to huge resentment on the part of local communities.

Alun Michael: First, I am surprised that the hon. Gentleman seems to have such disregard for the democratic processes that put elected representatives in the Assembly. He would rather have an appointed inspector as the final arbiter on an appeal of that sort. Secondly, does he realise that he is making my case very well by demonstrating that if the structures are left to the antagonism between a local community and a proposal, rather than starting off with the full engagement of the local community, the events that he is describing are almost inevitable?

Mr. Jones: Of course I am making that case. That was the whole point of giving the example.

The fact is that local people were disempowered by the planning procedure. My point is that it is necessary for the Government to be far more sensitive to the concerns of local people, and to that extent I agree entirely with what the right hon. Gentleman is saying. If local communities want small-scale wind farms that are appropriate to their needs, they should have them.

The problem is that the thrust of Government policy at present is to impose schemes on local communities in complete disregard of often quite proper objections. If more and more wind farms are to be developed, it is necessary for the Government to be more and more sensitive to the concerns of local people. I hope that in the wake of the energy review, the Government will develop procedures that will allow them to be far more responsive to the concerns of local people.

The notice process has caused extreme concern in my constituency. An application was made some years ago by Celtic Offshore Wind for the development of a wind farm at a location that was described as being on the Rhyl flats. The Rhyl flats is an area that is identified on Admiralty charts. As one might imagine, it is off the coast at the town of Rhyl. *[Interruption.]* Yes, the right hon. Gentleman for Cardiff, South and Penarth may laugh, but the point of the story is that consent was granted, and when local residents carried out further investigations it turned out that the wind farm was not cited on the Rhyl flats at all but on another area of sea called the Constable bank, which is about 10 miles to the west of the town of Rhos-on-Sea. One wonders why the developers applied the description of Rhyl flats to the wind farm when it was not on the Rhyl flats but on a totally different maritime feature. Those of a less

[Mr. David Jones]

charitable disposition might suggest that they did that because they anticipated far less opposition from the townspeople of Rhyl than from the extremely articulate people of Rhos-on-Sea.

The Government should take steps to ensure that the planning and consent process is as transparent as possible, that a clear indication is given in statutory notices of the proposed location of wind farms and that pain is not caused to people such as those in Rhos-on-Sea in my constituency, who woke up one morning to be told that a wind farm was to be placed there and not, as they thought, on the area of seabed known as the Rhyl flats. One can imagine their concern. I invite the Minister to address that matter. I have raised it with him previously, but it is important to raise it again.

To summarise, I support the right hon. Member for Cardiff, South and Penarth and believe that communities should be empowered and should have a voice. I believe that they should have a wind farm if they want one, but the Government have a positive duty to ensure that their voices are heard and not ignored when large-scale industrial wind farms are to be imposed on communities.

10.5 am

Mr. Elliot Morley (Scunthorpe) (Lab): It is a great pleasure to follow my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael). We have been co-operating on a range of issues for 19 years in this House, both in and out of Government. He has always been a great campaigner for the co-operative movement, and he made a powerful and articulate case for how co-operative principles can be used to empower communities and give them real involvement in sustainable development, recognising the three key strands of social, economic and environmental development.

This is an urgent issue. We hear of opposition to wind farms and, as discussed in the contribution of the hon. Member for Clwyd, West (Mr. Jones), the need for more support for tidal energy. Indeed, there ought to be more support for all forms of renewables. That was made clear in the very good statement that we heard yesterday on the energy review in which my hon. Friend the Minister was involved.

However, the fact remains that wind is one of this country's most important resources. As my right hon. Friend the Member for Cardiff, South and Penarth stated, we have the best wind resources in the whole of Europe, and it would not make any sense not to utilise and benefit from them. That means that it is inevitable that there will be many applications for wind farms and wind turbines.

We must harness that resource. Of course, it needs to be done appropriately, and we must take into account the legitimate concerns of communities, but the hon. Member for Clwyd, West was wrong when he said that wind farms are inefficient. This debate is not particularly about advocating the benefits or otherwise of wind farms but about co-operative ownership and how we take issues forward.

The Sustainable Development Commission produced an excellent report on renewables. It exploded some of the myths and made it clear that wind generation is, in fact, one of the cheapest and most efficient forms of energy in this country. The hon. Gentleman said that wind farms are about 35 per cent. efficient. The fact is that a coal-burning station is only 30 per cent. efficient—there is a lack of efficiency in these things—and wind comes out very well when one takes into account that it is part of the national grid, as my hon. Friend the Member for Southampton, Test (Dr. Whitehead) rightly pointed out.

Mr. Jones: Will the hon. Gentleman concede that nuclear power stations are approximately 95 per cent. efficient?

Mr. Morley: No, I would not concede that. I would ask the hon. Gentleman to review the record of output of nuclear power stations, which is nothing like 90 per cent. They spend a lot of time down for maintenance, repair and sometimes because of breakdown. It is not the case that they achieve 90 per cent. efficiency—the figure does not exist. I strongly recommend that the hon. Gentleman reads the SDC report, as it evaluates all forms of energy and considers efficiency ratings and such issues.

Onshore and offshore wind energy can make a substantial contribution to this country's energy needs. In fact, the proposed London Array in itself—just one offshore wind farm—will account for about 1 per cent. of the electricity supply in this country and will meet the whole of London's needs. Such significant investments can make a significant contribution.

The hon. Gentleman also missed what was said in the energy review and the comments yesterday, in that the Government have already said that they are willing to review the concept of banding for renewables obligation certificates. I very much welcome that, and there might well be an argument for a higher rate for offshore wind, as opposed to onshore wind, because it is more expensive to develop offshore. There might well also be an argument for a higher rate for tidal energy, which, like wind and other forms of energy, is on the threshold of commercialisation. I very much welcome the Government's announcement in that regard, because that is absolutely the right way forward.

There has been a lot of debate recently about political consensus, and that is particularly true of climate change, which is the overriding environmental threat that we face this century. There is a real urgency about the need to combat climate change, because the latest science that we have available—much of it has come from UK scientific institutions—suggests that the effects of climate change are worse, and are being seen faster, than was originally envisaged. Several eminent scientists argue that we are in danger of reaching a tipping point and that if the concentration of greenhouse gases goes beyond a certain level, the problem may take a century to rectify. The longer that process goes on, the higher the concentrations will be and the more difficult and expensive it will be to rectify the problem. The consensus is that it will take about a decade to make a real difference to global warming and climate change globally. I certainly accept that and very much worry about it.

There are also planning issues, as my right hon. Friend mentioned. As all Members of Parliament and elected councillors know, planning issues and

arguments are complex. The nimby syndrome is well understood, but we have moved on from it and towards the banana syndrome, with people saying that we should build absolutely nothing anywhere near anything. That has become an established principle, which applies whether we are talking about a bus stop or a nuclear power station. That is a problem, and we cannot ignore people's concerns, but there is an argument for looking at the planning system and making it more streamlined, responsive and relevant to today's needs. I welcome the Government's announcement that they will do that. It is not only that there is an issue about nuclear power stations, which are a completely separate matter; it is that the planning system and the planning process need examining.

I am not saying that people do not occasionally have valid reasons for objecting to wind farms, for example. Indeed, several high-profile applications have been turned down at the planning stage, because the case that local people have made has been accepted. I do not know the details of the case in Wales, although I do know that the Welsh Assembly Committee, to which the hon. Member for Clwyd, West referred, is an all-party committee. It is part of the democratic process, and I assume that, on balance, it thought that the arguments, including the inspector's input, showed that there was still a case for the wind farm in question. That is the nature of democracy and the planning system. To be blunt, many people object to any sort of change because they worry about the impact that it might have on the price of their houses—that is the big motivator for many of the objections. However, the Royal Institution of Chartered Surveyors found that although wind farms might have a short-term impact, they have no impact in the longer term, and people should understand that.

The hon. Gentleman is wrong about public opinion. When people are asked whether they support wind farms, the polling evidence shows that there is about 70 to 80 per cent. approval for them, so support is actually quite high. That brings me back to the idea of political consensus. Whenever there is an application, it is very depressing to see pressure being put on Members of Parliament of all parties, who feel an obligation to campaign on behalf of local residents, although that is, of course, part of the democratic process. During the general election, however, I noticed that the Conservative candidate in a neighbouring constituency, where there are quite a number of applications, spent nearly his whole time campaigning against wind farms—not that it did him much good. That suggests that although people close to the sites of proposed wind farms might be concerned, people overall have a much more mature and balanced outlook on the role of wind in our energy mix.

I strongly support the thrust of the argument of my right hon. Friend the Member for Cardiff South and Penarth because giving people a stake in wind farms will empower and involve them, and it is part of allowing them to make a practical contribution to combating climate change. I welcome the work that Energy4All has done on the issue. As my right hon. Friend said, I opened the wind turbine on the roof of the Co-operative Insurance Society building in Manchester, and I should like to see many more tower blocks and office blocks using microgeneration, which lends itself well to such developments and is not at all obtrusive—indeed, it looks quite good. Even factories in industrial areas have undertaken such developments, and Nissan, for example, has a wind farm on its factory site in Sunderland. I am keen to see more of that, and Corus has been talking about undertaking such a development at its site on Teesside. Urban and industrial environments are good places for on-site wind turbines that contribute to the factory's electricity demands.

The issue on which I want to concentrate, however, is how the Government can assist the development of co-operative wind farms. I strongly endorse my right hon. Friend's comment that it is not a question of asking for more subsidies or additional funding for developments. People need information about how they can become involved in developments. they need empowering so that they can get involved and they need the technical support and finance. The idea of a revolving fund is a good one, which the Treasury and the Department of Trade and Industry well recognise, and there is a strong argument for having such a fund.

To return to my original point, the great beauty of co-operative wind farms is that they address the core of sustainability. There is the social strand of sustainability, because people are brought together and empowered. There is community involvement and there has been great enthusiasm for such schemes where they have been implemented. There is also the economic strand, because people gain some economic benefit from such developments in their own communities. Of course, there has always been a benefit to landowners. Wind farms have always been quite a good deal for landowners and have been very popular with them, but it is nice that communities should be involved, too, and I am strongly in favour of that. Of course, there is also the environmental strand, because wind farms are zero-emission forms of renewable energy. We must have more of those forms of energy because we must reduce emissions in our own country.

We must demonstrate that, as the fourth richest country in the world and an advanced industrial economy, we can move to a low-carbon economy without damaging our economic growth, our gross domestic product or our communities. Indeed, I think that we are demonstrating that. We have always been a leader in many aspects of technology and science, and there is no reason why we cannot be a leader in renewable energy and catch up with countries such as Germany, Denmark, Spain and even the United States, which has invested significantly in renewables. We have an advantage because of our wind resources and our science and technology, and because many communities are well organised and have strong community leadership. All we need is a little extra help from the Government on how to tap into the benefits and take forward this form of co-operative development. That will bring about the benefits that my right hon. Friend so powerfully outlined—the benefits to our communities and our economy in terms of the overall issue of combating climate change.

10.18 am

Dr. Alan Whitehead (Southampton, Test) (Lab): I should like briefly to add one dimension to the excellent debate that we have had about the merits of

[Dr. Alan Whitehead]

community wind farms and community energy in general. The Government's energy review, which came out yesterday, and the provisional results of the energy review conducted by the Opposition both mention the future merits of distributive generation at considerable length.

Distributed generation is not just about introducing into our energy mix a substantial element of generation within homes, in addition to generation from big power sources. Certainly, the discussion about distributed generation has been concentrated on wind turbines on houses. I was delighted to hear about the progress of the wind turbine on the house of my hon. Friend the Minister, tiles permitting. Discussion has tended to concentrate on the fact that distributed generation is based on the idea that wind turbines on houses, combined heat and power boilers in houses, solar thermal equipment and solar photovoltaics on roofs can override the energy requirement in a house and produce distributed energy for use in the home—and perhaps export some energy from the home to the grid, if it is not immediately used.

A substantial element, as I am sure my right hon. Friend will agree, is the contribution that will be possible in the future from generating programmes that are neither large energy nor domestically-based sources, but community-sized energy plants. The great advantage of community-sized energy plants, both in relation to wind farms and other forms of generation, is that, as my right hon. Friend says, they are owned, promoted and progressed by local communities, and those communities, ideally, receive the benefit not only of ownership of the community energy plant but of its output. Where possible, those community energy plants can be based on what might be called a private wire system, whereby on a community basis the output of the plant overrides national grid input and provides the community with power at local level. The advantage of that, as has been mentioned in the debate, relates to the losses that occur with big power. I see that the hon. Member for Cheltenham (Martin Horwood) has the very informative Department of Trade and Industry multicoloured chart before him, which sets out exactly the losses that occur in conventional power stations between fuel in and power out. I believe that the figure is something like 63 or 64 per cent. in conventional power stations, and that a further 6 to 7 per cent. is lost in transmission from those power stations to the home.

A very large percentage of the fuel going in to what might be called traditional big power is lost even before it has reached the transmission cables; there is certainly also a loss in the transmission cables. That is not so for community energy. The power is produced locally. In the case of wind farms, 100 per cent. of the fuel in is converted to power out. Other forms of local generation are not quite as efficient, but local combined heat and power generation can be 70 to 80 per cent. effective with respect to those inputs and outputs. The distribution losses are also avoided.

I have an interest to declare, because I am an unpaid director of a community energy company in Southampton, Solent Sustainable Energy Ltd., which will be providing combined heat and power. It will serve more than 3,000 homes, as far as heating is concerned, and will provide electricity output, based on a community power station. There are different forms of community energy plant, including wind farms, power stations and other forms of community energy management. It is interesting to see that where such principles have been applied on a widespread basis, through the use of plants of the type I have mentioned in public and buildings and elsewhere, in the borough of Woking, a reduction of about 77 per cent. in carbon dioxide emissions has been achieved.

Mr. Alan Duncan (Rutland and Melton) (Con): Simply out of curiosity, I wonder whether the combined heat and power project that the hon. Gentleman is involved in is powered by gas. What does he estimate to be the improvements in efficiency and lower carbon emissions?

Dr. Whitehead: The proposal is that the plant will be renewable oil-fired, using either rapeseed oil or sustainable palm oil—bio-oil—and will therefore be effectively carbon neutral. That underlines the point that I want to make, which is that some community energy plants, whether they use wind, biomass or biofuel, have two advantages. First, they are effectively carbon neutral, and, secondly, they offset all the losses that are well documented from the way in which big power transmits the fuel that it uses into the homes that it powers.

There is a substantial future for community-level energy plants. I take note of the proposals in the energy review about the renewables obligation. I hope that the banding arrangements suggested in the review will take into account the banding that would be advantageous to the development of such community energy plants. In the Climate Change and Sustainable Energy Act 2006 there is a substantial element of additional encouragement for the development of community energy plants, and the future therefore seems bright for community ownership and development of such plants. I take the point made by the hon. Member for Clwyd, West (Mr. Jones) that that should, of course, be done on the basis of proper consultation and planning arrangements, and that certain forms of energy are not always appropriate in all circumstances or in all locations. However, the fundamental point is right: given that caveat, community energy can play a substantial role in the energy mix and, indeed, in making the energy future as close to carbon neutral as we can.

Sir Nicholas Winterton (in the Chair): Before I call the Liberal Democrat spokesman may I give Members some guidance? It is an important debate and I should like the Minister to have adequate time to reply at length and in detail to the points raised on both sides of the Chamber. Her Majesty's Opposition spokesman has told me that he does not intend to take the full time allocated to him, and I hope that the Liberal Democrat spokesman will similarly use his discretion so that we can have a full response.

10.28 am

Martin Horwood (Cheltenham) (LD): I shall endeavour to use fewer than my 10 minutes, Sir Nicholas, but I have important questions for the Minister. I congratulate

the right hon. Member for Cardiff, South and Penarth (Alun Michael), not only on securing the debate but on his eloquent and passionate advocacy of wind power and on the community and co-operative principle of involvement in wind-powered generation in particular. I also congratulate his hon. Friends on their equally eloquent and passionate speeches. I particularly pay tribute to the hon. Member for Scunthorpe (Mr. Morley) for the formidable example that he sets to the new Minister, by his record and his commitment to renewable energy.

One of the most important points made by the right hon. Member for Cardiff, South and Penarth was that wind energy is not always equivalent to large-scale wind farms, and that household microgeneration and small-scale community generation are enormously important. He paid tribute in particular to community and co-operatively owned initiatives. I join him in celebrating them; the potential of the co-operative principle is generally neglected in our society, but its application is valuable in wind energy, and also in biofuels and solar power. I know of examples of a community-based approach delivering small-scale energy generation, which, as has been mentioned, is enormously more efficient than energy generation based in large-scale power stations.

The hon. Member for Clwyd, West (Mr. Jones) is, I think, in something of a minority in his approach, which seemed not so much nimbyist as showing a psychological aversion to wind power. The Tyndall centre recently quoted a poll as showing strong public support for wind power running at 81 per cent. Of the remaining 19 per cent., 14 per cent. still slightly support wind power. I suspect that the hon. Gentleman falls into the "strongly against" category, which is 1 per cent. of the population, so he is in a small minority.

I also disagree with the hon. Gentleman about the aesthetics of wind turbines. Last year I was the guest of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) in his constituency, where we admired the beautiful offshore wind turbines. Going to the lengths of criticising wind turbines on—to use the hon. Gentleman's phrase—open seascape is taking nimbyism to the extreme.

Mr. David Jones: Is the hon. Gentleman suggesting that there are no seascapes in this country that ought to be protected?

Alun Michael: Of course not.

Martin Horwood: The right hon. Gentleman took the words right out of my mouth. However, where appropriate wind turbines can be an attractive addition to the landscape. I would happily see more of them in Gloucestershire and am happy to go on the record as saying that. The hon. Member for Clwyd, West said that tidal power was less intrusive. It is true that all renewable energy must be approached sensitively, but I suspect that a tidal barrage across the Severn estuary might be a lot more intrusive than wind turbines in the local area.

There are issues with wind power. On a large scale, community consent is overwhelmingly the most important issue. The onus is on companies that are developing wind power and large-scale wind farms not to attempt to ride roughshod over local feelings, but to consult and involve local people wherever possible. As the right hon. Member for Cardiff, South and Penarth said, however, we now have an opportunity to move beyond consultation and into involvement, and to see a policy shift that supports and empowers community ownership and involvement in smaller-scale generation. I would be interested to hear the Minister's comments on that. The hon. Member for Southampton, Test (Dr. Whitehead) mentioned the good example of Woking district council, where a partly community-owned company has been instrumental in achieving a radical shift in the reduction of CO_2 emissions.

There are concerns about small-scale generation too. I note that even the Energy Saving Trust has sounded a few alarm bells, particularly about the performance and reliability of some of the products that are being rushed to market. Kirk Archibald of the trust is quoted in *The Observer* on 25 June as saying:

> "There's a lack of independent, verifiable evidence to support the performance claims of turbines attached to buildings...There's been a lot of hype and a lot of interest".

The right hon. Member for Witney (Mr. Cameron) has rightly contributed to that a little bit, but we could face a situation in which wind turbines are rolled out but do not work. One consultant is quoted in the same article as saying:

> "We found the performance of them is on average between 10 and 25 per cent. of what the manufacturers are claiming."

That is a cause for concern, because we want microgeneration but we want it to be as efficient as the manufacturers claim. We want the same regulation that applies to solar panels to be as tough on wind turbine manufacturers, so that they do not exploit people's good intentions.

More worrying is a warning about the lateral thrust of turbines, which, as I am sure hon. Members know, threatens any large chimney. Indeed, it is said that a Victorian chimney stack in a high wind would be more than sufficient to topple a turbine. The right hon. Gentleman might want to check that the lateral thrust on his wind turbine is not going to topple his Victorian chimney. If his neighbours are upset now, they will be even more upset if that happens.

There are obstacles to be tackled and overcome, but climate change is on a wholly different scale. It fundamentally threatens our way of life and our economy, and the welfare and well-being not only of ourselves but of people in many parts of the world. It is important that the Government continue their commitment to renewable energy.

I welcomed many of the things in the Government's energy review yesterday, such as the increase in the renewable obligations certificates, although there are questions. I probably do not have time to discuss the matter fully now, bearing in mind your remarks, Sir Nicholas, but the British Wind Energy Association and others have expressed concern that in supporting other renewables through the renewable obligation we should not undermine support for onshore wind, simply because the others become more economic in the process.

Other areas of policy that can support wind energy also need to be addressed, but as far as I can see they have not been addressed in the energy review. One is the code for sustainable buildings, which currently does not

[Martin Horwood]

support microgeneration explicitly and which is not even compulsory in the energy efficiency measures that it supports. I would like the code to become compulsory for new buildings and for an element of compulsion to be included in microgeneration, so that perhaps all new buildings could contribute to it.

Last October, the Government's chief scientist called for support to be given for hydrogen fuel cell technology, which is one way in which wind power might contribute to the energy of the country without the problems of intermittence to which the hon. Member for Clwyd, West referred. The Government's chief scientist was quoted as saying that Government bodies, industry, academia and other interests must work much closer together to push the technology into the mass market. I would be grateful to hear the Minister's comments on the progress that is being made with that.

There is the issue of grants for microgeneration. In parliamentary answers to me, the Minister said that the "Clear skies" programme ran for more than three years and had a budget of £13.25 million for household microgeneration. Unfortunately, however, the household element of the new low-carbon buildings fund—which covers more than households—amounts to only £6.5 million over three years. That sounds like a halving of the budget for grants for household microgeneration, but I would be grateful for the Minister's clarification on that.

There is also the issue of nuclear power. As the hon. Member for Southampton, Test implied—but perhaps did not spell out—the mere idea of supporting the large-scale new development of nuclear power runs counter to the idea of a decentralised and more efficient energy generation system. More localised and distributed generation will be more efficient, but the Government's policy towards nuclear might undermine support for community generation.

There are many positives to be taken, however. I absolutely applaud the remarks that the right hon. Member for Cardiff, South and Penarth made about community and co-operatively-owned wind generation. I hope that the Minister will take those remarks on board, but there are other policy questions to be asked as well.

10.38 am

Mr. Alan Duncan (Rutland and Melton) (Con): All of us offer our thanks to the right hon. Member for Cardiff, South and Penarth (Alun Michael) for initiating this debate, in which I hope there can be a lot of cross-party agreement about what we are trying to achieve for our country and for our planet.

Renewable energy technology is vital to the low-carbon energy future that we must achieve. Onshore wind is currently the most economically viable renewable in the UK market and provides more than 2 per cent. of our national electricity demand—the most of any single renewable technology—yet many other technologies and carbon-neutral approaches are being neglected in comparison. Wave technology has shown great potential, growth in photovoltaic cells is faster than ever before, geothermal boreholes have the potential to decrease household energy consumption by up to 60 per cent. and we all know the list of other options, such as biomass, tidal and offshore wind.

Yesterday the Government launched their energy review. I take this opportunity to congratulate the Minister on having behind him a worthy and hard-working civil service team, without which I imagine that his efforts would perhaps have been as desperate as ours—I have had to manage with one person and the office cat. We all need to reflect on the stalwart qualities of the British Governmental apparatus in doing all that hard work.

We are delighted that the Government have agreed with us and appreciated the need to reform the renewables obligation, because that instrument is important in promoting a wide range of renewable sources. We welcome political consensus on this proposal.

In 1997, the Prime Minister promised to put the environment at the top of the agenda, but since then we have had nine years, six energy Ministers, three energy reviews and our carbon emissions have increased. I am told—it is worth checking—that we have the lowest level of renewable power in Europe, except for Malta. Britain cannot be proud of that track record.

We want action across the political divide. Our policy is to try to spark a green revolution, but we need to consider the regime of incentives governing this sector. We want a long-term carbon-pricing regime, which will give incentives for all forms of renewable technology so they can compete against traditional fossil fuels and thereby flourish. We need reform of the renewables obligation to create the required incentives for renewable energy, generally.

Wind is only one of a number of technologies that we need to help us target carbon. The Carbon Trust published a report on Monday that damned the current renewables obligation; it said:

> "Without additional support for offshore wind (and other renewable technology), the development of offshore wind (and other renewable technology) installations at scale in the UK will be held back; the UK renewable energy targets will be missed by a wide margin, carbon reduction targets will be harder to meet and an opportunity for renewable energy to become a meaningful component of the UK's energy mix may pass".

The problem is that the renewables obligation in its present form—in respect of which the Government said yesterday that there would be no changes before 2009-10—provides a significant incentive for building wind farms at the expense of other renewable technologies. The renewables obligation does not do enough to incentivise photovoltaic, geothermal, wave and tidal technologies, and it does not do very much to stimulate research into technologies that are still at the experimental or prototype stage. Put simply, the renewables obligation is the reason why there are so many applications to build wind farms throughout the country. In some senses, that is a good thing, but it is a bit of a one-card trick. Given the proliferation of applications for ever-larger wind farms—illustrated by my hon. Friend the Member for Clwyd, West (Mr. Jones)—a level of local opposition is understandable.

Alun Michael: The thrust of the debate has been that local opposition is not inevitable if the local community is empowered and does not see it as something that is done to them.

Mr. Duncan: It is inevitable and recurrent, but it may be overcome. At the moment there is a stand-off between the renewables obligation pushing for these things and much popular opinion that is wary of them arriving on their doorstep, but there is no proper mechanism for marrying the two positions in a way that can engage people in a proper, effective democratic process. That situation is illustrated by the difference of opinion in the Chamber today. If the issue were considered and people were taken to see the sites, there might be far less disagreement, but the trouble is that that is not happening.

Once people think that a wind farm might be located on a beauty spot, they immediately resile from ever thinking that it might be all right. That is what this debate is all about. It is not a simple them and us, nimby/banana debate. People have fixed views and are either fervently for or against wind farms. There is a lot of misunderstanding, as is the case in so many areas of politics, life and everything on this planet. Wind farms are a classic case of people wanting to protect beauty spots and thinking that they cannot contribute, but not knowing how to overcome their suspicions. We have further steps to take if we are to address this matter properly. Wind has a part to play in a low-carbon energy future, but over-reliance on it is the wrong way forward and it may not be letting other technologies get a fair look-in.

Changes to the renewables obligation are long overdue; we have been calling for them since the last election. Although we have often been criticised by the Government, they are now going to change things, which is good. Their suggestion yesterday about creating bands within the renewables obligation could be a part of the answer, but we should like to see those implemented before 2009-10, unless there is clear evidence that they will damage investment risk and decisions that are currently being undertaken or are in the planning stage. The Government have to be careful not to introduce new distortions when creating bands. It is not easy, but we should always fly a warning flag on Government intervention of this sort, because their action often has unforeseen consequences. It should be the responsibility of the Government not to pick the mix, but to create the right framework and the right incentives.

I do not share Sir Bernard Ingham's view that windmills are all spin and no substance; that jibe may be mythological, but it sounds like him. They are good in the right place and are emissions-benign, but, depending on people's views, they are either visually intrusive or attractive. Divided opinion on this matter rests on an aesthetic argument and a subjective judgment. I used not to like the things, but quite near my constituency there is a 10 turbine farm near Kettering, which, with better technology, is rotating more slowly and is very elegant and beautiful because it is in the right place. Ultimately, it is a matter of where these things are and whether the people who live near or around them find them palatable or unpalatable.

Whether it is a matter of love or hate, nimby or banana, or whatever, the argument is about scale and place, in trying to get the balance right, we face a social and political challenge. I hope that, in terms of financial incentives and the planning process, we can in the decades ahead ensure that we get it right and let such sources play a part in a low-carbon energy future.

10.46 am

The Minister for Energy (Malcolm Wicks): This has been an important and timely debate, following the publication of the energy review yesterday. We have to thank my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) for securing the debate.

My starting point is that wind is a renewable, clean source of energy that is in plentiful supply in this country. The idea of harnessing the power of the wind is hardly new; in fact, it is pre-industrial. The presence of windmills throughout the UK, some hundreds of years old, is testament to that. I have no idea whether in those far-away days Conservative Members of Parliament were tilting at windmills. With the occasional exception today, we have heard a number of powerful speeches in favour not just of the principle of wind energy, but of the practice. I do not know whether that is a widespread view.

We are talking not only about windmills, but the cutting edge of electricity generation technology. The Government recognise that wind farm developments have an important part to play in our energy mix, both in the wider context of maintaining the security of our energy supplies—which is important as a form of home-grown energy at a time of potentially large energy imports to this country over the coming decades—and in reducing greenhouse gas emissions.

Wales is already making a welcome contribution to renewable energy targets: almost 25 per cent. of total UK onshore wind farm generating capacity is located there. North Hoyle, our first large-scale wind farm to generate electricity offshore, has been operating successfully for more than two years.

We need to put this debate in the context of climate change, as several hon. Members have done, not least my hon. Friend the Member for Scunthorpe (Mr. Morley), whose expertise in this area we value. A report published earlier this year, "Avoiding dangerous climate change", concluded that the risk of climate change is probably even greater than we thought, but it also showed that much can be done to avoid the worst effects of climate change. The report suggests that a rise of just 2° C will be enough to cause a tripling of poor harvests in Europe and Russia, large-scale displacement of people in north Africa due to desertification and could leave up to 2.8 billion people at risk of water shortage.

Other evidence shows that this is not just theory. Global warming is having a debilitating impact on many people at the moment in the form of rising levels of children dying from malaria and diarrhoea, as a recent World Health Organisation report showed. The effects could also include the total loss of summer arctic sea ice, causing the potential extinction of the polar bear and the walrus in future.

Action now could help to avert the worst effects of climate change, but we should not underestimate the scale of the task. Since 1990, global emissions of carbon dioxide alone have risen by 20 per cent. The UK, however, is making progress. We are ahead of our

[Malcolm Wicks]

Kyoto target, with estimates showing that carbon dioxide emissions will be between 15 and 18 per cent. below 1990 levels by 2010. At the same time, our economy has seen a 24 per cent. increase in gross domestic product since 1997. Our experience shows that decarbonisation need not damage economic growth, although we obviously need to go further, improving that important hypothesis. We have set an aim of a 60 per cent. reduction in carbon emissions by 2050. Nothing less than a radical change in how we generate and use energy will be needed, and renewable energy can help to deliver that.

Let me comment more specifically on wind energy. We have set a target to supply 10 per cent. of our electricity from renewable sources by 2010, and we expect the largest contribution up to 2010 to come from wind, both onshore and offshore. Currently, wind is one of the most economic renewable technologies, which is why it is doing so well. Last year, we saw more than 440 MW of new wind capacity built—356 MW onshore and 90 MW offshore—which is a record so far. A further 479 MW is under construction, including the 90 MW Barrow offshore wind farm, which is due to be commissioned next month. If we meet our 10 per cent. target, we will save 2.5 million tonnes of carbon a year by 2010, based on 1990 levels if the equivalent had been generated from gas. That is why it is important that we take action now and why wind is key in tackling the problem of climate change.

Yesterday, the energy review was published and the Government announced that we were making changes to the way in which we support renewable energy, to help us to go further and faster. The renewables obligation has been very successful so far in driving renewable generation. That has more than doubled in the four years since the introduction of the obligation. The cheapest renewable technologies, such as onshore wind and landfill gas, have done well under the obligation, but there is still a lot of potential in that respect that we want to tap. However, those technologies can take us only so far. There are only so many landfill sites and suitably windy sites for wind farms onshore.

To achieve the step change, we will need to go beyond 10 per cent. renewables and get towards our 20 per cent. aspiration. We will also need emerging technologies, especially offshore wind, to do more, but those emerging technologies are not yet really taking off, because of their cost. As a result, the Government announced yesterday two major changes to strengthen and widen the impact of the renewables obligation. First, we shall extend the obligation up to 20 per cent. renewables. We shall not do that in fixed steps, as we do up to 15 per cent. Instead, we shall raise the obligation only when that is justified by growth in renewables.

Secondly, we shall consult on banding the renewables obligation—that is, providing greater support for emerging technologies and less for established ones. The hon. Member for Clwyd, West (Mr. Jones) called for that, and we responded yesterday to that request. In doing that, we will protect existing investments where possible, to maintain investor confidence in the renewables obligation.

Martin Horwood: Does the Minister share the concerns of the British Wind Energy Association expressed in response to the review? It said yesterday:

"It is in no one's interest for development of the most cost effective renewable energy technology to be hindered by policy changes."

Malcolm Wicks: I am sure that we shall hear a range of views from those with an interest. All I will say is that we will consult. We have set out the principles of where we want to move to. That will require primary and secondary legislation and will take several years. That is the answer to the question about why we cannot move quicker.

We need also to ensure that we manage the burden on electricity consumers. Prices have increased significantly in the past year. We need to ensure that our package does not hit consumers even harder. That is why we are freezing the buy-out price in 2015.

Alun Michael: Will my hon. Friend give way?

Malcolm Wicks: I will briefly, but I want to answer the points that have been made.

Alun Michael: I am very interested in the wider aspects that the Minister is covering and they are very important, but the central thrust of the debate is about the potential for community empowerment also to make a contribution to the objectives. I hope that he will come to that in the final five minutes.

Malcolm Wicks: I had better not say that that intervention has delayed me by 20 seconds in getting there, because that would be ungracious, but I do want to make that point. Indeed, I was about to say that my right hon. Friend, through his commitment to co-operation, has brought the spirit of Robert Owen to the debate. I share his analysis and values: if communities feel that outsiders are coming in and wanting to do things to the community, it is more likely that the community will be hostile. If the community can be involved in a range of ways, it is more likely that projects will be encouraged.

The Renewables Advisory Board commissioned a study in 2005 entitled "Community Benefits from Wind Power: A study of UK practice and comparison with leading European Countries". It concluded that

"overseas evidence points to a need to make meaningful community benefits more routine and systematic in UK wind power projects if future rates of deployment are to grow."

Following that report's recommendations, a further three pieces of work have been commissioned by the Renewables Advisory Board. The first piece of work is on community benefits from wind power development. The second is on public engagement protocols for wind power projects, and the third is on bankable models for community ownership of wind farms. I am pleased that that work is being undertaken. I want to see what developments we can help to encourage and facilitate in the months to come. I am happy to talk to my right hon. Friend about that more informally.

We also have a community renewables initiative, and although that applies only to England, it is for the National Assembly to consider similar support in

Wales. I am pleased that the initiative has been sustained; indeed, in March the Government announced more than £400,000 of additional funding for the initiative. My hon. Friend the Member for Scunthorpe was instrumental in helping to deliver that. So far, the initiative has helped 91 community renewable energy projects, and 294 projects are also nearing completion, so it is an important initiative.

I should also mention the low carbon buildings programme, because we now have some £80 million to spend on microgeneration. That will enable us, in different community buildings, not least schools, to bring some of the ideas about co-operation and community to life. Only yesterday, I was at the Ashburton learning village, which involves a community school in my borough of Croydon. There is the most fantastic array of photovoltaics on the new building. It was a delight to hear the young students and teachers telling me how they are learning about energy and the environment through using renewables in their school.

My right hon. Friend the Member for Cardiff, South and Penarth and other colleagues will see that in the energy review we talk about the importance of distributed energy. We say that we will investigate

"the potential of distributed energy as a long-term alternative or supplement"

to our current highly centralised system. There is much in the review to encourage my right hon. Friend. I am interested in the themes that he introduces. It is important, when developments affect communities, that the communities are on board in one or different ways. Where there can be community ownership, I would welcome that.

I again congratulate my right hon. Friend and all other contributors to what has been a useful debate. I am interested in the themes of co-operation and community involvement and I hope that we can discuss that in the future both formally, in the Chamber, and more informally with colleagues.

Allan Bennett

11 am

Mr. Eric Illsley (Barnsley, Central) (Lab): I am grateful for the opportunity to bring up the case of my constituent, Mr. Allan Bennett. He is a 67-year-old former social worker who was convicted in 2003 of offences against children in his care that were alleged to have occurred between 1978 and 1981. I believe that my constituent did not receive a fair trial and that his treatment since he has been incarcerated in Frankland prison amounts to nothing short of harassment. I hope that my hon. Friend the Minister will consider some of the points that I make and look at how my constituent is being treated in prison. I realise that my hon. Friend has no responsibility for the courts and the legal service, but by way of background I would like to say a few words about how my constituent came to be in this predicament.

Mr. Bennett was convicted on the evidence of two individuals who have both since claimed and been paid compensation, so there was a financial incentive for them to make the allegations. He was convicted on evidence that was obtained under the police trawling system that was prevalent at that time, whereby individuals were offered compensation in return for making allegations against people in care homes. I do not condone any sort of criminal activity in care homes, but I feel that my constituent has had a poor deal.

My constituent's first barrister committed suicide. His second barrister, in whom he had great confidence, decided two weeks before the trial that he could not take the case further, because he was involved in another case which he thought might overrun. His third barrister took on the case at two weeks' notice, and was refused an adjournment by the trial judge, despite the fact that evidence was introduced one and a half hours before the trial began. Needless to say, Mr. Bennett was convicted. He has since been imprisoned at Frankland prison as a category B prisoner. He is a 67-year-old pensioner, and he is incarcerated in a high-security prison.

Mr. Bennett received a sentence of 11 years for offences that were alleged to have occurred 20 years ago, for which there was no corroborative evidence. He was convicted on the word of his two accusers. In those circumstances, such a sentence beggars belief. It was reduced to eight years on appeal, but when one considers sentencing policy today, which as my hon. Friend knows is the subject of huge debate, especially in relation to foreign prisoners, asylum seekers and illegal immigrants, one must question why a British citizen—even if he did commit those crimes; he will contest his convictions to his dying day—should be sentenced to 11 years by a judge after a trial in which he was legally represented by a barrister for only two weeks. That seems rather strange.

During his time in prison, my constituent has been subjected to—shall we say—unusual treatment. My hon. Friend knows that I have raised the issue of the search and visitors regimes at Frankland prison, because I have written to him about them. I have received letters from both the head of resettlement at the prison and my hon. Friend about the matter.

[Mr. Eric Illsley]

I asked the prison governor whether my constituent should be kept in high-security conditions as a category B prisoner at the age of 67. The letter of reply of 21 June from the head of resettlement states:

"Although this sentence was reduced to 8 years on appeal, the offences were considered extremely serious and a serious breach of trust because the victims were both known to him as a result of his employment in residential social work. One offence of buggery was against a boy in his care as Assistant Principal of an Assessment Centre. The other offence of buggery and indecent assault was brought by a man who had been in the Children's Home of which Mr Bennett was Deputy Officer in Charge in the mid 1970s and with whom he had remained in contact throughout his life."

In fact, the reverse is the case. Mr. Bennett had not remained in contact with that man throughout his life; the man had remained in contact with Mr. Bennett. Mr. Bennett and his wife were guests at the man's first wedding. When that marriage collapsed, the man formed another relationship and married again, in Suffolk. At that wedding, Mr. Bennett was introduced as his surrogate father. When that marriage collapsed, the man came to Mr. Bennett time and again to seek advice and assistance.

When the first allegations against Mr. Bennett were made by the first individual, he went to the man with whom he had remained in contact throughout his life to ask for a character reference to put before the court. He sought that man out to stand as a witness at his trial. When Mr. Bennett refused to pay him the £5,000 loan for which he asked and to provide him with a character reference to persuade the immigration authorities to allow his new girlfriend to enter the country, he refused to be a character witness for Mr. Bennett and then made allegations against him. That shows how big a travesty of justice this case has been, and it is one example of how people in this country are treated by our legal system.

Compared with some of the sentences that are given out these days, it is incredible that a man of 67 can be sentenced to 11 years in a high-security prison. Murderers do not get 11 years these days; anyone committing murder these days will be out on the streets well before 11 years is up. My constituent refuses to admit his guilt—his religious convictions preclude him from admitting to offences that he did not commit—so he will not qualify for parole and will have to serve the full length of his sentence. I ask my hon. Friend the Minister why is my constituent in high-security conditions? Why is he—a 67-year-old who poses no threat to anybody—in HMP Frankland as a category B prisoner?

Since my constituent has been incarcerated, he has not been entitled to receive his pension. Therefore, not only is he being punished for his crimes, but his wife does not receive the retirement pension that she was receiving before his conviction. Not only has a financial penalty been imposed on her, but she has to find the wherewithal to visit her husband in Frankland prison.

On occasion, Mrs. Bennett has complained about the way in which she and her relatives have been treated when they have visited her husband. Last year, Mr. Bennett's daughter travelled from Australia to visit him in Frankland. On her arrival at the prison, she was told that because the sniffer dog had become a little agitated as she passed it, she would not be entitled to an open visit, and that she could either have a closed visit or re-book. As she had come from Australia, the idea of re-booking was a bit of a no-no. She offered to be strip searched so that the prison authorities could check whether she had anything about her person that could be regarded as contraband, but that offer was refused.

After travelling all the way from Australia, that situation might be regarded as unfortunate; it could just be a sad case of having travelled all that way but that, under the rules, that was the daughter's lot. However, it happened again. When Mr. Bennett's brother-in-law travelled from Canada to the same prison to visit Mr. Bennett, he, too, was refused an open visit and told that he could have only a closed visit or re-book. Why on two occasions have visitors travelling huge distances been refused visits to a 67-year-old pensioner in Frankland high-security prison? It beggars belief.

My constituent is required to undergo a strip search every time he moves in and out of the visiting area. We are talking about a 67-year-old man who is made to strip and to "pirouette", as he described it in his complaint to the prison governor. In other words, he must turn around so that his genitals and buttocks can be examined by a prison officer. That is degrading and humiliating. The next time that Mr. Bennett was strip searched after he had complained to the governor, the prison officer said to him, "Ah, Mr. Bennett, pirouette please." His complaint form had been passed to the staff, and they began to deride him and humiliate him even further by using his exact words. That is humiliation and harassment of a 67-year-old pensioner who maintains his innocence.

Mr. Bennett also complained that his post had been opened and interfered with; his airmail letters from his daughter in Australia had been opened, read and returned to him. When he complained about that, he was told, "Yes, your letters have been opened. It was a mistake and we will ensure that it does not happen again." That is not the case; this man is being targeted, his post is being opened and interfered with, and he is being humiliated.

Mr. Bennett's family is also suffering that humiliation; not just Mr. Bennett but his wife and children are being punished. Even if he is guilty of the offences of which he has been convicted, surely his family should not be treated as criminals in the same way. Surely they should be able to visit him without having to be harassed; surely when his children travel large distances they should be able to visit their father without receiving such treatment.

I have made it plain that I feel that this man has been unfairly treated by the Prison Service, even if he is guilty. I had to telephone him yesterday, because I was worried that my raising this debate would mean that the treatment would worsen. A letter that he sent to me on Monday contained a form that he had been asked to sign by a prison officer agreeing to the release of information from his file. It occurred to me that the Frankland authorities were trying to frighten him into not allowing this debate to go ahead by indicating that their making him sign that form would mean that information would be made public during the debate that might embarrass or humiliate him even further.

I know that the Minister will dispute that, and I hope he will tell me that the procedure is normal. The way that this man has been treated tends to suggest that if he complains any further the treatment will worsen.

In conclusion, I must ask the Minister whether the Government really feel that a 67-year-old pensioner who was convicted on uncorroborated evidence of offences dating back 20 years should be regarded as a high-security prisoner. Mr. Bennett has indicated that he will serve the full sentence, because he refuses to admit his guilt. Could the sentence be carried out in less extreme circumstances than those in which he finds himself today?

11.15 am

The Parliamentary Under-Secretary of State for the Home Department (Mr. Gerry Sutcliffe): I congratulate my hon. Friend the Member for Barnsley, Central (Mr. Illsley) on securing this debate, which, as he says, concerns one of his constituents. I fully recognise and understand the passion and strength of feeling that he has shown towards his constituent in this case. He knows that in my ministerial career I look closely at the detail of issues that hon. Members from all parts of the House raise with me. I hope that he will understand the limitations placed on what I am able to say about the sentencing policy. He wants me to go down a particular route that is not my area of responsibility, and he will know that there has been a great deal of media awareness about Home Office Ministers talking about sentencing policy involving the judiciary.

As my hon. Friend said, Mr. Bennett's case has already been the subject of correspondence between my hon. Friend and myself, and he has also corresponded directly with Her Majesty's prison Frankland. The permission that was sought from and granted by Mr. Bennett to discuss his case today is normal procedure. If we had not got that permission, I would not have been able to put lots of things on the record today. In addition, the fact that Mr. Bennett has no outstanding appeal is relevant to the remarks that I can make. Had an appeal been ongoing, I would not have been able to make the comments that I am going to make today. I thank Mr. Bennett for giving us the permission to enable me to say the things that I will say today.

As my hon. Friend said, Allan Bennett is a 67-year-old prisoner currently located at HMP Frankland, a high-security prison near Durham. He was convicted and sentenced on 16 December 2003 at Sheffield Crown court to 11 years' imprisonment. He appealed against his conviction and sentence, and was refused leave to appeal against conviction but had his sentence reduced to eight years. His offences, which he continues to deny, took place more than 20 years ago, while he was working as a residential social worker, as my hon. Friend said. I do not intend to go into detail about the offences. However, as a result of Mr. Bennett's conviction, he will remain on the sex offenders register for life and is also subject to safeguarding children measures.

On the subject of Mr. Bennett's denial of guilt, as I explained to my hon. Friend in a letter of 27 June, at the time of his trial the courts would have had the opportunity to hear and consider all the evidence presented to them. The Prison Service has to deal with Mr. Bennett on the basis of his being guilty of the serious offences of which he was convicted.

Perhaps it would be appropriate at this stage to say something about the conditions in which Mr. Bennett is held. Frankland is a high-performing prison, rated at level 4, which is the highest rating available. It has been so since the ratings were introduced in 2002. Prisons operating at that level are assessed to be:

> "Exceptionally high performing, consistently meeting or exceeding targets...no significant operating problems, achieving significantly more than similar establishments with similar resources".

That does not mean that every decision made in every level 4 prison is correct, that every procedure is carried out 100 per cent. correctly or that every prisoner's experience of custody is exactly as he or she would want it to be, but it does set Frankland in context: as a prison which is performing very well across the piece.

Mr. Bennett is a category B vulnerable prisoner located on B wing, the specific needs wing, which holds and has a regime more suited to elderly prisoners. B wing has a special needs landing which holds older prisoners who do not warrant 24-hour health care, although there is a nurse assigned to the landing. Mr. Bennett is not in employment because he is retired, but I understand that he attends the gym and undertakes part-time education three times a week, studying IT.

Mr. Bennett denies his offence, so no offence-related work has been carried out. He was last asked about his offence in 2004, when he continued to deny it and stated that he would not take part in the sex offender treatment programme or the enhanced thinking skills programme because he was appealing against conviction. Mr. Bennett is on the sex offender treatment programme database as a denier/refuser. He will be revisited by a member of the psychology department later this month to gauge his level of involvement with the SOTP and an assessment will be made by the end of the month.

Mr. Bennett's most recent sentence plan was completed on 2 March 2004 at Doncaster. Frankland has a backlog of sentence plans, so Mr. Bennett has not had one since arriving in 2004, but the prison has undertaken to commence one in the next couple of weeks. I am sure that both my hon. Friend and Mr. Bennett will be pleased with that news.

In his letter to me of 10 June, my hon. Friend questioned the suitability of Frankland as a location for his constituent, as he did again today. In my response to him, I pointed out that, after his conviction, Mr. Bennett was classified as a category B prisoner and was eventually transferred to Frankland so that he might participate in offending behaviour work. Although Frankland is in the high-security estate, it holds a number of category B prisoners. Indeed, they make up about 75 per cent. of its population.

A prisoner must demonstrate a reduction in risk if he is to move forward by achieving a lower security category. By declining to undertake any offending behaviour work, Mr. Bennett has been unable to demonstrate a reduction to justify a lower security category. Perhaps significantly, given the comments of my hon. Friend, in the two and a half years that Mr. Bennett has been at Frankland he has not requested a transfer. There is no real reason why he could not be transferred to a non-high-security prison.

[Mr. Gerry Sutcliffe]

but because he has never applied for a transfer or had a sentence plan, that has not been considered since his arrival at Frankland. Mr. Bennett would require category B conditions unless his sentence planning board advocated a change of category. Prisons closer to his home area of Barnsley in which SOTP is available are Full Sutton, Wakefield, Hull and Manchester.

Mr. Bennett is described, both by staff on his wing and by others, as polite, courteous and compliant with the regime. He is reported as saying that he gets on well with the staff. His level on the incentives and earned privileges scheme is enhanced. Mr. Bennett has had no disciplinary adjudications since he arrived at Frankland, and his behaviour while at Frankland is very much to his credit. Mr. Bennett is subject to Prison Service order 4400, and as such is not allowed children visitors. He has received visits from a number of adult members of his family, who remain supportive.

My hon. Friend raised the issue of Mr. Bennett being strip searched in a manner that the latter found demeaning and humiliating. My hon. Friend wrote to me on 16 May, enclosing two letters from Mr. Bennett; he has already gone into how Mr. Bennett is searched before and after visits, so I do not intend to repeat the detail, but it might help my hon. Friend if I set out the context of the searching of Mr. Bennett. The Prison Service has a well established policy for the full searching, previously known as strip searching, of prisoners. It is set out in function 3 of the national security framework.

All prisons are required to have a searching strategy, setting out the frequency of searching across the establishment. It is recognised that a good searching strategy is not just intended to uncover unauthorised items but to act as a deterrent to prisoners and others. The techniques need to be thorough if illicit items are to be discovered, otherwise there would be no point in searching anyone. However, due attention should be paid to the privacy of the person being searched. The searching strategy must be proportionate to the potential threat to security or to the control of establishments. That is why prisoners held in high-security establishments are subject to more searching than those in lower category prisons. The full searching of such prisoners is necessary in the interests of security, to protect the public, and to provide a safer environment for prisoners, staff and visitors.

The full searching of all prisoners in reception and on leaving a prison are mandatory requirements of the national security framework. So, too, are cell searches, which must always be accompanied by a full search of prisoners. Prisoners held in higher category establishments are subject to more routine searching. The method used for full searching is the same irrespective of the security level of the prison. The national security framework includes step-by-step instructions on how full searches must be conducted for both male and female prisoners. I know that when the security manager at Frankland wrote to my hon. Friend on 18 May he enclosed a number of documents that set out the procedure.

Essentially, a full search constitutes a detailed visual search of the body, including ears, nose, mouth and hair. It must be carried out by two officers of the same sex as the subject and must be done out of sight of members of the opposite sex. The top and lower halves of prisoners' clothing must be removed separately so that the person being searched is not totally naked at any time. That is the point that I would like to emphasise, as that was the focus of Mr. Bennett's complaint. He was treated no differently from any other prisoner in that respect.

All searching staff must adhere to the procedures and are given appropriate training to equip them with the skills to undertake the task in a sensitive manner. The manner and purposes for which full searches are conducted are consistent with the European convention on human rights and prison rule 41(2), which requires that searches be carried out in as "seemly" a manner as is consistent with finding anything concealed. Our methods are still the most effective and least intrusive known to achieve the ends. My hon. Friend also mentioned the claim that, at a search, staff used the term "pirouette" to describe the physical movement of turning around, in order to humiliate Mr. Bennett. The prison told me that it can find no evidence that the term, if it was indeed used, was used maliciously.

As I said at the outset, I do not doubt the sincerity of my hon. Friend's compassion about Mr. Bennett's case, and I know that my hon. Friend is concerned about the sentence and what has happened to Mr. Bennett. He continues to champion Mr. Bennett's case. My hon. Friend will know that he needs to speak to other colleagues, perhaps in the Department for Constitutional Affairs, about the case. On Mr. Bennett's treatment in prison, I undertake to look further into what my hon. Friend has said in light of today's debate, to see what can be done.

There is a good relationship between Mr. Bennett and the prison staff at Frankland. We believe that he has not been treated any differently from any other prisoner. The respect and dignity agenda in prisons has improved the situation dramatically; it is very different from what it was in years gone by. I undertake to look again at the circumstances relating to Mr. Bennett. I know that my hon. Friend will continue to be an advocate for him, not only in terms of his life in prison, but in terms of the details of the case.

I wholeheartedly agree with what my hon. Friend said about the family. The family should not in any way be held responsible for the actions of Mr. Bennett. We should be as sympathetic as possible, but we have to measure that sympathetic approach against the security conditions in our prisons. My hon. Friend will know that the prison population, security in prisons and prison capacity are high on the political agenda. I shall not be tempted to go down that route of commenting on sentencing guidelines, but I know that my hon. Friend will have the opportunity to speak to the Home Secretary, the Lord Chancellor and the Attorney-General about the case. I look forward to hearing what progress he makes. I end by saying that I do not doubt my hon. Friend's sincerity on this matter, and I am sure that we will discuss the case further.

11.28 am

Sitting suspended until half-past Two o'clock.

NHS Services (Hertfordshire)

2.30 pm

Mr. Mike Hancock (in the Chair): Hon. Members may take their jackets off, if they so desire. We have an interesting debate this afternoon and a lot of hon. Members want to take part, but everyone will get in if we all play fair by one another.

Mr. David Gauke (South-West Hertfordshire) (Con): I am grateful for the opportunity to speak this afternoon on changes to NHS services in Hertfordshire. Before I do so, I want to pay tribute to the many thousands of people who work for the NHS in Hertfordshire and do a difficult job very well. Although I shall highlight some of the difficulties that we face with the NHS in Hertfordshire, I do not want to detract from the great efforts made by those staff.

The debate this afternoon is about changes to NHS services in Hertfordshire, but to be honest we face something that could easily be described as a crisis. I shall outline some of the difficulties that we face. I shall start with the primary care trusts, of which there are eight. All eight are in deficit and under special financial measures, with a cumulative deficit of £37 million in 2005-06.

We must bear in mind when considering such deficits the average per capita allocation to Hertfordshire. In 2005-06, the average per capita allocation was £986, which is £109 less than the average in England. If we had £34 more per head—still £75 less than the English average—the deficits in Hertfordshire's PCTs would be wiped out. There is another way of looking at it, which is quite constructive when we consider the whole issue. We receive approximately 90 per cent. of the English average, and if we were to receive 93 per cent. there would be no deficits in our PCTs and we would not face the current crisis.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Would not another way of putting it be to say that if we had roughly the same amount as the Minister's constituency we would be fine?

Mr. Gauke: That is absolutely right. There is a broader issue. To open out the debate for a moment, Hertfordshire is just one example of a county in south-east England that is facing great difficulties. We could consider Surrey, Sussex, Norfolk, Suffolk and parts of London and we would find that the difficulties are concentrated in the south-east in the areas that receive below average per capita funding. There must be a question about the formula. I gave advance notice to the Minister and hope that she will be able to address the issue of the formula that is used in Hertfordshire and whether there are any plans to change it, as it seems to me that there is something wrong with the balance. I can see the argument that deprivation might be a factor, but the balance does not seem to be right when there is such a concentration of deficits in counties such as Hertfordshire.

I come now to the changes that we are debating. PCTs are having to undertake substantial cuts. A front page story in the Hemel *Gazette* today concerns a letter leaked from a GP in my constituency highlighting that there might well be cuts in district nurses and health visitors in Dacorum PCT. Mental health, too, is an area of enormous concern. I want to pay tribute to my hon. Friend the Member for Broxbourne (Mr. Walker), who cannot be in the Chamber today because he is in Scotland on Select Committee business, because he has undertaken two Adjournment debates and worked tirelessly to raise the profile of the matter. Hertfordshire Partnership NHS Trust must reduce its spending by 5 per cent.—£5.6 million—despite never having been in deficit because the PCTs require it. We are seeing substantial cuts and both in-patient and out-patient services are suffering as a consequence. Another area that has been particularly affected is that of sexual health services. I hope that my hon. Friend the Member for St. Albans (Anne Main) will catch your eye, Mr. Hancock. She has worked tirelessly in this field and highlighted the many difficulties we face.

The issue of hospitals is perhaps the most emotive and the one that concerns my constituents maybe more than any other. Both of our hospital trusts are in deficit: East and North Hertfordshire NHS Trust has a deficit of £22.38 million and has announced 500 job losses, while my hospital trust, West Hertfordshire Hospitals NHS Trust, has a deficit that is even greater at £28.38 million and has already incurred about 250 job losses, with another 500 or so to go. In total, Hertfordshire hospital trusts will lose 1,250 jobs, and we are talking about not only administrators but health care professionals—doctors and nurses—whose jobs will be going as a consequence of the cuts.

I want briefly to give some history of the development of hospital services in west Hertfordshire. A few years ago, there was a process called "Investing in Your Health", which considered the reconfiguration of hospital services in west Hertfordshire. It concluded that the way forward was to downgrade Hemel Hempstead general hospital to a non-acute site. That caused enormous concern to people in Hemel Hempstead and beyond, in my constituency and places such as Berkhamsted and Tring. My hon. Friend the Member for Hemel Hempstead (Mike Penning) has worked tirelessly to defend Hemel Hempstead hospital and has been a champion of the people of Hemel Hempstead on that point.

The conclusion was reached that Watford general hospital would be redeveloped and that acute services would be moved from Hemel Hempstead. I do not intend to re-open that debate, but I can fully understand why people who use Hemel Hempstead are worried about services being more distant. There was one consolation at the time of "Investing in Your Health", which was that there would be a fantastic new hospital at Watford, and that services would not be moved until that hospital was built. The reality, however, will be somewhat different.

Services are on the move already. The birthing centre in Hemel Hempstead has closed, as has a ward for elderly patients, and there is more to come. Services have already been transferred to Watford, a hospital that I know well as I have had two children born there. Nobody, however big a fan they were of Watford, could say anything other than that it is a poorly designed site with outdated buildings, which is cramped and has little capacity. It is right next to Vicarage Road football ground, which I am pleased to

[Mr. Gauke]

say will be a premiership ground next season and is also used by Saracens. To get to the hospital on a match day is almost impossible, and even not on a match day it is difficult because transport links are not good. However, it is proposed that more services should be moved to Watford now.

I know, having asked the chief executive of the hospital trust, that during the course of the winter there were a number of occasions when notes were sent out to doctors, GPs and primary health care providers that Watford hospital was, effectively, full. That was in the winter and came before the closure of many of the acute services at Hemel Hempstead and their transferral to Watford.

How on earth will Watford cope in the interim period? By spring 2007, virtually all Hemel's services will be gone. One might say that it is only an interim period of six years, but there is now severe doubt that we will get the new Watford hospital at all. It is supposed to be there by 2013. I will be grateful if the Minister can throw some light on the process. I know that one of her colleagues answered a parliamentary question on the subject in June, but it seems that we may have to wait some time before finding out whether the private finance initiative for Watford is to proceed. I sincerely hope that it will, because without it we will have the worst of both worlds, with Hemel losing its services but with no new facilities being made available for anyone in west Hertfordshire. I am greatly concerned about the matter, and I must ask how it has progressed.

Not long after being elected to this place last year, my hon. Friend the Member for Hemel Hempstead and I met the chief executive of West Hertfordshire Hospitals NHS Trust and its then chairman. At that point they were already talking about bringing forward the reconfiguration of hospital services from 2013, because word had come from the strategic health authority that deficits had to be reduced; there had been a change of focus. Indeed, the same would have been said by the primary care trusts—that there had been a change of focus last year.

I have given the Minister advance warning about my question, but when precisely did that change happen? I have been here only a year and I hope that I am not becoming a cynical politician, but we heard little from the Government before the last general election about the need to balance the books and to reduce the deficits. That change of focus seemed to occur, almost to the day, immediately after the general election. That is something that the Government must answer. Before the last general election, Labour had five marginal seats in Hertfordshire; it now has only two—and I hope the number will fall. None the less, the Government seem to have changed their focus. I should be grateful if the Minister answered that point.

Grant Shapps (Welwyn Hatfield) (Con): Has my hon. Friend had the chance to reflect on the fact that only two areas are now promised investment—Watford and Stevenage. Is there is any correlation between that and the occupancy of those seats?

Mr. Gauke: My hon. Friend makes a characteristically astute point. He has been a tireless campaigner for the new site at Hatfield. I hope that he has the opportunity to raise the subject later today. It was a PFI site, but it has already been downgraded and it may not proceed. Again, I hope that the Minister will be able to speak about that.

Hertfordshire is being treated poorly. Its funding formula is working against it, and it has crumbling and out-of-date facilities that may not be replaced. We have seen substantial staff reductions and plummeting staff morale, and services are being cut. The Government have not listened to the people of Hertfordshire for many years. I hope that they will listen today to what is happening there, because we are seeing the appalling running down of our services. As can be seen by the strong showing of Hertfordshire Members, the people of Hertfordshire will not tolerate it for much longer.

2.43 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I echo the tribute paid by my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) to NHS staff, who are dedicated, devoted and hard-working.

I have represented a Hertfordshire constituency for nearly a quarter of a century, and this is the worst crisis that the NHS has ever faced during that time. The words "cuts" and "crisis" have been used fairly frequently over the past 20 years, but throughout that time they meant a reduction in the anticipated growth in spending or employment. This is the first time that we have known a real crisis.

It is a crisis of jobs. The two hospital trusts that serve my constituency each plan to shed 500 jobs—a total of 1,000. That is clearly only the start, because those cuts meet only a portion of the savings that the trusts have been told to make. Those cuts include nurses and doctors as well as the vital staff who back them up.

It is a crisis of hospitals. Harpenden memorial hospital in my constituency is to lose all its hospital beds; effectively, it is to be closed as an in-patient hospital. It is clear that of the two hospitals that serve the East and North Hertfordshire NHS Trust, one is likely to be downgraded to little more than a cottage hospital. The promise of a new super-hospital at Hatfield that was floated and talked about assiduously before the election has now been downgraded from one costing £500 million that would have included a new cancer unit to one that will cost at most £300 million or £400 million; and within that envelope it will be impossible to include a new cancer unit—if it ever goes ahead.

It is a crisis of trust. At a public meeting that I chaired last September, my constituents expressed concern about rumours that the Harpenden memorial hospital might be closed. The PCT said at that meeting that it had considered all the options and that it had decided that it was an economic, efficient and caring way of providing health care for local people and that it wanted to build on that provision. Eight months later, it announced that every bed was to go. It is a crisis of trust in the management of the PCT.

It is also a crisis of trust in the Secretary of State. I asked her the other day why the East and North Hertfordshire NHS Trust will have to cut a quarter of its spending—£66 million of a total of £267 million over the next three years. She said that the Department

did not require any cuts in its budget, just that it should live within its budget. However, the figures that I cite are from the press release of the national health service, so someone is not to be trusted. I fear that the Secretary of State must have been ill-informed. We therefore cannot trust what she says about our local health service.

It is a crisis of care. The new model of care is designed to discourage and if possible prevent GPs referring patients to hospitals. A target has been set for the number of such referrals to be reduced by 50 per cent. In six areas, the target is a reduction of 80 per cent. in the number of patients being referred to hospitals. I have no objection to people being treated at home or elsewhere better than or as well as in hospital, or even more efficiently. However, setting a target rather than saying that the Department would provide the best form of care, whatever the outcome may be, is dangerous. It makes it clear that this reduction in care is being imposed as a result of budget stringency.

At a street meeting last Friday, my constituents asked one question—why is this happening? If there has been such an increase in NHS expenditure, why for the first time in their recollection are 1,000 jobs to go? Why are hospitals to be closed? Why is care being rationed? They want to know. I cannot tell them. Will the Minister give us an explanation that we can give to our constituents?

2.48 pm

Anne Main (St. Albans) (Con): I almost do not know where to begin. Many of us share services; we do not all have our own hospitals or clinics. As a result, many of the cuts to services in other constituencies will affect my constituents. I was particularly touched by the tale of a nurse who lives in my constituency. She works in a thrombolysis unit in Hemel Hempstead. She told me that if that unit is relocated to Watford, nobody, including the staff, will have any confidence that the target of getting treatment within the target time of half an hour will be met. People who need to get there on a match day will not have that life-saving injection into the heart, whereas the system works in Hemel Hempstead.

Other shared services include podiatry and sexual health services. I have a number of letters from my constituents listing the cuts that they have been asked to face, some in my constituency and some just outside it. For example, there are the cuts in mental health services. I am sure that the Minister is only too aware that Hertfordshire has one of the highest incidences of mental health problems. We read about the amount of cuts for the adult care services—learning disability services, drug and alcohol services—and it beggars belief that that could be care in the community. Drug care services do not even bother tendering any more; they were being asked to provide so much that backed up the Government, even though they involve charities.

People with mental health problems often use homelessness services, and they have been cut back—for example, funding has been cut for the Open Door project in Bricket Wood. Funding has been cut to Grove House, the hospice in my constituency. Budgets for the elderly and mentally ill have been cut—£7.55 million. I have letters about the cuts from all the different services. Those are genuine cuts for my constituents, who do not understand how there can be extra care in the community and investment in health. As far as they are concerned, there is no investment in their health, just a hope that they will go away into a corner and not create a fuss about what are seen as some of the Cinderella services of our health service.

I have a letter about staff shortages in the foot health service that states:

"Dear Colleague…I am writing to let you know about the staffing problems the Foot Health Service is currently experiencing…In addition, our current financial position has also exacerbated the problems and has necessitated the taking of other remedial action…This equates to a 35 per cent. reduction in the department's staffing."—

that is, not caring in the community, but an actual reduction in department staffing. It continues:

"The net result of the staff shortages is that all podiatrists are now having to accept an increase in their workload and therefore are having to be more rigorous in prioritising their workload"—

that is, rationing health care.

I have written to the Minister about the issue of county sexual health promotion advisers. There used to be five in Hertfordshire; they went into schools, dealing with the issues at the sharp end, talking to pupils before they became sexually active. Such pupils may have had queries about sex or their relationships. We were then down to one last sexual health adviser post. Unfortunately, it seems that if we try to convince people that they can access services elsewhere, everybody says that somebody else is providing them and the post can be cut. The last post holder lost his job, despite active lobbying by his union and my writing on his behalf.

The gentleman in question met the Minister of State, Department of Health, the hon. Member for Don Valley (Caroline Flint), at a chlamydia screening conference. She said that sexual health promotion was a core part of the Government's choosing health initiative. We do not see that in Hertfordshire, where there is no longer a single sexual health promotion adviser.

People might say, "Well, go to your local sexual health clinic." That would be interesting in St. Albans; people queue outside the door and into the car park. As I am sure the Minister is aware, sexual health clinics do not see only immediate constituents; people, for whatever reason—privacy, embarrassment or anonymity—will often travel across borders to go to clinics. My clinic in St. Albans and the clinic in Watford will serve the majority of people in Hertfordshire.

I have raised our belief that sexual health services in Hertfordshire are severely underfunded, despite a 1,500 per cent. increase in HIV infections, as well as other sexually transmitted diseases. As a result, a MedFash—Medical Foundation for AIDS and Sexual Health—review was undertaken; reluctantly, it seemed, but paid for by the Government. We were all terribly hopeful that it would deliver what we wanted to happen, but it was not to be. In fact anyone who knows the well respected Dr. Pat Mundy should be aware that she resigned because she was being asked to ration patient care and preside professionally over a service that was unsafe and subject to cuts.

Is sexual health one of the Government's top six priorities in my constituency? I do not believe so. The

[Anne Main]

trouble is that people wanting to use the services will not understand when they turn up and doors are locked against them. Are we really condemning people to an expensive, long illness of HIV/AIDS, for which we will eventually have to pick up the tab? Are we saying that young women may end up infertile and perhaps should seek the services later in life? Are we saying that we do not really care?

Today I was pleased to read in a letter from Dr. Mundy that the 48 per cent. rationing that was to have been asked for in Watford has been put on hold. I am sure that the Minister has seen the MedFash report; I urge her to stress that that is not a temporary political hold for political expediency and that it is a recognition of the cuts and shortages that have been going on year on year in health service provision in Hertfordshire.

As I said, we all share many of the services, so when a birthing unit closes at Hemel Hempstead or a thrombolysis service moves from somewhere else, or when the cancer services at the QEII hospital go, I care.

I shall not take up too much time, because I know that my right hon. and hon. Friends feel passionately about the issues, but there is one thing I really care about. Unfortunately, my constituency, along with that of Hemel Hempstead, seems to have a cash cow. I regarded it as an excellent local hospital, but unfortunately it is seen as a wonderful building site, which may well be used to pay off deficits. I am not talking about people being put in other areas to make best use of the system. We have just opened—I know it was not long ago, because I opened it—a brand new breast cancer unit in St. Albans, but we do not know whether we are going to keep it. During a hearing for a report of the Select Committee on Health, David Law was closely questioned by my hon. Friend the Member for Hemel Hempstead (Mike Penning). He was asked about where he was going to find his money and replied:

"We shall have some redundant estate"—

he was talking about my hospital.

"We have a good facility in St. Albans with five theatres and beds and that will become redundant."

That facility is going to pay off someone's debts. I do not want some bean counter, who has been told to live within his budget, to ration health care. We are being asked to operate at 90 per cent. below national average, and we cannot do it.

St. Albans may be seen as a wealthy area, because it has high house prices, but I can point to areas of recognised deprivation, such as London Colney, in my constituency. They are on my council website. They have high immigrant populations and poor outcomes on health and cancer—many of the factors that this Government would accept indicate poverty. However, because they are in small localised pockets, St. Albans does not attract the funding as a whole, although the people need the services just as much.

I shall hand over to my hon. Friends now, but we are suffering huge cuts in our local services. People are not going elsewhere in the constituency, nor being cared for nicely at home. In St. Albans, we do not have a single NHS nursing care bed within our age care system—not a single one. I urge the Minister, please, to renegotiate the funding formula to take into account the fact that if we in St. Albans tried to meet our deficits, we would have no services. That is how it looks in my constituency.

2.56 pm

Grant Shapps (Welwyn Hatfield) (Con): I was elected to the House after defeating a previous Health Minister, Melanie Johnson, on the subject of hospital health care in my constituency of Welwyn Hatfield. That happened despite the fact that the then Secretary of State for Health, now the Home Secretary, had come to my constituency and announced a huge, £550 million project to build a new Hatfield hospital, which was to have been the answer to many of the concerns of my right hon. and hon. Friends in the Hertfordshire area.

We now learn that that project will involve at best investment of only £250 million or £300 million, and that it will not include cancer care. In fact, nine years after the Prime Minister told us that there were 24 hours to save the NHS, we are sceptical about whether it will ever be built.

Mr. James Clappison (Hertsmere) (Con): Does my hon. Friend recollect that when the hospital was originally announced, amid the claims that he has described, the fact that it would include cancer care to reduce the long journey that my and his constituents would otherwise have to make was put forward as one of its principal benefits?

Grant Shapps: Absolutely—I am grateful to my hon. Friend for raising that point. I have been through cancer; I went through the trauma of chemotherapy and radiotherapy for a year, and can say that the last thing a person in such a situation wants to do is travel. That point comes on to exactly what I was about to say: that we have recently lost our chemotherapy service at the QEII hospital. That means that my constituents and others are having to travel 14 miles to the Lister hospital in Stevenage—a journey that no one wants to make when they are feeling sick after chemotherapy.

The issue is not only about the chemotherapy unit, but the maternity unit where my kids were born just two years ago, that is set to be closed, and the ward of elderly care beds that has already gone; another is set to be closed. The issue is about the accident and emergency service, the core of any acute hospital, that is set to be closed.

I defeated the former Health Minister because the paediatric service was to have been closed at night. She said that I was scaremongering, but it is now being closed in the daytime and stripped out entirely. It is difficult to comprehend, but all surgery is to be lost from the hospital. I ask the Minister: if we lose our surgery, our cancer care, our maternity services, our paediatrics and our A and E, what is left of our hospital? The Government have talked recently about their intention to create more community hospitals. Is this the route to creating more community hospitals? The hospital does not offer fundamental core services.

Of course, that would all be okay if there were to be a shiny, new £500 million hospital 2 miles down the road in Hatfield.

Anne Main: As my hon. Friend knows, I defeated the former MP for St. Albans. During the election, we repeatedly sought assurances from Ministers that the hospital would be built. The Minister may be aware that I asked for minutes of the meeting. There have been no assurances from Ministers, and I believe that the public have been sorely misled over the status of the hospital.

Grant Shapps: My hon. Friend is right, and we look today for an assurance about the super-hospital at Hatfield that was promised by the then Secretary of State for Health in a blaze of publicity. There has been no publicity around an announcement to reverse the decision, so we would like to hear that assurance. I invite the Minister to come to Welwyn Hatfield to explain to the people in my locality when and where the hospital will be built, and whether, as was originally planned, it will include the cancer care unit moved from Mount Vernon hospital. Or has that plan been dropped? Will there be a brand-new teaching hospital in Hatfield this decade, the next decade or the one after? All the things that were promised have been quietly dropped now that the attention and focus are off and there is no general election—indeed, now that the seat is no longer in Labour's hands.

It is understandable that people are looking to their MPs and asking what is going on. The truth is that, as things stand, we will be left with so little hospital health care in constituencies such as mine and those of my hon. Friends that the Government will be putting lives at risk. It is inconceivable what a constituent who falls over from a heart attack in Hatfield is supposed to do in a busy rush hour to get themselves to the Lister hospital in Stevenage, given that the motorway narrows to two lanes. It is unimaginable how ambulance services, which are being regionalised and cut, will pick up patient or victims of car accidents and get them to the health service that they require.

It is extraordinary to my hon. Friends and to our constituents to hear the Prime Minister and others stand up at the Dispatch Box week in and week out to reel off numbers that bear no relation at all to the situation on the ground. What should be discussed are the 500 job losses—such figures should be stated—the closure of departments and the broken promises about new hospitals that, when it comes to it, simply will not be built. I ask the Minister to accept my invitation to come and explain in person.

3.2 pm

Mr. James Clappison (Hertsmere) (Con): I congratulate my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) on obtaining this debate and on setting the scene so well. It is no exaggeration to speak of a crisis in health care in Hertfordshire for all the reasons that he and my colleagues have given. I shall deal with just one outcome of the crisis, but that does not mean that I overlook all the other cutbacks that are taking place in sexual health services, mental health services and hospital care. There are serious cutbacks in clinical care and in the numbers of doctors and nurses, and there is also the matter of targets for the use of hospitals by patients, including patients who have already been seen by their general practitioner. My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) was right to raise that subject, about which many questions could be asked.

The one aspect that I wish to deal with in many ways epitomises the crisis in Hertfordshire at present. The Potters Bar community hospital is the responsibility of the Hertsmere primary care trust, which has a serious financial deficit. I have asked Ministers about it, and they say that the PCT must live within its means. However, if that is the case, some serious cutbacks at the Potters Bar community hospital will be required.

The PCT is consulting on a significant reduction in the capacity of Potters Bar community hospital, which is a 45-bed community hospital that is barely 10 years old. It replaced an older hospital that was built in the 1930s and had become dilapidated. The hospital is in a new location. It is a purpose-built community hospital that provides services for all the residents of Hertsmere, including, of course, those of Potters Bar. Although the hospital now serves the whole of Hertsmere as opposed to just Potters Bar, which it used to do in the past, the PCT proposes closing 15 of its 45 beds and using the space that is freed up to relocate services already provided at other premises in Potters Bar. We must be clear about this: there is no question of providing new or additional services at Potters Bar community hospital. It is a case of merging two sites into one to provide both sets of services from the same premises. The premises that are "freed up," in the words of the PCT, will be closed and sold, and the proceeds of the sale presumably used to address the financial position of the PCT.

However, Potters Bar community hospital will lose one third of its beds for good under the plans. The PCT has introduced consultation and said what it proposes to do about community health care to make up for the losses, but the proposals are being driven by financial cutbacks in response to a financial crisis. Nobody can say that if the PCT or any other health service provider were planning the best way to provide health care for the residents of Hertsmere they would begin by closing a substantial number of the beds at Potters Bar community hospital.

I can do no better than quote what the Government said about precisely such a situation. Their White Paper stated:

> "Some community hospitals are currently under threat of closure, as PCTs consider the best configuration of services in their area. Where these closures are due to facilities that are clinically not viable or which local people do not want to use, then local reconfiguration is right. However, we are clear that community facilities should not be lost in response to short-term budgetary pressures that are not related to the viability of the community facility itself."

That is precisely the situation with the Potters Bar hospital. Local people certainly want to use it. They value it for all the reasons that community hospitals are valued. It is particularly valued by elderly residents of Potters Bar and Hertsmere and those with chronic conditions.

There is no question about the hospital's clinical viability. It is a modern facility. I have to confess that I

[Mr. James Clappison]

attended its opening, which might suggest that I have been here too long. In fact, I have not been here too long. It is a modern facility—it is almost brand-new—and the only reason that its position is under threat is because of the financial predicament of Hertsmere PCT.

My right hon. Friend was right to say that there is a question of trust, given what the Government have said about community hospitals. I put it to the Minister directly that if those words mean anything at all, and if the Government are to be trusted, Ministers must step in and do something about the situation at Potters Bar, which corresponds precisely with what they said. My simple plea is that the Minister will step in and assume responsibility for the Potters Bar community hospital to avoid a permanent loss of beds and a permanent loss of a significant part of the health care that is afforded to my constituents, which will come on top of all the other problems that have been outlined. Such a permanent loss to the residents of Potters Bar and Hertsmere will do serious, irreversible damage to the fabric of the health service in my constituency. I ask the Minister to step in and do something about it.

3.8 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I join the general congratulations to my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) on obtaining this debate on the crisis in Hertfordshire's health service. I wish to pick up on the point about trust that my hon. Friend the Member for Hertsmere (Mr. Clappison) made a moment ago. My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) also spoke about it.

There are various categories of trust; for example, there is trusting the Government's word in respect of their policies. The Government spend a great deal of time telling people in the mental health field that modern mental health provision is about early intervention, respite for carers, modern therapies and catching problems early—getting in there to help children and adolescents when they are pre-onset or at the onset of severe mental illness. I have taken a particular interest in that issue. In Hertfordshire, however, the Government are scrapping the early intervention service, the respite care and the in-patient therapies that are so valued, and they are cutting the child and adolescent health services.

The Government say that community hospitals can be valuable centres in which general practitioners can do things such as minor surgery. We have a community hospital in Royston, and there was a plan to develop it in the same way, but it is now on hold and has been for a long time. I have asked the Minister about the future of Royston hospital, but she says, "Ask the PCT." However, the PCT is being scrapped and is becoming part of a larger PCT. If one asks the PCT, therefore, it says, "We don't know if we'll even be here." The truth is that we cannot trust what the Government say.

At the local level, we were promised a brand new, spanking great hospital in Hatfield, which was going to cost £550 million, as has been said. We were told that it would have cancer care facilities, which are a crucial issue in Hertfordshire. Now, however, we are told, "Oh no, you can't spend more than £250 million." The whole thing is in limbo.

It is well known that we have had a structural funding problem in Hertfordshire over the past few years. Before the 2001 general election, the then Health Minister, the right hon. Member for Southampton, Itchen (Mr. Denham), put an extra one-off payment into our local health system and said, "It's a structural problem, and we'll have to look at it." However, nothing happened. Of course, he paid the money, but the Labour party won the election again, and no permanent review was done of the funding for our local health system. Every year for the past few years, therefore, a non-recurrent payment of £10 million has been made to our local health system. Now, we are suddenly being told, "Oh no, you can't have any more money. You've got to manage within your budget."

The Government know that there is a structural problem in Hertfordshire and in the East and North Hertfordshire NHS Trust—they made the non-recurrent payments. Now, however, they have the cheek to turn round and say, "Oh no, you can't have any more money. You've got to manage." That means that £66 million has to be taken out of our small East and North Hertfordshire NHS Trust over three years. Five hundred staff—or 10 per cent.—will go, including 150 doctors and nurses, and we will lose three wards at our two hospitals. Those are major problems, which the Government knew about.

Grant Shapps: My hon. Friend mentions the £66 million, but does he agree that the number seems to go up by £1.5 million a week? The chief executive briefed my hon. Friend on the issue just before me, but when I had my briefing last week, the figure had risen to £69 million. Does my hon. Friend have a projection for the end of the year?

Mr. Heald: Well, it will clearly be higher still. We really are in an appalling situation, and my hon. Friend makes an excellent point.

I come to my last point, because I hope that the Minister will be able to reassure us, although I doubt it. We are asking for nothing more than common fairness in Hertfordshire. It is true that the county is better off than some others, but we pay twice as much tax per head as people in the Minister's constituency.

The Minister of State, Department of Health (Ms Rosie Winterton) *indicated dissent.*

Mr. Heald: Yes we do. In our area, the average is £5,820; in the Minister's constituency, it is £2,710. We are therefore paying a lot of tax in Hertfordshire, but we are not asking for any more than anybody else. We are perfectly willing to accept that we should have a level playing field and a fair allocation of resources. However, while the Minister's constituency gets £1,362 per head, we get £1,057, which is £300, or 30 per cent., less per head. In Hertfordshire, there are many people who are disadvantaged and there are also pockets of deprivation, as my hon. Friends mentioned.

Mr. Clappison: And learning disabilities.

Mr. Heald: Yes, there are also very high figures for learning disabilities and mental health problems. We therefore have real problems, and it is just unacceptable to say that we will be treated in such a mean and unfair way. Will the Minister look at the issue again?

3.15 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): May I, too, congratulate my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke). This debate is very timely, and Opposition Members feel very passionately about the issues involved.

As the Minister will recall only too well, the Secretary of State told the Royal College of Nursing in Bournemouth in April that the NHS was enjoying "its best year ever". That brought howls of derision from her audience, and rightly so, but it also generated real anger in my constituency. Over the past year in east Hertfordshire, we have had job losses, which my colleagues have described. We also face possible ward closures and longer queues for dentistry and cancer screenings, and there are real concerns about mental health services. To echo the points made by my right hon. and hon. Friends, let me tell the Minister quite genuinely that people in Hertfordshire no longer trust the Government with our health service—that is the reality.

In the district of east Hertfordshire that I try to represent, we face real problems with preventive services, such as those provided by NHS dentists. The PCTs tell us that they have tried to address the issue, but the combination of new contracts and uncertain funding has seriously undermined confidence among dentists and their ability to do their job. Some of my constituents travel 20, 25 and, in some cases, 30 miles just for a basic dental appointment. As a result, many people are being left behind, and that is particularly true of the elderly, who cannot make such a journey or afford to do so. I could go into that in greater detail, but I am aware that my hon. Friend the Member for Hemel Hempstead (Mike Penning) will want to make a contribution, so I shall be brief.

Mental health services are also under threat. We have heard that the Hertfordshire Partnership NHS Trust faces a £5 million cut, which is 5 per cent. of its budget. When we are told the reason for it, we find that the irony is that it is because of a general overspend. However, the trust has always lived within its budget and has never strayed beyond it in the five years since its inception. The attempt to cut its budget has seen the trust—

Grant Shapps: Punished.

Mr. Prisk: As my hon. Friend rightly highlights, the trust has been punished. Genuine concern has also been caused among what are probably the most vulnerable parts of our community. Clouds are hanging over good services, such as Signet house, Oxford house and the Seward Lodge day care unit, which are invaluable to our constituents.

As hon. Members have said, the worst news was probably when we were told about the 500 jobs that would be lost from the East and North Hertfordshire NHS Trust. As my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) said, 150 of those affected will not simply be managers, but doctors and nurses. Up to three wards could well be lost at the two hospitals in Stevenage and Welwyn Garden City. The best way of describing how people feel about that is a quotation that I recently read from a local nurse, who said:

> "Nurses are scared, upset and demoralised—they feel like they've worked flat out to deliver Government targets and this is their reward."

With all those developments affecting the NHS in east Hertfordshire, hon. Members will see immediately how hollow the Secretary of State's words sound to my constituents.

Part of the problem is the Government's obsession with reorganisation. I have been a Member of Parliament for five years, and in that time the Government have restructured, de-merged, re-merged and reorganised the ambulance trust at least once and the PCTs twice. The new strategic health authority will be in its third incarnation—I thought that only Dr. Who could change his form so often. The whole structure of health care in Hertfordshire seems to be up for grabs. Chairs are delicately moved around, but nothing is done about the service. Reorganising and restructuring will make no difference if the fundamentals are not dealt with.

That leads me to my principal point. In Hertfordshire, the truth is that patients are not getting their fair share. NHS spending per person in Hertfordshire is just 90 per cent. of the average for England. On last year's figures, the shortfall is £69 per person, which means that my constituency lost out by £5.2 million last year. For the county, it is £69 million in one year. Of course, it does not stop there. England itself is a poor relation when compared, for example, with Scotland. On last year's figures, patients in Hertfordshire got only £614 per person, but Scottish patients received £855 per person. That is a gap of £241 per person or, in my constituency alone, £18 million in one year. It is an iniquity, which will appal many people, and to which I hope the Minister will respond.

Mr. Heald: Does my hon. Friend agree that it is also odd that people in the Secretary of State's constituency get £1,306 per head, whereas people covered by the PCT that we share get £1,057 per head? Again, the first figure is 30 per cent. higher.

Mr. Prisk: I think that that leads quite accurately to the central point that concerns us all. We simply seek our fair share. We do not want better treatment, but we certainly do not want worse. Whatever the apparent wealth of our areas, whether that is measured by house prices or incomes, the truth is that an elderly person's worry in Hertfordshire about whether they have cancer is as important as it would be if they lived in any other part of the country. That is the iniquity that we are dealing with today. I hope that the Minister will have the courage not to hide behind the usual platitudes that we hear from her boss, but to tell us the truth, and give us the assurances, that our constituents seek.

3.21 pm

Mike Penning (Hemel Hempstead) (Con): I congratulate my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) on obtaining the

[Mike Penning]

debate, and my right hon. and hon. Friends who represent Hertfordshire constituencies on showing the House and our constituents how much we care about their health care.

The national health service was created as a level playing field. It was there for all those who needed health care and could not afford to pay for it. On the estates where I grew up in north London, the hospital was the focal point of the community, because that was where people could go when they needed help. Many people in the areas of north London where I was brought up moved out to Hemel Hempstead in the 1950s, to the wonderful new town with its gardens, hospital and college, and all the facilities that they perhaps struggled to get before.

A wonderful acute general hospital was built in Hemel Hempstead in the 1950s. Smaller hospitals were closed and the full acute hospital was created. It fought for 30 years, under different Governments, to find out whether it was safe and would remain. Eventually, 10 or 12 years ago, it was concluded that it should be left alone, and investment was put into it, which meant huge amounts of money, under Conservative and Labour Administrations. A brand new stroke unit was built; huge investments were made in the cardiac unit; and a maternity unit was built up, which then closed, after which a new birthing unit opened—no one quite understood why, but there was an election in the middle, so perhaps we may assume that that had something to do with it. That hospital is a facility that is there to be used.

Great Ormond Street hospital was there to deal with the need for specialist care for children, and people who needed specialist cancer care could go elsewhere. My wife is presently visiting the Royal London hospital, because it has the best haematology department, whose services she needs. That is not what we are asking for in Hemel Hempstead. What we wanted, and what we have, is an acute hospital.

I shall probably be the last hon. Member to speak in the debate before the Front-Bench spokesmen make their speeches, and that is right, because what is happening is terminal for Hemel Hempstead. The acute hospital will go. If the trust gets its way, next spring it will send the bulldozers in to Hemel Hempstead hospital. It will become a housing estate. If we are lucky, I am told, we shall have an independent sector treatment centre—a surgery centre for elective surgery. I have plainly said that I do not want an ISTC. We have three theatres and an elective surgery unit. We have five theatres at St. Albans, doing the job now.

As I understand it from the evidence given to the Select Committee on Health, on which I have the honour and privilege to sit, the rules for ISTCs are that they are not permitted to create a demand; an ISTC is supposed only to replace something that is missing. What is happening in our part of Hertfordshire is that a demand for an ISTC is being created by knocking down a hospital and five theatres, an out-patient department and an elective surgery department at St. Albans. We must ask why.

Several of my hon. Friends have discussed the fairness of the funding formula. I think that it is unfair that the Minister has been picked on for the fact that her constituents receive more than mine, because there are some constituencies, such as Sedgefield, where people get £300 to £400 more per head than my constituents. I do not know why. Evidence was given to the Health Committee about that last week—by the way, we in my constituency got about £960 per head of population last year, rising to about £983 this year; some constituencies get as much as £1,600 per head. That is shameful when it is to be hoped that patients will, in the end, be treated similarly for the same ailments and problems.

I have a problem in Hemel Hempstead because, as a London overspill town, it has areas of serious social and economic deprivation. That is not just because of the Buncefield disaster—after which the hospital's emergency services did fantastically well in treating the injured; God forbid that the hospital should not have been there, which would have meant going to the emergency centre at Watford. Perhaps some of those people would not be alive now, because two people were very seriously ill after the explosion.

What would it take to clear the deficit and to decide, "We do not need to do this"? The chief executive, in the presence of my hon. Friend the Member for South-West Hertfordshire, said that the closures would not take place if there was no financial problem. What is happening is not reconfiguration; it is cuts. We are trying to get more out of less. It is that simple. We will move all acute services to Watford; we will not go ahead with the promised private finance initiative building; we shall put in portable buildings. Eventually we dragged from the chief executive the truth about the life expectancy of those buildings. It was 40 years—instead of the promised new hospital.

The residents of Watford, Welwyn and Hatfield, St. Albans and other parts of the country were duped. They were made promises that there was no intention of keeping. The funding formula problem—the deficit—has existed for years. Ministers in Select Committee and chief executives of other trusts have argued that the problem is one of management. The managers are not doing their jobs properly. How can that be, when the trust has been changed three times, the PCTs have been changed and the whole of the strategic health authority has been changed? They cannot all be bad, surely. Surely there must be one good manager somewhere in the NHS, because, clearly, they do not have such a problem in other areas. There is clear evidence, however, that areas without so many problems get a lot more money.

I want to close by explaining exactly what will happen to the Hemel Hempstead hospital. We have a full acute hospital with out-patients, elective surgery and, most importantly, as was explained earlier, the acute blue-light facilities, for those who need them. There are 250,000 people relying on the accident and emergency unit at that hospital. It is proposed that all of that should go by next Easter. The whole site will be up for redevelopment. I know that, because I was lucky enough to find out that the trust had had meetings with my local council asking what it could build on the site; I know, because eventually at the Select Committee I dragged from the chief executive the information that the land and facilities will be surplus to requirements. Surplus to requirements? It is a general hospital, which people rely on!

Lives are at risk. I am conscious of the need to leave time for the Minister's response, but we are not playing a numbers game. We are not saying that some people are nasty and some are good. We are talking about ordinary people, who deserve the NHS that was created many years ago as a level playing field. Watford is in the premier league; it is a fantastic result. The Saracens are doing very well. Hon. Members might like to try going down the A41 from Hemel Hempstead at any time without a blue light. I drove blue-light emergency vehicles and I know how difficult it is. They will not get there. The Government are putting lives at risk.

My hon. Friend the Member for Welwyn Hatfield (Grant Shapps) invited the Minister to visit the hospital in his constituency. I shall not do that, because thousands of my constituents have invited the Secretary of State, but she is too busy. I asked to see her diary and she was too busy to show me that, too. It is a disgrace, and lives will be lost.

3.29 pm

Dr. John Pugh (Southport) (LD): I congratulate not only the hon. Member for South-West Hertfordshire (Mr. Gauke) but all hon. Members who have spoken so emphatically about their fears for their services. I shall not comment in detail on the local circumstances—I defer to their greater knowledge on that subject—but I shall make some general remarks, as the issues affecting Hertfordshire emphasise some familiar themes and common problems that occur elsewhere.

The hon. Gentleman originally drew to our attention two problems. One was the problem of underfunding, which seems to affect all services across the piece, and the other was the problem of hospital reconfiguration, with the hospital trusts having substantial deficits, in excess of £20 million. The Government's response to deficits is usually that trusts should get a grip and balance the books, which of course always travels with a presupposition that we already have a fair formula across areas and even within areas, between institutions. However, I see no evidence that we have yet arrived at that state.

There is also another common phenomenon in Hertfordshire, which is that of a number of smallish hospitals in clusters, with pressures on all services.

Mike Penning: I do not think that the hon. Gentleman has been to my part of Hertfordshire, but we do not have a small hospital. The Watford general hospital is not a small hospital and neither is the QEII hospital. They are massive acute hospitals, not little community hospitals, as he is describing them.

Dr. Pugh: I was not suggesting that they were community hospitals, but the descriptions are relative, and we could compare them with St. Thomas' hospital over the river from here.

I am familiar with the scenario, because I come from an area where there are two hospitals that I would describe as relatively small in NHS terms and that are separated by the sort of distance that separates some of the Hertfordshire hospitals. I am fairly familiar with the problem—I know that hospitals belong to distinct communities, I know that travel between them is rarely ideal and I know that there is strong community resistance to changes in local hospitals. I also know that when change takes place, there is an unconvincing process of local consultation that satisfies nobody and buys nobody off.

There are usually two drivers for reconfiguration. A clinical driver to do with the concentration of expertise is usually cited in evidence, and there is usually a financial driver. The financial drivers on hospitals involve not only deficits but other things, such as the working time directive and the junior doctors' contract, which put additional pressures on hospitals in all areas. None the less, people in Hertfordshire are quite justified in fearing reconfiguration, because reconfiguration and all that it evokes has a pretty poor reputation across the NHS.

Looking at the SHA consultation on reconfiguration in 2003 from an external point of view, I thought that an attempt was being made—although probably not a successful one—to give everybody a little piece of the action or to satisfy everybody, if I may put it like that. Clearly that effort failed and was replaced by something much more unacceptable. In my neck of the woods, with two hospitals separated by the same sort of distance as between Watford and Hemel Hempstead, we have already lost obstetrics and paediatrics in Southport.

Anne Main: The hon. Gentleman talks about the same distance as between Watford and Hemel Hempstead, but would he agree that the Minister should ensure that if any service is to be moved to Watford, the road configuration should be altered—which is exactly what we were promised—before any development of the hospital takes place? Perhaps the Minister knows better than I do, but I have yet to see any details of that road configuration or that road investment.

Mr. Mike Hancock (in the Chair): Order. That sounds like another speech.

Dr. Pugh: That is absolutely the point that I would re-emphasise, as similar problems are faced in many areas. In my neck of the woods, where two hospitals are owned by the same trust, the road is an issue and travel is the one thing that is most ignored.

I was not surprised to find, on looking into the matter, that the offer that was originally made in the 2003 consultation has been further downgraded. At one stage there was talk of having a birthing unit in Hemel Hempstead and using it to spread good practice elsewhere, but I understand that that is now unlikely to happen. As the hon. Member for Hemel Hempstead (Mike Penning) said, the best that will happen is that an ISTC will emerge. That is a common pattern in different places, with the same meaningless consultation forming a backdrop. Scrutiny and review sections of councils debate things, but the financial position continues to deteriorate.

We can anticipate the Government's response, which is also fairly familiar. In most such debates, the Government will say that people ought not to be wedded to bricks and mortar, that services can be delivered in the community and—to a lesser extent—in secondary care, that institutions have to co-operate,

[Dr. Pugh]

that clinical networks have to be delivered and that people will travel for the best possible service.

However, that aspect of Government policy does not hang together with something that was cited several times in the consultation, which is the Government's own policy of keeping the NHS local, which produced a well-known pamphlet that is much cited but rarely acted upon. That policy recognises that although people are ready to travel for specialist care, they expect to find many services locally, particularly A and E services and those that look after people with chronic conditions that involve repeated journeys to hospital. Additional travel in such cases means extra trauma. Someone who has to go further to an A and E department might not arrive with a long-lasting problem or even with a major trauma, but for someone travelling with a child to A and E who is not sure what is wrong, every extra mile is a very unpleasant experience.

People do not mind clinical networks, if that is what the Government want, but they want the clinical networks that suit them and their clinical needs. As it is, reconfiguration across the piece normally results in health authorities presenting a menu, a rather bogus form of consultation taking place and, when it is completed, people often choosing to go in unexpected directions, rather than to the hospitals to which they were expected to travel in the first place. As many hon. Members have said, the backdrop is often the need for a quick financial fix, which discredits any reconfiguration proposal whatever.

Mr. Lilley: On a point of order, Mr. Hancock. Is the hon. Gentleman's speech in order, as it is not about Hertfordshire?

Mr. Mike Hancock (in the Chair): The hon. Member is entitled to put a view about the consultation, but I remind hon. Members that we are about to have a Division and it would be appropriate to give everyone a fair chance to speak in this debate.

Dr. Pugh: I shall finish shortly, as I said I would, although I also said that I would make some general remarks that would probably apply to Hertfordshire, as well as to other places.

If there is a mistake—as there must be—it is not beginning with community needs. The public are not stupid; they know that they cannot have everything everywhere. However, they want good quality, timely and accessible services but, as hon. Members who have voiced their opinions so far have made clear, Hertfordshire is not getting them.

3.36 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I, too, congratulate my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) on securing this important and timely debate.

3.37 pm

Sitting suspended for a Division in the House.

3.52 pm

On resuming—

Mr. O'Brien: Having congratulated my hon. Friend on securing the debate, I also pay tribute to the measured, serious way in which he presented his overwhelming and unquestionably cogent case on behalf of his constituents, demonstrating his concern for their health and well-being.

We have heard from the massed ranks of Conservative Members of Parliament representing Hertfordshire this afternoon; eight out of nine have contributed to this debate and the ninth would have attended, but for being away necessarily on Select Committee business. It is notable that the two Labour MPs who represent Hertfordshire are absent. The Liberal Democrat spokesman, the hon. Member for Southport (Dr. Pugh), concentrated on general points because, thankfully, Hertfordshire, like Cheshire, is a Liberal Democrat-free zone.

I make no apology for focusing on the financial issues, because those lie at the heart of so many of the points that have been raised and have real effects on patients and the constituents of my right hon. and hon. Friends, as we have heard. It is right for us to debate financial issues today, because those are in the power, remit, gift, discretion, authority, responsibility, duty—whatever people want to call it—of the Minister and the Secretary of State; there is no escaping that.

Bedfordshire and Hertfordshire strategic health authority, which is now subsumed into the East of England SHA, has had to make significant savings in an attempt by the Secretary of State to mitigate the NHS deficits. In month six of 2005-06, the SHA was predicting a surplus of £18,000, which was 0.2 per cent. of its turnover. In month 12 it delivered a surplus of more than £19 million—20.7 per cent. of its turnover—which was generated by a mere £200,000 underspend on administrative budgets and enhanced by underspends on training at £3.5 million, the national programme for IT in the NHS at £3.9 million, central budgets of £6 million, a carry-over of £2.6 million from the 2004-05 underspends and an allocation from the national health service bank of £3 million.

As a total health economy across all the NHS organisations in this area, the SHA had a total deficit of £107.9 million in 2005-06. I found that figure, which breaches the SHA's control total by £33 million, in the financial report of 20th June 2006, presented at the final board meeting of the Bedfordshire and Hertfordshire SHA before it was subsumed into the East of England SHA. The SHA has been given a control total deficit of £80 million for 2006-07, necessitating savings of £150 million, which is enough money to employ just over 8,000 nurses a year and is eye-watering by any standards.

Mr. Prisk: My hon. Friend rightly highlighted many of the financial issues, but is he concerned about the constantly changing figures coming from the Government? People working in health care keep being asked to do new things and change, which is debilitating for many of them.

Mr. O'Brien: My hon. Friend is correct. Anybody with any management experience would know that that is precisely the case.

I am delighted to inform hon. Members that the hon. Member for Watford (Claire Ward) has had a baby. I congratulate her on behalf of the Conservatives. That is the best excuse for not attending a debate. However, there is no excuse for the hon. Member for Stevenage (Barbara Follett), who has not had a baby.

The savings that I have mentioned, which are equivalent to 8,000 nurses a year, are so high risk that the SHA has told the Department of Health that it requires a control total of £99 million, but expects that downward pressure will be applied to the control total requested by the SHA. With that cash squeeze, it is unsurprising that the SHA area is resorting to drastic measures. In 2006-07, the SHA is reducing education places by 12 per cent. on the previous year—a total of 122 places—and is looking to shed 1,100 whole-time equivalents. In addition, underspends are not being returned and the primary care trusts are required to deliver 3.5 per cent. in cash-releasing efficiency savings. Cuts to mental health services were ably described with deep concern by my hon. Friend the Member for North-East Hertfordshire (Mr. Heald). We are also talking about cuts in podiatry, a transfer of thrombolysis services and cuts to sexual health services. My hon. Friend the Member for St. Albans (Anne Main) also cited a long list of services knowledgeably, robustly and compassionately.

The situation is so bad in the west Hertfordshire quadrant that the auditor issued a public interest report in April 2006, which highlighted the apparent weaknesses in the arrangements established by the PCTs to ensure effective financial governance and the poor financial information being presented to the board. The auditors also highlighted the adverse impact of the considerable uncertainty caused by NHS restructuring. Most of all, the auditor's report shows that Ministers have failed in their duty to oversee our NHS, as my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) ably illustrated in his contribution.

This crisis did not happen overnight. For example, the West Hertfordshire Hospitals NHS Trust's deficit grew from £4.6 million in 2003-04 to £14.6 million in 2004-05 and £43.2 million in 2005-06. In both 2003-04 and 2004-05, the Audit Commission's relationship manager for the SHA reported on the weaknesses in financial management and the structural issues contributing to the poor financial standing of all bodies in the Bedfordshire and Hertfordshire SHA area.

Furthermore, the public interest report constitutes one of the 20 referrals in 2006 of NHS bodies to the Secretary of State under section 19 of the Audit Commission Act 1998. There were seven referrals in 2005, two in 2004 and none in 2003. This is a worsening picture. In addition, auditors posted 93 qualifications on the accounts last year—accounting for the doubling in the forecast NHS deficit for 2004-05—53 in the previous year and none in any year before that.

The problem of NHS deficits has not suddenly appeared; it has been allowed to worsen because of the failings in the Department of Health and among its Ministers. My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) quoted the Secretary of State talking about the best year ever. He also observed rightly that reorganisations are often the Government's only retreat to try to escape accountability and blame others. Above all, failed managers are being recycled, thereby demoralising the best, who move on and out. We have a downward spiral of morale and performance.

Despite the financial difficulties, it is unacceptable that the former SHA area should be forced to make cuts to front-line patient services to find cash, especially where such cuts are driven by financial rather than clinical needs.

Regarding the West Hertfordshire Hospitals NHS Trust, we have heard about the scaling down of services at Hemel Hempstead and the building of an independent sector treatment centre there. My hon. Friend the Member for Hemel Hempstead (Mike Penning) eloquently described how the argument for the introduction of the treatment centre puts the cart before the horse. That is no way to manage our NHS.

Does the Minister find it acceptable that most of a relatively new hospital should be demolished and turned into a housing estate because it is "surplus to requirements"? Acute and emergency services are to be centralised at Watford general. Can the Minister guarantee that that will in no way affect patient care? The trust has announced upwards of 700 job losses and 878 bed cuts. East and North Hertfordshire NHS Trust, which has to save £69 million over three years, is set to lose 100 jobs and 1,055 beds, as described in a passionate and sincere speech by my hon. Friend the Member for North-East Hertfordshire. In addition, services are being decimated at the QEII hospital in Welwyn.

Part of the difficulty for hospitals has been the financial pressure put on them by primary care trusts, although it is the organisations that do not have payment by results, such as the mental health trusts, that are most at risk from cuts in front-line services by the eight Hertfordshire PCTs, all of which are in deficit. The effect on, for instance, Potters Bar community hospital was rightly and graphically described by my hon. Friend the Member for Hertsmere (Mr. Clappison). Two sites are being forced into one as a "solution".

Above all, as my hon. Friend and others rightly highlighted, this leads to a serious collapse in trust in the Minister and the ministerial team, because of what they have said about community hospitals. There was, rightly, a huge outcry when confidence was undermined by the various messages that appeared to be coming out of the Government, but then the Secretary of State corrected that impression at the Dispatch Box. As my hon. Friend said, surely this is the time to step in and stop the permanent loss of services to his constituency.

Most worrying is the fact that the services are being closed down without hope of substitutes. Both the private finance initiative rebuild at Watford and the PFI super-hospital at Hatfield seem to be frozen. The latter has already been downgraded and there is no indication that either will ever arrive.

Auditors have highlighted problems with financial management in the Hertfordshire area, but the struggle

[Mr. Stephen O'Brien]

in that area is symptomatic of an NHS that has been centrally mismanaged. The fact that deficits are arising in places such as Bedfordshire and Hertfordshire, Thames Valley and Surrey and Sussex—the areas that are hardest done by in the resource allocation—reflects the fact that those areas are becoming too underfunded. Constant central restructuring has contributed to the difficulties, as has the scandalous political meddling in the PFI programmes, such as the one at Hatfield, laid bare in the powerful speech of my hon. Friend the Member for Welwyn Hatfield (Grant Shapps).

However much the Secretary of State and her Ministers may dislike the south-east and middle-income Britain, is there any credible effort that the Minister can make in her speech now to start rebuilding the trust between them and the people of Hertfordshire, represented so passionately and ably by my right hon. and hon. Friends? Do this Government govern for all or just for the reducing number of Labour voters in this country? Will the Minister now commit to a simple ministerial duty—fairness to all—and correct here today the deep, damaging unfairness that has been done to the people of Hertfordshire's health under Labour?

4.3 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I, too, congratulate the hon. Member for South-West Hertfordshire (Mr. Gauke) on securing the debate. It will not be possible for me to address every point that has been made. I hope that right hon. and hon. Members understand that. I should also say that I am meeting the hon. Member for Broxbourne (Mr. Walker) next week to discuss specific issues relating to mental health, and, as I understand it, the hon. Member for Hemel Hempstead (Mike Penning) as well. On behalf of the Lord Commissioner of Her Majesty's Treasury, my hon. Friend the Member for Watford (Claire Ward), I thank all hon. Members for their congratulations on the birth of her baby. I will pass those congratulations on to her.

I should like to deal with some of the issues by making general comments about the situation in Hertfordshire and the approach that the Government believe needs to be taken to sort out what is a very difficult situation. I am grateful to all right hon. and hon. Members who have paid tribute to the hard work of the staff in the local NHS, who have contributed to the real improvements that have taken place in recent years, such as the cuts in waiting lists and the improvements in general health outcomes. Those are real changes, of which the staff are proud. I am proud to be part of a Government who have helped to bring about those changes, but there is no doubt that they could not have taken place without, first, the hard work and dedication of NHS staff.

Secondly, the changes could not have taken place without the increased investment that has gone into the NHS. I believe that there is actually quite a lot of political consensus on the fact that investment in the NHS has increased from some £33 billion in 1997 and will increase to some £92 billion in 2007-08. The combination of increased investment and the changes that have been made because of the work of NHS staff has led to real improvements in health care.

Hertfordshire has been a beneficiary. Whatever is said at the moment, there is no doubt that there have been increases in resources. A number of hon. Members mentioned the funding formula. It is true that PCTs in Hertfordshire receive less funding per person than the national average, but that is because a formula has been put together to address the health needs of an area. That means that in some of the more deprived areas there are higher levels of funding. I would be amazed if the Conservative party was saying that it wanted to adopt a policy whereby it ignored the fact that some areas have greater health needs than others and that therefore it would reverse the efforts made to tackle health inequalities.

The hon. Member for Hemel Hempstead talked about the establishment of the NHS, which was about providing equal access to health care throughout the country. Inevitably, that means that in some areas there are higher levels of funding, but that does not mean that PCTs cannot target funding within their overall area to tackle health inequalities. That is why the Government have put a lot of emphasis on tackling health inequalities. No matter what we say, right hon. and hon. Members in this room know that a boy born in Manchester, for example, is likely to die eight years earlier than someone born in, I think, Dorset.

Grant Shapps: I appreciate what the Minister is saying about health inequalities, but surely the way to tackle inequalities is not to drag down an area where, in the past, the position may have been better, by closing down important services such as cancer care, maternity and accident and emergency services. That seems to be the approach that the Minister is taking.

Ms Rosie Winterton: No, that is not the approach that I am taking. The approach that I am taking is to challenge the assertion that has been made by the Conservative party that it is wrong to channel funding into areas where there are greater health inequalities. I am challenging that belief because it would be completely the wrong approach to the NHS. The new formula takes account of the impact of deprivation on health need in ways that were not possible before. It also considers unmet need. In certain areas, there may be people—for example, people from ethnic minorities and socio-economically deprived groups—who are not receiving health care services to the same level as others. If the Conservative party decides to reverse that approach, it will reverse everything that we have been doing to tackle health inequalities.

Mike Penning: I do not think that anyone here is saying that everyone in every area should get identical funding. We want a level playing field in relation to the areas that the Minister has described, such as Manchester, where people die earlier. In our part of the world—the debate is about Hertfordshire—more people are living longer, and that costs the NHS more. When people get old, they get ill and need health care, no matter where in the country they live.

Ms Winterton: But the hon. Gentleman cannot have it both ways. He talks about a level playing field, but

there will always have to be some way of allocating funding. It has long been proved that in areas of deprivation where health needs are higher and there are inequalities, there is a need for greater funding.

Mr. Heald *rose—*

Mr. Prisk *rose—*

Ms Winterton: I need to move on, because I have only five minutes left, and I want to address some of the other points that were made. If there is time, I will come back to this point.

Overall, no matter what is said, the amount being received in Hertfordshire has grown enormously in recent years. It received £135 million in 2002-03, £151 million in 2003-04, and £165 million the year after—and that is just the Watford and Three Rivers primary care trust. Those are enormous increases in the allocated funds.

Mr. Prisk: I am grateful to the Minister for giving way. She is very generous. She says that it is not possible to adjust the figures so that they could be, broadly speaking, at 100 per cent., yet, according to a written answer that she gave to a question from my hon. Friend the Member for Hertsmere (Mr. Clappison), that is exactly what the Government did in the financial year 2001-02, when the figure was 103 per cent. Why has that not been possible in subsequent years?

Ms Winterton: The hon. Gentleman well knows that the point that I was making was that if the Conservatives are saying that they want to reverse the idea of targeting funding into certain areas— *[Interruption.]* The figures were given. It was said that in Doncaster, Central, the figures are something like £1,300 per head, whereas in other constituencies it may be lower. That is to reflect the deprivation.

Mr. Heald: That is the point. Will the Minister give way on that?

Ms Winterton: I will not.

Mr. Mike Hancock (in the Chair): Order. Let the Minister have some time to speak.

Ms Winterton: I need to move on, because the point that I want to come to—

Mr. Stephen O'Brien: They are all Labour constituencies.

Ms Winterton: Actually, it is about where there is deprivation. It is quite wrong to suggest that the way to deal with health inequalities is to remove the ability to target areas with high levels of deprivation. *[Interruption.]*

Mr. Mike Hancock (in the Chair): Order. Everyone listened with great tolerance and understanding when others were speaking. Let the Minister be heard in the same way.

Ms Winterton: I do not think that they like it, Mr. Hancock.

It is true that deficits have built up in Hertfordshire over several years, but Opposition Members are, in a sense, suggesting that we should ignore that position and that it will somehow go away. That would be quite the wrong approach. We need to look at how services are delivered. The worst thing for staff, patients and services such as mental health services would be to continue such a process. If the Conservatives were to adopt a policy of ignoring those deficits and making no effort to deal with them, that would not do patients or staff any good. We need to say, "This is the problem that we are facing; we should look at this in the light of the extra resources that have gone in." The Department can give help through sending specialist teams in to work with local trusts.

I have visited a number of hospitals in the area—unfortunately, I am no longer the Minister with responsibility for Hertfordshire, but I would be more than happy to go back there to look at the mental health services—and people have told me that there have been difficulties with managing the finances over a number of years. We need to consider that. There are ways in which the strategic health authority and the Department can work with areas such as Hertfordshire to ensure that some of the changes that need to be made are made with the minimum of disruption to staff and patient services—

Mr. Mike Hancock (in the Chair): Order. I must bring the debate to an end. I thank all those Members who worked wondrously well to allow everybody to speak, and I thank Members for the courteous way in which they listened to the Minister, most of the time.

Land Banking

4.15 pm

Greg Mulholland (Leeds, North-West) (LD): Let me start by saying what a pleasure it is to have you in the Chair, Mr. Hancock. There was a slight diary confusion in my office about the start time of the debate, and I probably broke the record for getting here from Norman Shaw South. Perhaps we can look into having a record for that run: I did it in about two and a half minutes. *[Interruption.]*

Mr. Mike Hancock (in the Chair): Order. Members of the public are not permitted to walk through the Chamber.

Greg Mulholland: I am very pleased to have secured the debate, and to have this opportunity to raise this increasingly important issue in the Chamber. As I have already made clear to the Minister, I wish to focus specifically on the practice in which a number of disreputable companies and individuals around the country are engaged: the misrepresentation and mis-selling of greenfield land, which is becoming a critical issue in many rural and semi-rural areas. Before I expand on that, I want to make it clear that my purpose today is to ensure that after the debate the Minister and the Government will agree to work with me and MPs from all parties who are also concerned to address this issue. I shall make some suggestions later as to how that could be achieved.

Let me define precisely the relevant issues. In broad terms, land banking is simply the practice of purchasing undeveloped land for future developments or resale. That investment often comes in the form of land investment companies or partnerships buying land, subdividing it and then encouraging secondary investors to buy individual plots. If the land value increases, the investment companies gain a high return, and the secondary investors also benefit. In the vast majority of cases, for the value of the land to increase substantially a "change of use" must be accorded to the land, which means that local councils must grant permission for it to be developed. If it is green belt land, there needs to be a change in status.

For those of us with rural and semi-rural land in our areas, this is a highly contentious issue. It is particularly worrying that there appear still to be individuals and partnerships buying up large areas of undeveloped green belt land and deliberately suggesting, or at least giving the impression, that permission for that land to be developed is likely—often, they give the impression that it is very likely, or a done deal—when that is far from the truth. I have an example from my own constituency which illustrates how that practice works. It is how I came across the issue in the first place.

As I stated in the House when I introduced my ten-minute Bill in November last year, a company called English Land Partnership bought and owns a piece of undeveloped greenfield land, Cookridge pastures, on the edge of an area of housing. The land is designated green belt land, and Leeds city council has categorically stated that permission for the development of Cookridge pastures is extremely unlikely to be given for the foreseeable future. Yet I have seen copies of a video and its accompanying letter and a website that give a very different impression.

I was pleased that the BBC in Yorkshire did a special report on the Cookridge pastures development on its "Inside Out" programme. I will share some of that with the Chamber to show that English Land Partnership explicitly claimed to investors, in private, that the local council would award permission for development. I shall quote an English Land Partnership employee, Paul Hudson, who was secretly filmed as part of the BBC investigation. He said:

"We would submit the application by the end of next year, within 12 months, then it would take another year, 14 months for them to say yes, so we are talking about 2, 2 and ½ years tops!"

He went on to say that those who invested would be getting

"one of the best deals on the market".

Just to leave no ambiguity about how ELP views Cookridge pastures, I must point out that Hudson said:

"you are going to be making £100,000, you are going to be asking me, 'where is the next project?'"

That claim is clearly outrageous given the advice that we have had from the council and the Government; it is incorrect and misleading. Companies are doing that sort of thing up and down the country. Even after the airing of "Inside Out", English Land Partnership continues to market the development potential of Cookridge pastures. Its website proclaimed that it is a wonderful "potential future development opportunity" at the heart of the

"fastest growing city in Europe".

Such an approach has caused great dismay to local residents and to those who have been duped into investing in the schemes. It is not an isolated case. Since introducing my ten-minute Bill last year, I have been inundated with correspondence from people up and down the country. They told me of similar schemes, of communities worried about the effect that the practice will have on their locality, and of investors who feel that they have been ripped off.

Tim Farron (Westmorland and Lonsdale) (LD): I shall give an example from another part of the country, as I am sure my hon. Friend is about to do. It relates to a brownfield site in my constituency. The site of Sedbergh livestock auction mart, which has planning permission for that very purpose, is on the market having been temporarily closed. The excellent farmers' co-operative is hoping to buy the site but, of course, the site is on the open market. There is every chance that a company such as the one that he mentioned could purchase the site, sit on it entirely legally for years with the intent to use it for something other than what it has planning permission for, and blackmail—or rather, browbeat—the local authority to change the permission in years to come. That would cost the community its local auction mart and would be a blow to it. Does my hon. Friend agree that that example adds to his case?

Greg Mulholland: I thank my hon. Friend for another useful example. I am also working closely with the hon. Member for Stroud (Mr. Drew), who alerted me to the practices of Gladwish Land Sales Ltd in his constituency. In the past few weeks, *The Observer* has

exposed land banking scams right across the country and is also calling for urgent action to stop innocent investors being exploited and local communities being damaged by the swindles. I am calling for the situation to be addressed by the Government.

I acknowledge that, at this stage, local councils are taking action. Indeed, the Local Government Association has urged them to make use of all existing available legislation, including article 4 notices, to respond to the schemes. However, those notices, which are one of the few weapons that councils have, only restrict the erection of posts or fences on undeveloped land. They do not restrict the sale of the land or its mis-selling, which is what I am focusing on today.

The LGA also urges councils to contact trading standards and the Department of Trade and Industry to inform them of misleading and illegal trading practices. However, there is confusion over the issue. I contacted the DTI last year and was informed that because land banking firms such as English Land Partnership are partnerships and not companies, the DTI does not have the jurisdiction to investigate the mis-selling practices of such firms.

I come to the specific proposals, for which there are precedents in other parts of the world. As the Campaign to Protect Rural England has highlighted, in Australia in December 2005 the European Land Partnership stood accused of grossly misleading potential investors over its ability to obtain planning permission and the likelihood of planning permission being granted on the tracts of land that it owned. The key difference in that case was that the state government of Victoria was able to act quickly and decisively to bring a halt to the mis-selling. The state legislature obtained an interim injunction order against ELP, which prevents it from engaging in a range of promotional and marketing activities until there has been a full hearing into its activities, which is due to take place in the Victoria Supreme Court this year. So far, no such decisive action has taken place in the UK. The only course of action for investors who feel that they have been sold land on a false premise or been the subject of misrepresentation would appear to be to pursue cases individually through the courts.

There is a strong coalition working on this matter. As I mentioned, I am working with the CPRE. I am also working with several MPs from all parts of the House, and I have been contacted by reputable land investment companies, including possibly the largest such company in the United Kingdom, UK Land Investments Group. Firms of that nature are concerned, because they invest large sums to ensure that land is bought and sold legally and without misrepresentation. They wish to see fly-by-night organisations brought to book for their scandalous practices and the damage that they do to the industry.

We may need new legislation for that to take place or we might simply need the extension or clarification of existing legislation. Sufficient powers might already exist but they might not be being used. What is clear is that, because of loopholes in the law, a lack of law, or a lack of action on the part of the Government, firms are being allowed to escape unpunished, despite engaging in practices that are misleading and misrepresentative. I hope that the Minister will acknowledge that.

In addition to challenging the Government to consider legislation, I propose the setting up of an independent, self-regulating body to monitor the actions of land investment firms to ensure that they are not engaging in the kind of practices that I have mentioned. Such a move could include the establishment of an accreditation scheme to ensure that firms act responsibly and correctly. Only where organisations are found to be acting in accordance with agreed guidelines would they receive accreditation and thus be allowed to persist in investing in, and selling on, tracts of land.

It might also be useful to have professional advisers, either directly employed by the regulatory body or employed on a consultancy basis. They would review the submission from any company registered to the accreditation organisation to ensure that any sales and marketing claims are credible. To ensure that that is accurate, independent assessment could be carried out on an accredited company's sites in line with a planning and technical analysis provided by the accredited company to the professional advisers. That could include a statement of forecast detailing the type and time scale of promoting a site for re-allocation and an assessment of the financial viability and potential customer returns of the site.

Another suggestion would be for all accredited companies to pay a bond of, for example, £100,000. Should problems occur and a land banking company be unable to fulfil its obligations on promoting a site or gaining outline planning permission, the bond would be released to the accrediting board or organisation, to ensure that a credible planning application is submitted for the benefits of clients. Furthermore, each accredited company could be forced to submit, possibly on a semi-annual basis, an action plan—detailing actions that had been taken on its obligation to investors and those that it would be taking to do with the site over the following six or 12 months. If those were unacceptable, at the board's discretion accreditation could be removed and the value of the bond released in order to proceed with a planning application.

I hope that those suggestions will push the debate forward, because the simple fact is that there is currently little or nothing to stop dishonest and unscrupulous organisations, partnerships and individuals swallowing up huge tracts of greenfield land in the middle of local communities and selling it on to unsuspecting investors on the basis of unsubstantiated and false promises, with little or no regard to the effect that those practices have on those involved.

Today, I am tabling an early-day motion, which is co-sponsored by the hon. Members for Stroud and for North-East Milton Keynes (Mr. Lancaster), which I hope many hon. Members will sign. I ask the Minister and the Government to take the issue seriously and to acknowledge that there is a problem that needs to be tackled. The situation has been allowed to persist for far too long, and urgent action is needed to stop companies, partnerships and individuals ripping off their investors and damaging our communities. I hope that the Minister and the Government will work with

[Greg Mulholland]

me, my parliamentary colleagues and the organisations involved to stop the unacceptable mis-selling of greenfield land.

Mr. Mike Hancock (in the Chair): Before I call the Minister, I should inform Members who have just come into the Chamber that the final Adjournment debate will start at 4.45 pm, or at the end of this debate. Fifteen minutes have been added on for the Division.

4.30 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): I congratulate the hon. Member for Leeds, North-West (Greg Mulholland) on securing the debate and on raising an issue that is clearly important in his constituency and that affects his constituents. I am grateful to him for providing this opportunity to debate the practice of land banking.

The hon. Gentleman rightly drew attention to the sensitive nature of rural land and expressed his concern about the selling, usually on the internet, of small plots of land on which, in most cases, there is no realistic chance of development being allowed. The Government share the hon. Gentleman's strong disapproval of plot sale enterprises that exploit people's eagerness to build homes in open countryside, often at the expense of their limited knowledge of planning laws and policies.

The Government recognise the harm and adverse consequences of the subdivision of land in the countryside. Some of those consequences arise from open land being divided up with pegs, stakes or fences, creating an eyesore that detracts from the appearance of the countryside. When plots are sold and are no longer in agricultural use, it can lead to neglect. That is especially difficult to put right if plot owners cannot be traced.

The mis-selling of land can be tackled in a variety of ways. Depending on the nature of the deceit, instances of mis-selling might be dealt with by the police, the Office of Fair Trading, local authority trading standards departments or the Department of Trade and Industry. The latter has powers under the Companies Act 1985, and can investigate companies if there is reason to suspect fraud, dishonesty or any other objectionable conduct, and can, in the public interest, take proceedings to wind up a company and/or disqualify its directors.

Greg Mulholland: Will the Minister comment on my point about the fact that the DTI does not have powers to deal with partnerships and individuals? People know that, and set themselves up as partnerships to ensure that they fall outside the framework. That is one of the loopholes that I identified.

Meg Munn: I did hear the hon. Gentleman refer to that. Obviously, I am a Minister for the Department for Communities and Local Government, and therefore cannot reply on behalf of the DTI. I urge the hon. Gentleman to talk to Ministers in that Department and to take the issues up with them. As I said, there is more than one way of dealing with the problems, and the provision relating to companies is only one way. If the hon. Gentleman looks back at the *Hansard* record of this debate, he will see that there are a number of other ways, too.

It may be helpful if I set out the parts of planning law that govern the use of land in the countryside. The key concept—the trigger for planning control—is whether something is "development", which is defined in the Town and Country Planning Act 1990 as

"the carrying out of building, engineering, mining or other operations in, on, over or under land, or the making of any material change in the use of any buildings or other land."

Some rural land is designated green belt, and there is generally a presumption against inappropriate development on such land. National planning policy on green belt is set out in planning policy guidance note 2. It states that acceptable uses of green belt land are those that help to fulfil the following objectives: providing access to the open countryside; providing access to outdoor sport and recreation near urban areas; retaining attractive landscapes and enhancing landscapes near to where people live; improving damaged and derelict land around towns; securing nature conservation interests; and retaining land in agricultural, forestry and related uses. However, the most important attribute of green belt is openness, and that has to be the primary consideration when any different land use is proposed.

The planning system is not designed to supervise land ownership or to protect the unaware from ill-advised purchases. A primary concern of the planning system is the impact of development on amenity. It would be impractical to place an added burden on local government in respect of the oversight of the sale of rural land. However, planning has an important part to play in limiting harm to rural land.

In a written statement to the House on 19 April 2004, the then Minister of State for Housing and Planning, the right hon. Member for Streatham (Keith Hill), addressed the concern—expressed here and elsewhere—that farmland was being subdivided into small plots for sale over the internet. The statement referred to measures that the Government could bring forward to enable local planning authorities to take more immediate action as soon as evidence of abuse was suspected or emerged. At the same time, we issued a letter to remind local authorities of the powers already available to tackle planning problems associated with plot sales. That letter encouraged local planning authorities to advertise, or to use the internet, to give prospective plot purchasers a realistic idea of the likely development potential of their plots. The letter also listed enforcement powers available to local planning authorities to control unwanted development on rural land.

Some development is given a permitted development right—that is, a general planning permission—that removes the need to put in a planning application. Any permitted development right can be withdrawn if there are strong planning grounds, using powers in article 4 of the Town and Country Planning (General Permitted Development) Order 1995. Such directions may be used if there is a significant, specific and credible threat to an important amenity. On farms and green belt, a direction would be subject to confirmation by the

Secretary of State. Article 4 directions do not forbid development; they merely require the submission of a planning application for works or uses otherwise allowed by the order.

We are working on proposals to amend the procedures for making article 4 directions, in order to enable local authorities to bring into effect more quickly and efficiently a direction to prevent subdivision of rural land. We propose to increase the scope of local authorities' powers to remove permitted development rights without having to wait for the Secretary of State's approval. We also plan to allow local authorities to bring article 4 directions into force more quickly by serving the relevant notice on the land by site display in cases where one or more owners cannot be identified or located, or where the numbers of owners or occupiers makes it impractical to serve a notice on every individual. The planning system is concerned with land use and the impacts of development; it does not deal with how land is sold, the ethics of the vendor or even who owns the land and how they might behave. If there is no development involved, there are no controls to invoke.

In conclusion, we are committed to the protection of the countryside against inappropriate development and, in particular, to the protection of green belt.

Mr. Mike Hancock (in the Chair): I thank Mr. Mulholland and the Minister for their contributions.

As both the Minister and the Member involved in the next debate are here, we shall proceed straight away.

Open-cast Mining (Leicestershire)

4.39 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): We move from Leeds, North-West, to North-West Leicestershire, Mr. Hancock. On a point of information, I understand that the debate may now last for 36 minutes; is that correct?

Mr. Mike Hancock (in the Chair): Yes.

David Taylor: I am pleased and relieved to have secured a debate on the future of open-cast mining in Leicestershire, having requested it for some time. Tenacity is a much underrated virtue in this place.

Rather like the ghost in Dickens's "A Christmas Carol", I shall look at open-cast coal mining past and present, before considering its future. In my part of Leicestershire, 25 May 2006 dawned as a cool, damp morning but rapidly turned into a bleak, black day for the north-west Leicestershire villages of Ravenstone, Packington, Normanton le Heath and my lifetime home, Heather. On that day, the Government announced that they were accepting the planning inquiry inspector's recommendation to overturn a Leicestershire county council refusal of the Long Moor open-cast application to extract around 750,000 tonnes of coal from an attractive, greenfield site surrounded by the four places I mentioned.

The first such planning decision taken in the newly created Department for Communities and Local Government perversely blighted the lives of numerous communities and flew directly in the face of all three tiers of local government, which are totally and vigorously united in their opposition to the plan. I shall try to explain why so many people in the locality are astonished and dismayed.

This is not a case of nimbyism. Our backyard has been actively worked for generations and north-west Leicestershire has been quarried and mined for minerals for centuries. The nation has looked to us for coal, road stone and clay. Mining gave us jobs, shaped our landscape, and produced and named tight-knit communities such as Coalville, but it also created vistas as bleak and desolate as that encountered by Neil Armstrong on 21 July 1969. The American astronauts saw a lunar landscape of the sort that we had endured for many decades prior to their historic flight.

The worst environmental offender in the family of industries linked to the extraction of minerals is open-cast mining. In essence, it is quarrying relatively shallow seams of coal at depths such that colliers of the past had to use deep-mine techniques or leave them unworked. In the 1940s, a great deal of outcrop coal was removed from land in the vicinity of the four villages to which I referred. The impact of those workings is still visible today despite attempts at restoration.

In the early 1970s, the open-casters returned for two huge schemes which removed many million tonnes of coal from the Coalville farm site between Ravenstone and Heather and operating within 120 yd of my home for much of that time. The latter site was ultimately restored as the Sence valley forest park and locals were

[David Taylor]

beginning to hope that the days of open-casting were over at long last. However, like a half-forgotten comet on a 30-year orbit, the shadow of planet open-cast returned in the new millennium. Its gloom engulfed the mosaic of fields, hedges and trees running up to Normanton wood, under which lie 8 million tonnes of coal.

We tolerated such strip mining 60 years ago because our nation needed energy to rebuild an economy and a society stricken by war. We endured it under duress and with protest in the 1970s as a life support for a declining deep-mine industry which has, I am sad to say, virtually expired. However, enough was enough. The case against Long Moor was irrefutable and we thought that in our fight we had the support of the newly elected Labour Government, because in the long run-up to the 1997 general election my party—our party—had rightly identified open-casting as a key issue in numerous marginal constituencies in the English midlands and Yorkshire.

Our then environment spokesman, my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson), produced a new policy paper entitled "Open Cast Coal Mining—Too High a Price" in late 1996, which contained a bleak but accurate description of the effect of open-casting on the environment and local communities. That welcome document promised that, if elected, a Labour Government would revise the relevant planning framework for such applications—minerals planning guidance 3. That overdue manifesto on open-cast mining incorporated a 10-point plan for reducing its impact and promised that an incoming Labour Government would, inter alia, prohibit open-cast working, except when it was of benefit to the local community and local environment, allow rejection of open-cast applications which prejudiced efforts to attract local investment, restrict repeated applications for development of broadly similar sites or extensions of existing workings, require any future consents to set strict and more enforceable environmental standards and, finally and centrally, reduce the national reliance on open-cast as part of our overall energy policy. So far so good, although a few problems did start to emerge.

There was predictable hostility from sections of the now privatised mining industry. Some minerals planning authorities predicted difficulties with fashioning a new MPG3. Even the Prime Minister, my right hon. Friend the Member for Sedgefield (Mr. Blair), began to soft pedal on open-cast controversies in his own patch. Nevertheless, there was optimism in the heady early days after 1 May 1997 that the Dobson plan could be made to work. The newly fashioned Department of the Environment, Transport and Regions published its consultation paper on planning guidance for open-cast coal applications in late July. I shall fast forward over a long period of intense lobbying.

The revised version of MPG3 for England was eventually published in March 1999. It was a dilution of the 10-point programme promised to communities threatened by open-cast proposals in Leicestershire, Derbyshire and elsewhere, but it tightened controls and made concessions to long-term opponents of open-cast, such as me. The key changes, to which I shall return shortly, were that the need for sustainable development was stressed, as was a presumption against development unless the application satisfied a number of tests, the key one being: is the proposal environmentally acceptable or can it be made so by planning conditions or obligations and, if not, does it provide local or community benefits that clearly outweigh the likely impacts?

It seemed to me then, as it does now, that the changes were adequate to allow local planning authorities, without fear of lost appeals, to refuse open-cast coal applications on greenfield sites, especially as decisions can reflect the cumulative effects of adverse consequences in areas like north-west Leicestershire, which has long endured surface coal extraction.

Let me summarise the history of the application that I plan to describe in a moment. British Coal had sought permission in 1990 for the whole of the enormous Coalville West site with 8 million tonnes of open-cast coal lying between the post-war excavations near Packington and 1970s, 1980s and 1990s workings in Heather and Ravenstone, all of which were eventually restored in 1995. That proposal was seen off by a huge tidal wave of opposition, led magnificently by a local protest group, Fight Open Cast in Leicestershire—FOIL—to whose work I regularly and sincerely pay admiring tribute.

A later, smaller Thorntree application in the same area by RJB Mining for 5 million tonnes of coal over six years from 500 acres was also rejected after a long community campaign in 1998. In late 2003, along came UK Coal with an even smaller proposal, seductively entitled Long Moor. This was an application to take out in just three years a small amount of coal, 725,000 tonnes, from a site of only 175 acres. I am, of course, speaking ironically. It gave a commitment that when the site was finished and restored with extra woodland, wetland and grassland—who would not want to visit that?—UK Coal would go away and never return.

The county council refused the application in July 2004 as it said that it would have

"an unacceptable cumulative environmental impact which would adversely affect those who live, work and pursue leisure activities in the area"

which

"would not be outweighed by the benefits the proposals would bring".

The final phrase was crucial. UK Coal appealed in that November and a public inquiry was held at Snibston discovery park, Coalville last autumn. Time is not available this afternoon, nor is this the appropriate place, to cover in any detail the powerful case against Long Moor made by FOIL, Ravenstone open-cast opposition group, parish councils, villagers like myself and Leicestershire county council. However, I shall give a brief outline in an attempt to demonstrate that our Government's new criteria for refusal of open-cast coal applications were amply met.

Our four villages lie within the 200 square miles of the National forest, which has for 10 years been a major driver for environmental restoration and economic regeneration in a large part of the east and west midlands. Much of the land in and around the site is in active agricultural use and is overlaid by a network of mature hedgerows, copses and dense woodland. No

wonder so many local people value their recreation on those quiet rural byways. This is not brownfield land crying out for restoration; it is an area of green fields crying out to be left alone.

There is a real fear that Long Moor will accelerate the return of the stigma linked to a century and more of mining and minerals working, which would slow and probably put into reverse the positive changes and improvements that we have recently experienced. There is anxiety about the health risks associated with the extra noise, dust and traffic. They will have a major impact on Ravenstone, and especially nearby Woodstone primary school, which opened just a few days ago and lies downwind of Long Moor. There is concern that the site will threaten important local businesses involved in horticultural production, as they are vulnerable to the dust cocktail that open-casting tends to generate. The headline in the *Leicester Mercury* just a day or two ago said "Opencast mine will ruin our businesses".

There is no special need for such coal, which the inquiry heard was of a poor quality. It is clear that the tonnage projected is too small to be an important national benefit, significant to the coal-trade balance or essential to industry. A coal-fired power station would burn the four years' production of that site in as many weeks. The site would be loss-making, and it would weaken the already imperilled UK Coal with major implications for operational performance, completion and final restoration.

I have thought about this issue a lot, and the only commercial motive for the site must be a covert expectation that planning attrition in 2010 or beyond will lead to successive phases of work, so that salami-slicing of the adjacent Coalfield West reserves to the south will generate profits to justify the substantial infrastructure costs that Long Moor cannot in any way fund. The site will not generate profits, and it will certainly not pay for overheads.

I am concerned about news that I received today. The July issue of *Coal UK* refers to a round table meeting organised by the Department for Trade and Industry for representatives of the open-cast coal industry. I hope that it is not part of a process to soften up the Government, especially in relation to MPG3. The journal seemed to take the line that the industry will have a chance to encourage local councils to be grown up about open-casting. Grown up about open-casting? I have grown up surrounded by open-casting. All my life there has been open-casting in my area, so I do not need any encouragement from the coal producers to be grown up about it.

As we heard in the Chamber from the Secretary of State for Trade and Industry yesterday, we need secure, sustainable and clean energy in this country. Moreover, with the vast majority of dirty power generators being coal-fired power stations, local authorities and, by extension, planning inspectors and the Secretary of State for Communities and Local Government, ought to have particular regard for policy planning statement 1, 2005, which, in paragraph 13(ii) of its key principles, states:

"Regional planning bodies and local planning authorities should ensure that development plans contribute to global sustainability by addressing the causes and potential impacts of climate change".

I look forward to hearing the Minister reply to that.

PPS1 should lead inexorably to the rejection of the vast majority of open-cast applications, as the democratic means of processing applications will ensure that any open-cast application offering immense economic and other benefits to the local community—that community being supportive—could still be given the green light. Paragraph 41 of PPS1 makes it abundantly clear that a key principle of sustainable development is to

"involve the community in developing the vision for its area."

Returning to Long Moor, in the two years between published application and public inquiry, there was as remarkable a cross-party and cross-community display of unity, energy and determination to defeat the application as I have seen in more than 35 years of public life. Our collective vision for the area did not and could not embrace the reintroduction of such a damaging activity as open-cast coal mining, the effects of whose impacts are being overcome only now, many years later. If that is not cumulative and unacceptable adverse impacts, what on earth is?

Judy Mallaber (Amber Valley) (Lab): I understand my hon. Friend's despair at the decision, which I shared, having heard about it just a week before the summing up of a similar application by UK Coal for the Lodge House site in my constituency. We still await the decision, and as nobody but UK Coal thinks it should go ahead, I still have hope.

Did my hon. Friend make the argument about the cumulative impacts on his area, and the despair and horror felt by people who have experienced them time and again? In one case in my area, they have been experienced for 50 years, on and off. Does he share my concern at what seems to be a misinterpretation by the inspector of paragraph 18 of MPG3 about the way in which cumulative impacts should be taken into account?

David Taylor: I certainly share my hon. Friend's concerns. I regret to say that I reach my 60th birthday on 22 August. I have lived in the same village all my life, and in all that time, my village has had contact with active or fairly recent open-casting. We know what open-casting is about, and it is cumulative and unacceptable in every sense.

In light of the Long Moor effects that I have described, UK Coal's proposal would have had to offer some extraordinary incentives to the local area to receive planning approval from the minerals planning authority or the Secretary of State for Communities and Local Government on appeal. It manifestly did not, so within the revised guidelines, it had to be rejected. Incredibly, it was not, which brings me full circle to my opening remarks.

It is now 48 days since the recommendations of the inquiry inspector and the Government's tame acceptance of them dropped on to local doormats and into e-mail inboxes. I am still as baffled now as I was then how the chief inspector should have so readily bought UK Coal's specious arguments, swallowed its flimsy case whole and so lightly set aside the tightened framework for dealing with such applications which, as I have tried to describe, was assembled with such care

[David Taylor]

in the run up to and after 1997. She set at naught local concerns. There was no rhyme, reason or rationale in the inspector's astonishing decision. It was sloppy and it verged on the incompetent. It was utterly detached from the clear environmental manifesto on which our Labour Government were elected in 1997, and from the subsequent planning and regulatory regimes that we have put in place to implement those commitments and policies.

It is now 48 hours since I started to research this speech, and in that time I have reflected a great deal on the role of Ministers, who must of course take the final responsibility for what has happened. I hope that whoever lifted the application out of their red box fully understood the policy background to that complex and crucial planning decision and knew about the precedent being set. I hope that it does not influence the decision in Amber Valley, just a few miles to the north of my constituency. I hope also that the Minister concerned appreciated the importance of the matter to communities in English coal mining areas. In Wales and Scotland, it is a devolved matter.

If the decision was signed off in haste or without proper consideration, the Department for Communities and Local Government must be held to account for a deeply depressing rejection of the views of rural communities and the apparently casual disregard of the local government system that represents them and exists to protect them. Communities and local government are the raison d'être of the new Department, and it seems as if that raison d'être has been forgotten.

I shall finally say a word or two about the performance of Leicestershire county council. I should state that I am a former employee of the authority pre-1997, although not in planning. For the care with which it consulted the community, the professionalism of its assessment of a lengthy and complicated proposal and the robustness of its submission at the inquiry, it deserves the highest commendation. At the inquiry, the concept of cumulative impact was at the core of every day's evidence from every witness. I am glad that the council has taken the Department to judicial review. If the council is successful, the Department must take note, so that future greenfield open-casting in Leicestershire, Derbyshire, Yorkshire and elsewhere will finally be laid to rest.

4.58 pm

The Minister for Energy (Malcolm Wicks): I congratulate my hon. Friend the Member for North-West Leicestershire (David Taylor) on securing the debate. I should like to take this opportunity to assure colleagues once again that the Government firmly believe that access to a range of energy sources is essential to ensure security of supply. There will be a continuing role for coal in meeting our energy needs for years to come, provided that its potential environmental impacts can be managed satisfactorily.

We also believe that there is a future role for UK-produced coal in meeting our total coal needs. This country still has substantial coal reserves, and they represent an important national asset that we must put to optimum use. However, we have to face facts: coal, like every other mineral, can be exploited only where it is found. For that reason, we must strike the right balance between the legitimate interests of the coal producers, the potential environmental impacts of development and the needs of the community in the immediate area and at national level. That is not always an easy balance to strike, of course. It is true both of coal at depth, suitable for underground mining or coal gasification, and of shallow reserves suitable only for surface working.

That is not to say that all coal must be worked at all costs or regardless of the impact on local communities. The planning guidance for England clearly states that unless development proposals are environmentally acceptable, can be made so through conditions or offer compensatory benefits there should be a presumption against approval being granted. Similar guidance is in place in Scotland and is expected shortly, I am advised, in Wales.

All applications for new underground or surface mines must be assessed against those guidelines and those that meet them should be approved. I am unable to comment on the specific application that affects my hon. Friend's constituents, but I understand—and it has been confirmed today—that it has been considered through the full planning process, including a public inquiry and an inspector's report, which the Secretary of State for Communities and Local Government accepted, and that it is now the subject of a challenge in the High Court through judicial review.

I understand that the application is for permission to work some 725,000 tonnes of coal from the site. *[Interruption.]* Coaling is expected to take about two and a half years out of a total site life of about four years, to be followed by a further period of management of the restored site. Previous unsuccessful applications, which related to areas that include the smaller site that has now been approved, were made in 1990, 1992 and 1997. *[Interruption.]* The last two were permissions to work 4.8 million and 5.3 million tonnes of coal respectively over a site life of six years. There are other unworked coal reserves in the county.

David Taylor: Will the Minister give way?

Malcolm Wicks: I get the impression that my hon. Friend does not agree with all my facts, and so I shall give him the opportunity to speak.

David Taylor: I said all that in my speech. It would be useful to all present if the Minister could focus on the Government's attitude rather than facts that I have already mentioned.

Malcolm Wicks: My hon. Friend gave his speech, and I hope that he will allow me to give mine.

The Government have demonstrated their support for the coal industry by making more than £200,000 available in coal aid since 2000. Some £18 million of that was paid to surface mine operators under the UK coal operating aid scheme to cover production losses during 2001 and 2002. No surface mine has benefited from coal investment aid. Despite that support, the total UK output fell by 18 per cent. in 2005 to 20 million tonnes of coal. That

included deep mine production of 9.5 million tonnes, of which 9 million tonnes were produced at English mines, and surface mine production of 10.4 million tonnes, of which only 1.5 million tonnes were produced in England. Leicestershire's contribution was a little under 95,000 tonnes of surface-mined coal, down from 412,000 tonnes in 2004 and almost 600,000 tonnes in 2003. Some 50 direct mining jobs have already been lost in the county as a result of that decline. The 2005 output was from a site which is due to close in October this year with the potential loss of a further 22 jobs.

The main customers for all UK coal production are the coal-fired generators. They consistently stress the importance of reliability of supplies in contract negotiations, but deep mining is inherently higher risk, because of the potential geological and technological problems, and the assurance of steady production from surface sites is vital to give the generators confidence that UK production can continue to help to meet their needs. That is why it is important for everyone with the best interests of the UK coal industry at heart to recognise that the deep and surface mine sectors are not in competition and that they need each other to maintain the critical mass of the industry and to secure its future.

David Taylor: Will the Minister give way?

Malcolm Wicks: I will let my hon. Friend tell me in a moment why I have it wrong, if he will let me continue for a while.

I have already reiterated the Government's belief that there will be a continuing role for coal in meeting our energy needs, particularly as cleaner generating technologies come on stream, and that UK-produced coal—deep and surface mined—can continue to play a part in meeting national coal demand, provided that it can be worked in an acceptable manner.

I understand my hon. Friend's frustration, but I have been trying to set out something of a national context to balance the arguments and to try to reflect the views of those who hope for a future for British indigenous coal, as the energy review reiterated yesterday. I can understand, too, why he would be frustrated, but given that the planning controversy is now subject to judicial review in the High Court it would not be right for me to comment on the rights or wrongs of the case or of any other planning controversy. I hope that my hon. Friend will understand that.

David Taylor: I understand perfectly well that the Minister will not be able to comment on the planning merits or otherwise of the Long Moor application. However, when he says that open-casting is an important economic contributor to employment, does he recognise that the presence of an open-cast site in the vicinity of an area that is being restored environmentally and rebuilt economically can be a hurdle and a weight around the neck when it comes to trying to attract new firms with high-tech, highly skilled and highly waged jobs? They will look at a despoiled area that has been wasted by minerals working. Open-cast mining has a net negative effect on the local economy.

Malcolm Wicks: I recognise that there have been job losses in the county as a result of closures, which will be of concern to my hon. Friend. I also recognise, of course—it is plain common sense—that with any plans for any community or area, the pros and cons of different industries can be argued in terms of the impact on the labour market and job opportunities. I hear what he has said, and it is his constituency and not mine. There can be different uses for any area, and one use might help or hinder other job opportunities and economic development. I understand that.

I reiterate the point that it would not be right for me to comment on the particular proposal. It is actually a matter for the Department for Communities and Local Government and not my Department, the Department of Trade and Industry—I think that I am answering this debate because of the coal mining issues. I am at pains to say that if we are serious about British indigenous coal having a future, there has to be some balance between deep mining and surface mining, but that it is not for me to make a judgment about whether it is appropriate in the hon. Gentleman's constituency or not.

Colin Burgon (Elmet) (Lab): I am aware after reading *Coal UK* that the Department has scheduled a meeting with open-cast coaling companies later this month. Will the Minister assure us, as this might cause wider reverberation on the Labour Benches, that there will be no slipping away of support from MPG3? Many of us are engaged in a struggle to implement it and if we see any backsliding by our Government on the issue, we will be—how shall I put this?—severely disappointed.

Malcolm Wicks: I assure my hon. Friend that we are trying to strike the proper balances. I am not quite sure exactly what that meeting will entail, but we meet a wide variety of energy interests and hear a variety of views about surface mining, its future and its non-future. That is as far as I can go. There are no plans to change the policy and the practice.

David Taylor: The Minister is being most generous in giving way, and he knows that I genuinely hold him in the highest regard in his departmental role. On the Floor of the House yesterday, I acknowledged the welcome role for coal that the Secretary of State spelled out in his statement, but I said that, in the long time frame for the investment needed for carbon-capturing clean coal, a greater role for coal in generation is likely to be dealt with only through the expansion of imports and of open-cast mining, the second of which is unacceptable to local communities.

Malcolm Wicks: That, of course, has been the burden of my hon. Friend's remarks. The question is whether it is unacceptable in the wider economy and among all local communities. The figures that I have given, not least for Scotland, show that surface mining now plays a significant part. We have to get the balance right. I am not talking about Leicestershire, as I have been at pains to stress, but we have to get the balance right if we are serious—I think we want to be serious—about British indigenous coal having a future.

[Malcolm Wicks]

The other challenge with the energy infrastructure, whether it is onshore or offshore wind farms, future power stations, or even the infrastructure that we might need for carbon capture and storage, is to have a body of Members of Parliament who will agree to things and not simply object to them. My role in such debates is often to hear objections to wind farms or whatever it might be, but if we are to have the necessary energy supplies we must think through the investment needed in Great Britain as a whole. That is not a comment about surface mining or about Leicestershire, it is a general comment.

David Taylor *rose—*

Malcolm Wicks: Does my hon. Friend want to have another go?

Mr. Mike Hancock (in the Chair): Order. I take it that this is an intervention and not another go.

David Taylor: It is an intervention.

I said earlier that this is not a matter of nimbyism. North-West Leicestershire has produced hundreds of millions of tonnes of coal over a lengthy period. In north-east Leicestershire, there remain 800 million tonnes of coal, which I hope will be extracted by a technology that we do not yet fully comprehend. No one is trying to avoid making a contribution towards the national need for energy, but open-cast mining in greenfield locations, unless it is to do with the restoration of previously despoiled sites, is unacceptable, particularly for places such as Long Moor.

Malcolm Wicks: I do not know why I should have confused an intervention with having a go.

Mr. Mike Hancock (in the Chair): You invited him to do so.

Malcolm Wicks: Quite so. It was a mistake, Mr. Hancock, and I apologise.

We have had a reasonable debate. I understand my hon. Friend's strength of feeling and that of his colleagues. I hope that they appreciate my difficulty, but I cannot comment directly on the case.

Judy Mallaber: Do I take it from what the Minister said earlier that at the meeting that he is to have with the open-cast companies he will reassert that MPG3 remains the Government's policy?

Malcolm Wicks: I do not quite know what that meeting is about. I shall probably attend. Perhaps I can write to colleagues about that meeting. As for the matter before the House, no changes have been planned. I hope that with that reassurance we can draw the debate to a conclusion.

Question put and agreed to.

Adjourned accordingly at thirteen minutes past Five o'clock.

Westminster Hall

Thursday 13 July 2006

[DAVID TAYLOR *in the Chair*]

Jobcentre Plus

[Relevant documents: Efficiency savings programme in Jobcentre Plus—Second Report from the Work and Pensions Committee, Session 2005-06, HC 834, and the Government's response thereto, Second Special Report of the Committee, Session 2005-06, HC 1187.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Kevin Brennan.]*

2.30 pm

Mr. Terry Rooney (Bradford, North) (Lab): What a pleasure it is to present my first report of this nature with you in the Chair, Mr. Taylor—no doubt that will be the cause of further discussion later. I also welcome my hon. Friend the Minister to what I shall call his first confrontation with the Select Committee on Work and Pensions. We shall see how we get on today. No doubt there will be many future occasions on which we can cross swords.

The background to the report started in November, when the then Minister of State in the Department for Work and Pensions, who is now my right hon. Friend the Minister for Industry and the Regions, and the chief executive of Jobcentre Plus, appeared before the Committee for discussion of the annual report. All members of the Committee, through their own constituency work, press reports and submissions made to our incapacity benefit inquiry, were well aware that there were escalating problems in the operation of Jobcentre Plus. As a result, we decided to conduct a short inquiry. Had we known what we were going to find, we would probably have decided to have a longer inquiry, but we had set ourselves a timetable and we had to adhere to it.

The focus of the inquiry was the impact of the efficiency savings on training programmes, personal advisers, the customer management system and contact centres. It is important to say at this stage that what was originally the Department of Employment finished up being merged into the Department for Work and Pensions in 2002. That was the third major change of machinery in Government in seven years, and no doubt it has left some legacies. We need to recognise, as we did in the report, the achievements of Jobcentre Plus offices. Every working day, details of 13,000 vacancies are received; they conduct 36,000 work-focused interviews; they place 4,000 people in work; and they take 16,000 new claims. By any standard, that is reasonably impressive, but we have to recognise the nature of the clientele with which Jobcentre Plus is dealing. Any failure in that is a failure for those in society who are least able to help themselves.

We found that the Department or Jobcentre Plus was trying to carry out four major projects at the same time: rationalisation of the estate; the creation of Jobcentre Plus offices; the integration of a new information technology system; and the very significant head-count reductions. Any one of those would have been a major project on its own; having all four running at the same time stretched management capability to the limit and perhaps even to breaking point. That was not just nationally; in districts and local offices, there was real pressure on management.

As a consequence, many of the services provided through the Department suffered. We should remember that Jobcentre Plus is key to two major departmental objectives: the welfare-to-work programme and the elimination or reduction of child and pensioner poverty. If the system is not working, those laudable social objectives are not being met and vulnerable people suffer as a result.

One consequence of the head-count reduction has been that, frankly, inappropriate staff have been placed in contact centres. Anyone who has had experience of contact centres, whether in the public or private sector, knows that a special talent is required to work in them. We visited one contact centre—I do not want to name it, because I do not want to embarrass anyone—and it was quite obvious from the submissions and the evidence that we received that that process was happening. It was being done almost in a humane way, from management's point of view: rather than putting someone out of a job, they would be transferred to fill a new vacancy. However, the skills required to work in a contact centre are specific. They do not relate to someone who has spent 20 years being a decision maker, benefit processor or claims assessor. Last summer, because of the process that I have described, there was virtually a total breakdown in the contact centre operation.

Mr. Michael Wills (North Swindon) (Lab): I am grateful to my hon. Friend for an excellent report. Does he agree that one problem is not only that inappropriate staff are in the contact centre, but that it is impossible to get through to the contact centre to get advice? My constituents and I have certainly found that over and over again. The local citizens advice bureau regularly finds it impossible to get through to St. Austell, which is its contact point, but I can get through, so the only point of contact for all the people in North Swindon who need to get in contact is through me and the dedicated contact centre for MPs. Members of the public find it practically impossible to get through.

Mr. Rooney: I have a deal of sympathy with what my hon. Friend says. The situation has improved significantly since the low point of last August, but it would have been difficult for it not to. There is still a major problem with people's ability to get through to chase up progress once a claim has been established. I think that the achievement level now in terms of calls answered on initial claim is about 94 per cent. That sounds impressive, but there are 16,000 new claims a day, so even 6 per cent. of calls not answered represents about 1,000 claims. That is 1,000 people who are delayed in receiving their entitlement. There had also been major difficulties with the quality of the telephone systems that were installed in the first place, but we understand that, through work with BT, most of those problems have been dealt with.

The second consequence of the efficiency targets being chased was on fraud and error. In many ways, the figure for fraud and error is nebulous. No one can say

[Mr. Rooney]

down to the last pound what it actually is, but we received plenty of evidence that the rate and scale of fraud and error increased last year, and the previous permanent secretary confirmed that the efficiency savings targets had been a contributory factor in that. All this is a consequence of management being stretched and having to deliver on four major targets. What I am describing was not a deliberate action at all; it was almost an inevitable consequence of what was happening.

Mr. Tim Boswell (Daventry) (Con): I am admiring the thoughtful way in which the hon. Gentleman is putting his case. Will he accept this point from my own business experience? When I ran a business, I always worked on the basis of being able to carry out one additional task on top of running the business normally—a building project or whatever. Anything beyond that would have been quite beyond my powers, and I think that something similar has happened in this case.

Mr. Rooney: I have long been an admirer of the hon. Gentleman and I am sure that he could have completed more than one task at a time. We came to the conclusion that each of the four projects was almost certainly worth while on its own, but the phasing of them was wrong; it was out of kilter. A Department that employs 130,000 people should be able to do more than one major project at a time, but the evidence is that it could not do four at a time. If it thought it could, it did not succeed, and the evidence is there for all to see.

The next major consequence—sadly, the figures out yesterday provide further evidence of this—was on the job entry target. Apart from, I think, one month, since February 2005 the numbers on the claimant count have increased every month and the job entry target has not been met. I think that, even at the year end, the figure was about 97 per cent. of target. At one point, the figure was 93 per cent., so something had been clawed back. If the number of people on inactive benefits had also increased, that could be put down to the general economic situation, but, as we all know, the number of people in employment has gone up dramatically, and the number of lone parents and people on incapacity benefit moving in to work has also gone up. So, why is the jobseeker's allowance sector the only one with adverse figures? The job entry target figures spell that out. I do not think that that was by design, but a result of the constant pressure on management time to achieve other things.

Miss Anne Begg (Aberdeen, South) (Lab): The Committee thought that Jobcentre Plus was doing a good job and that the amalgamation of the Benefits Agency and Employment Service into Jobcentre Plus was the right thing to do. What disappointed the Committee was that the good work of Jobcentre Plus was undermined last summer by the difficulties of managing the change and the staff reduction, and we were keen that that good work should not be overshadowed. Does my hon. Friend agree that we need to make sure that the Department gets it right in future, so that the number of people going into work can continue to improve and we do not see the dip that we saw last summer?

Mr. Rooney: I would never disagree with my hon. Friend. She is my guide and mentor. She is absolutely right: in theory, the Employment Service and old Benefits Agency came together in 2002, but, in practice, the welding together of those organisations probably still is not complete. An awful lot of the estate rationalisation was about getting rid of unsuitable offices and creating processing centres. Those are worthwhile objectives—each of the four objectives is worth while—but there are questions regarding the scale on which they were dealt with and how they overlapped with each other.

Finally, because I want to allow plenty of time for colleagues—

Ann Coffey (Stockport) (Lab): Will my hon. Friend give way before he moves on?

Mr. Rooney: How can I resist Stockport?

Ann Coffey: I was interested in what my hon. Friend said about the difficulty with jobseeker's allowance. Did the Committee take any evidence on the effect of the efficiency savings related to the outreach work being done by Jobcentre Plus? I am sure that he will agree that advisors do valuable work by going out to new communities. That is an effective way of reaching those families and parents who might not have worked for a considerable period of time.

Mr. Rooney: There is no doubt that Jobcentre Plus does good things like that. I hate to say this, but, in 1984 I established the first contact arrangement between benefit advisors and the old Department of Health and Social Security staff in Bradford, which was developed and replicated throughout the country. The more pressure we put on staff to do core tasks, which must be to deal with new claims effectively and efficiently, the less chance there is for them to do other necessary and worthwhile things, because there is less space, capability and staffing time available.

There is a lot of concern about the many groups in society for whom telephone claiming simply is not possible. We have taken evidence about cases in which the claims of people who are hard of hearing or totally deaf have been almost cruelly rejected because they were unable to complete a telephone conversation to make the claim. That outrageous example is not isolated; there are many others. There are also concerns about people with problems that come under the general heading of mental illness, particularly those with psychosis. The last thing that people who suffer from hearing voices want to do is to get on a telephone and hear a voice, because it triggers problems, but that is not recognised in the system.

At the end of last year, or perhaps early this year, the Department beefed up its advice to contact centres about classes or groups of people for whom it is acceptable to make claims by post or even through home visits. That is welcome, but it has not been happening on the ground. Every Member of Parliament can report cases—not isolated cases, as there are far too many—in which the practice, at ground level, has been that people have done all they could to ensure that claims had to be made by

telephone. I can understand that to some extent, because that is the cheapest way for new claims to be processed, but the focus of attention should be the individual, not the unit cost. If there is a problem with unit cost, we should go back to considering budgetary matters. There is a process for dealing with such matters. So, there are real issues about those groups of people who are already severely disadvantaged—mostly by mental health, but also by other disabilities. It just is not right, fair or proper, especially in this day and age, that claimants should be abused in that way.

My next point concerns crisis loans. Boy, did we get some conflicting evidence and words on those. About four years ago, the system on crisis loans changed to one in which claims are mostly made by telephone. We were told that at every office people can make a walk-in claim, but we received lots of evidence from many different organisations that people can walk in, but are then told to go away and use a phone. If they do not have their own phone, they are advised to find a public telephone that they can stand by and wait for someone to ring them. People have waited for up to three hours for someone to call them.

Applying for a crisis loan is not the most ennobling situation in the first place. By definition, if someone is in such a state that they have to apply for a crisis loan, there has probably been a major incident in their life and they are probably penniless, if not destitute. For such a person to be told to wait somewhere for three hours, not knowing what the decision is going to be, and that somebody might ring them in that time is unacceptable. We received lots of evidence about the walk-in facilities at different offices around the country stating that people can get through the door, but that it is still difficult for them to have their claims processed there while they wait.

All of those issues are compounded for people who live in rural areas. In major conurbations such as Stockport, Bradford, Aberdeen and Swindon—I shall not name any more—there is a reasonable chance of people being able to manage that system. However, for someone who lives in Kirby Stephen in Cumbria, the nearest office is Carlisle, which is an 80-mile round trip. Take someone who is hard of hearing who needs to make a crisis claim. Using the telephone is not an option for them, and they will not have the money to travel the 40 miles to Carlisle to get the money that might help them to get back. That might be an extreme example, but there are green and pleasant parts of this country which are 10, 20 or 30 miles from the nearest major population centre.

The Committee recognises and understands the rationale behind the reorganisation of the estate. In terms of pounds, shillings and pence—I am showing my age—there is an argument for it, but there is also a service argument. We need some sort of network in rural areas which uses other agencies, if necessary, by which people can access Jobcentre Plus services, particularly for those people who are already disadvantaged and want to make new claims, for whom the speedy processing of their benefit claims is essential. The same applies to crisis loans.

Mr. David Drew (Stroud) (Lab/Co-op): I apologise for leaving in the middle of my hon. Friend's speech, but I was in the quorum of an all-party group. We have all had to leave the Chamber for that purpose. I encountered exactly the problem that he is talking about when they shut the Dursley job centre in my constituency, which was done against my better judgment. I discussed it with the then Secretary of State for Work and Pensions, who is now the Secretary of State for Education and Skills. The issue was that the alternatives were that people could travel to Stroud, Yate or Gloucester. Anyone who knows Dursley will know that some people would never normally travel from there to those places. People regularly say how disadvantaged they feel, particularly as they want to get back into work. They feel that they are being punished just because they happen to be in a place that no longer has a Jobcentre Plus office.

I am glad that my hon. Friend raised those points. There is a serious issue in rural areas: people who are no longer in work are doubly disadvantaged because they have not got a job and they have not got a service—

David Taylor (in the Chair): Order. Interventions should be brief.

Mr. Rooney: I do not think I need to add anything to those points.

One of our recommendations was that the Department should report progress against efficiency targets to the Committee, if necessary on a confidential basis. Apparently, they have to be submitted quarterly to the Office of Government Commerce. We were told that there was no way that we could see those figures, because they were extremely confidential. There has been an exchange on this in a sitting of the Public Accounts Committee.

Frankly, one of the prime roles of a Select Committee is measuring the operation and efficiency of the Department it is monitoring. If we do not have access to the basic information, it is a denial of that basic function of the Select Committee. I realise that this is a wider issue than—

Harry Cohen (Leyton and Wanstead) (Lab): My hon. Friend is making the important point that this material about how the efficiency savings are working should be available to the Select Committee. Has he experienced, as I have, that Governments of both hues sometimes do not provide the full information? If they summarise information that they have, there are sometimes omissions or they doctor it in a way that is convenient to them. If they are getting this information anyway, surely all of it should be provided to the Select Committee so that it can see the whole picture of how the efficiency savings are working, and not just a doctored picture.

Mr. Rooney: I am mindful of my hon. Friend's comments. Government responses are like our own personal election addresses: we highlight the positive and miss out all the other things. We are all guilty of that at one time or another.

To return to the point I was making, I do not think that this is an issue solely for the Department, but I hope that the Minister will pass on the comments. There is a major constitutional issue: if Select

[Mr. Rooney]

Committees are to carry out that function, which Parliament has charged them with—it is in the Standing Orders—we should have access to that information. I can accept that it needs to be in private and in confidence, but if we are to do the job properly, we should have that information.

I should not sit down before complimenting the diligent work on behalf of the rural community done by the hon. Member for Ludlow (Mr. Dunne), who sadly cannot be present this afternoon as he is attending a family wedding. I know that he would have kicked my shins had I not put his name on the record.

We were deeply concerned at what we found, and the more we took evidence, the deeper the guilt became. There is no doubt that there has been significant improvement in the areas that we raised, but we think there are still challenges and major issues for the Department. In the next two to three years, particularly given what has been foreshadowed in the next comprehensive spending review, these issues will not go away. It is a major challenge for Ministers and for management, and, if I may say so, the poor infantry are still trying to carry on, despite all the odds.

2.54 pm

John Penrose (Weston-super-Mare) (Con): I should like to pick up on some of the comments made by the Chairman of the Work and Pensions Committee, the hon. Member for Bradford, North (Mr. Rooney). I begin by picking up on the point that he made about whether or not information is available.

Let us consider the grip of the leadership and management on the performance of the efficiency savings programme. Significant questions remain to be answered, even after one has read the Government's response to the Committee's report. We asked in recommendation 16 why the figures were not available for local performance targets as opposed to a national overall target. We had spotted that there had been some severe and material local variations around the national average.

The Government said :

"Performance scores below national level are not statistically valid"

in the way they collect the information

"for any subsets of the organisation, and significant fluctuations...are expected. For other reasons connected with sample size and timing, the Contact Centre performance scores will not necessarily properly reflect performance at individual Contact Centre level."

If that was just a problem of the nationally published, publicly available numbers, that might be all right if the Government had at their fingertips detailed information that portrayed the local variations, particularly where there was a significant local problem, with one or two contact centres falling down on the job. However, in recommendation 23 we mentioned that there had been a national failure of the customer management system on 18 January. We were surprised about something just a week later, when both the chief executive and the Minister gave evidence to the Committee. The Government's response acknowledged:

"Neither the Minister nor the Chief Executive were aware of this incident at the time and therefore were unable to provide such detail to the Committee at the hearing".

They rightly provided it subsequently in answer to supplementary questions. The fact that they were not aware of the incident raises significant questions about the degree of leadership and management grip on performance in the important area of the contact centres.

Mr. Boswell: Does my hon. Friend agree that if there is to be effective management, accurate reporting of information to them, whether or not it reaches the House, is essential, because there is no chance for senior management unless they have a system that tells them what is happening in their organisation?

John Penrose: I completely agree with that point. Without effective information, any management in any organisation, be it in the public or private sector, are flying blind.

It is deeply concerning if insufficient private detail is available to Ministers. The fact that they were not aware of the situation that we raised in recommendation 23 indicates that perhaps there was insufficient private detail.

To pick up on the point made by the Chairman of the Committee, in recommendation 20 we asked for current performance measurement systems to be improved. We recommended that

"the DWP should commission six-monthly reports on how Jobcentre Plus is proceeding with its efficiency savings programme as a supplement to its quarterly reports to the Office of Government Commerce."

At that point, as the Chairman of the Committee said, the Government said, "Well, we cannot possibly reveal this, because the principle of confidentiality applies", and they referred us to their response to recommendation 8. It contains a sentence of such Orwellian doublespeak that it is worth reading out:

"The principle of confidentiality underpinning those reports is essential to ensure absolute openness and honesty in reporting".

That is apparently written without any hint of irony, and I did not know whether to laugh or cry when I read it. Exactly which bit of national security is threatened by publishing this information? Exactly which part of the defence of the realm will be undermined if the information is made public? We are not even asking for all the detail; we are asking for the information every six months, not every quarter, and the Government can publish a sanitised version if they like. However, the numbers should be available. Is there is an issue of commercial confidentiality? Well, no. Is there is an issue of legal privilege? Again, no.

This is hardly a commitment to open government, and I am afraid that the suspicion may be that, because they are unwilling to publish these numbers, the situation remains poor, or is not improving as fast as it should. The Chairman of the Committee has said that, had we realised exactly how bad the situation was when we began this inquiry, we would have allocated more time to it. The fact that there is a continuing dearth of publicly available information on this leads many of us to fear that the situation is not improving as fast as it should. We are sure that if the Government were improving

the situation as fast as they claim, they would trumpet their success promptly and proudly. I look forward to the Minister's explaining the situation to us and giving us lots of detail on how it has been improved. Perhaps he will commit to producing that information on a regular basis in future.

The second item that I want to raise is the problem of the customer management system, which we mentioned in recommendations 26 and 27. The Chairman of the Committee alluded to severe problems with poor staff morale in the agency. That extends over a long period, and one of the frequently mentioned reasons is problems with the CMS. When we began our inquiry, the system had already been through two different versions: CMS1 and CMS2. CMS3 was being rolled out and was, in a few places, allegedly causing fewer problems, but the first two releases were absolutely dreadful and we heard a huge amount of evidence about the problems that they had created.

Greg Mulholland (Leeds, North-West) (LD): The hon. Gentleman mentioned the question mark about leadership in Jobcentre Plus and referred to CMS. The explanation in the Government's response to the report was that the Minister and Chief Executive did not know that there had been a full CMS failure the week before the Committee sitting. Does that not show a lack of leadership that needs to be addressed?

John Penrose: The hon. Gentleman raises a point that I made earlier; I have already covered that. Clearly, it is an issue that needs to be brought forward and a grip must be taken on it, particularly because the Government in their response on that very question said that that was part of a pattern of failures in other parts of the country as well.

To return to my more general point about CMS, the system has cost more than £360 million to develop and install so far. We now discover that it is already due to be replaced. The Committee, logically and reasonably, asked why on earth, if it was due to be replaced and had not yet been completed satisfactorily, all that money was spent on it in the first place and whether anything would remain of the vast amount of taxpayers' money that was sunk into the project.

In their answers to recommendations 26 and 27, the Government said that new proposals were being developed to deal with proposals in the Green Paper on benefits reforms, and I am sure that the Committee understands that IT changes must reflect changes in policy. However, it would be useful to know how much of the latest version of CMS was expected still to be in use and how much of that £360 million-plus of taxpayers' money would still be deriving some benefit for the nation one year, three years and five years from now, or whether the entire investment was due to be junked in short order.

In recommendation 27 we ask whether the planned new system is worth while. I presume that it will be more efficient and is being introduced because it will create some benefits. We also asked:

"will the planned new system (if it is implemented successfully) mean that significant additional efficiency savings will be available from the Department in due course?"

That does not mean efficiency savings that are currently planned under the Gershon targets. If the new system is introduced, will there be a still more efficient Department as a result? If so, that would be welcome news because presumably the Government would expect some sort of return on the additional investment of who knows how many millions that the new IT system will require. If efficiency savings are made, all of us and particularly the staff in the Department for Work and Pensions deserve to know whether their jobs will be at risk and what further reorganisations are due to take place. I echo the point made by the Chairman of the Committee that the Department has already taken on four major reorganisations and that this is the fifth. The Department fell flat on its nose doing four and if it is to undertake a fifth major reorganisation we need to have more details about it. How much will it yield, how much will it cost and when will it happen? If savings are not planned, why is the Department planning to spend yet more money on yet another new IT system, given the undistinguished record of the CMS so far?

My final point is about the Government's employment projects. We asked a series of questions, culminating in our recommendation 55. We asked the Government to publish more details about the success of building on the new deal, general new deal funding and other suggestions, including about ambition and a reduction in the use and scale of the adviser discretion fund. When it made that recommendation, the Committee was worried that the trend in funding of the various initiatives was either sideways or downwards. They are all clearly essential to this part of the Department's work in terms of bringing people closer to the job market, preparing them for work and getting them into work. They have been much trumpeted as essential ways of intervening and supporting and helping people who are far away from the job market to prepare them for work.

If those initiatives are successful, they should pay for themselves, and we should surely increase the amount of money that is spent on them because the investment would pay off hugely over time. If they are failing, should we not cut them entirely because they have not worked, and should we not should stop wasting money and try something new? The Government have already suggested some variations and new ideas in the Green Paper of a few months ago. A general and gentle sideways to downward trend in funding begs the question whether they are failing and no one wants to admit to it, or whether they are a massive success but are being throttled and prevented from doing what good they could do. We are asking the Government to give us details about which of the two options it is and, when they have given those details, either to fund the programmes a great deal more generously so that more people have a better chance of getting back into work, or to cut them, save the taxpayer some money and redeploy the resources, if necessary, elsewhere. I am afraid that in the Government's response to the report there is insufficient detail even to begin to answer those questions, and I urge the Minister to address the issue because both we and those who are looking for work need to know.

3.7 pm

Ann Coffey (Stockport) (Lab): I congratulate the Chairman of the Committee, my hon. Friend the Member for Bradford, North (Mr. Rooney), on a thoughtful presentation of a report that is uninspiringly entitled

[Ann Coffey]

"The Efficiency Savings Programme in Jobcentre Plus". As he made clear, it is very much to do with people.

I am looking for some reassurance from the Minister about the protection of outreach work by Jobcentre Plus. That is crucial if Jobcentre Plus is moving from being a face-to-face service to a contact service organisation. That protection is crucial for all the reasons that my hon. Friend outlined and are stated in the report.

One area of interest to me is the Sure Start projects that are rolling out in children's centres. As my hon. Friend knows and as the Minister is well aware, those projects encourage intervention in families' lives at an early stage so that children grow up with equal opportunities. The underlying principle of that is support for parents, and part of that support is help for those whom the benefits system has failed over a number of years and who may never have worked to get them into a work situation. Jobcentre Plus, which brought together the benefits system and the Employment Service, was an attempt to tackle that, with the emphasis on advisers and on training staff to provide advice to groups who might find it harder to get into work.

The Sure Start project had a target for the number of families whom it would help into work. I am not totally sure, but I think that that target is being transferred to the new children's centres. As the Minister knows, a recent report on the effectiveness of the Sure Start projects identified that even in Sure Start areas where there are universal services, the more advantaged tend to take up the services offered. There is still concern that the most vulnerable families are not being reached. Of course, those are exactly the families with parents who have probably never worked, and we are trying to get them into work. If we can get them into the children's centres, it is important that there is an outreach worker from Jobcentre Plus who can talk to them about the jobs that are available locally. Jobs are available in Stockport. That outreach worker will also be able to talk to them about the in-work benefits that they will receive and to help them over the difficult transition from not working to having the confidence to go into work.

I would be very concerned if any of that outreach work was compromised in any way, not only because individual children's centres would not meet their targets but because our welfare-to-work programme would be compromised. More important, those families would miss a really good opportunity, given that jobs are available, to make the transition from not working to working .

Mr. John Leech (Manchester, Withington) (LD): Does the hon. Lady agree that one advantage of that face-to-face contact is that families can build up a personal relationship with the adviser? Such a relationship is not possible when people speak to a different faceless person on the phone every time they contact the Jobcentre.

Ann Coffey: The hon. Gentleman is absolutely right. That was the underlying principle when we set up Jobcentre Plus with advisers. There was a recognition that something a bit extra was needed. That goes back to the reason why I am seeking a reassurance from the Minister that outreach work will not be compromised by a nationally driven policy or by management decisions taken locally by Jobcentre Plus managers.

Having said that, I should add that a Jobcentre Plus opened in my constituency a couple of months ago, and it will make a huge difference. It is in new premises and replaces a very dilapidated Benefits Agency office, and that sends a very good message to people about the help that is available. That is a good thing, as is the whole Jobcentre Plus initiative. I simply seek a reassurance that outreach work will continue to be valued in any changes and that resources will be made available so that it can continue.

3.13 pm

Harry Cohen (Leyton and Wanstead) (Lab): I congratulate the Select Committee Chairman, my hon. Friend the Member for Bradford, North (Mr. Rooney), on his presentation. It was no mean feat, given that we were in discussions all morning about our latest report, which is on pension reform. It is amazing that he has a clear head and that he gave such an excellent presentation. It is also amazing that he has delivered the report that he has, given that it is the first to be produced by the new Work and Pensions Committee. Bar two old hands, the rest of the Committee's members were all new to the game of work and pensions and to delivering such a report. It is an excellent report, not only because of the circumstances, but because it really gets to the difficulties. It draws attention to the serious issues not only of Jobcentre Plus, but of the impact on claimants—the vulnerable people for whom Jobcentre Plus cares.

I hope to stay for the whole debate, but I apologise if I cannot do so because I am due for tea at No. 10 with the Prime Minister's wife. [Hon. Members: "Oh!"] I thought that I would get that into the debate. It is one of those occasions when she invites three needy local schoolchildren from various MPs' constituencies to tea with her, and it is the turn of my constituents' children. That is a great excuse, and I thought that I would put it on the record.

At my last advice surgery, I had a constituency case that is relevant to the debate. A couple came in, and the man was unemployed. He was actively looking for work and he was keen to get it. His wife did a bit of cleaning work. However, they had a two-year-old and a seven-month-old child, both of whom were very active—and great kids they were, too. The family was made homeless, and the council rehoused them in a totally unfurnished property—there was not a scrap of furniture or a bed for those two children.

The couple went to the Jobcentre Plus to ask for a community care grant, which is not unreasonable, given that they had two vulnerable children. However, they were rejected. I looked at their application, and the amount that they were claiming was not excessive, given that they wanted to buy beds and things and that they were starting from scratch. Perhaps the Jobcentre Plus staff should have said that the family could have only a bed or the basics to start with and that the amount should be reduced. However, they did not do that and they did not give the family advice—they just said no. The couple could have appealed, but an appeal takes months. As a result, they could not get the money

when they needed it. The problem is not just that they were rejected, but that the Jobcentre Plus people did not have the time to sit down with them and say, "I don't think this bid's going succeed, but why don't you try this other route to meet your need?"

That is part of the pressure that we have seen and which the report is all about. There is a staff head-count reduction and pressure on staff, and that has an impact on the service to vulnerable individuals, which is wrong.

Jenny Willott (Cardiff, Central) (LD): The hon. Gentleman has just raised the important issue of the work load, particularly on the advisers, who do a very good job under extremely difficult circumstances. Does he share my concern, which is reflected in one of the recommendations that we made in the report, about the need for improved administration support for advisers to free up their time so that they can spend more time giving advice? Does he also share my concern that instead of giving us a response on that issue and telling us how many administrative support staff they are recruiting to overcome the problems, the Government have given us the number of mangers that they are recruiting?

Harry Cohen: That is a valid point, and I note that one of the Government's answers says that they are turning 9,000 staff into front-line staff. Of course, we need front-line staff, too, but they need support if they are to operate efficiently. We cannot cut one group and say that we will get a full service. The hon. Lady's point is well made.

We have had a briefing from the citizens advice bureau, which tells us:

"Citizens Advice Bureaux across the UK continue to advise clients who are experiencing difficulties with the administration of their benefit claim, particularly through the new Customer Management System for claiming IS, JSA and IB."

It then lists some key messages, which I want to put on the record:

"There is a lack of awareness among Jobcentre Plus staff of alternatives for clients for whom the telephone-based claims system is not suitable.

Office closures are impacting upon claimants who are required to collect Crisis Loan payments or attend interviews and are having to travel long distance to their nearest office.

Many clients are experiencing significant delays in the registering or processing of their benefit claim."

The briefing continues:

"Vulnerable clients are most at risk when things go wrong...Jobcentre Plus had over-emphasised use of the telephone system and had not promoted the alternatives sufficiently...the CABx continue to report problems in getting paper forms or face-to-face interviews for claimants unable to make a claim over the telephone."

Examples are given of vulnerable people—one with, I think, a mental health problem, another who was an old lady with a disability, and another who was suffering domestic violence—who were not getting the right service, because of the restriction on how their cases could be processed, and, in particular, the telephone system that did not work properly. The briefing states:

"Bureaux continue to report serious delays in the processing of benefit claims."

That is the view of Citizens Advice, which works in the field with the most vulnerable people.

There has been a reduction in staff. The Government made it a policy to reduce the head count at Jobcentre Plus. I know that that is meant to go hand in hand with efficiency—it is called efficiency savings. The head count in March 2004 was 82,067; in March 2006 it was down to 71,222—a big cut; and at the milestone of 31 March 2007 it will be down to 68,550. We then had figures for office closures in a recent answer from the Minister, who attached a letter from Lesley Strathie, the chief executive of Jobcentre Plus, stating that

"206 offices have closed since 1st April 2005. A further 113 offices are scheduled to close in 2006/07 and 8 during 2007/08. In addition there are a number which are scheduled to close but for which final closure dates are subject to further planning and stakeholder consultation."—[*Official Report*, 13 June 2006; Vol. 447, c. 1141W.]

Others have also been identified for closure. What is meant to go with that reduction is a top-of-the-range computer system that is up and running. However, we have learned from Citizens Advice that there are problems with that. I could have quoted a briefing from the Public and Commercial Services Union, the union that represents the workers in question, to the effect that that has not happened properly. Indeed, the Select Committee took evidence that made that very point, and expressed concern that the computer system is not filling the staff gap. The consequence is an effect on the service.

Recommendation 21 in the Select Committee report refers to the "catastrophic failure" of the service provided by Jobcentre Plus contact centres in 2005. Let us think about what those words really mean for people. That year has gone, but we cannot have catastrophic failure, or anything approaching that, for many vulnerable people this year, this summer or this autumn. I want the Minister's response to that point. Will what is being done work? If we have problems, what remedial measures will he take so that vulnerable people do not suffer severely as a result?

Recommendations 6 and 7 in the report refer to reductions in services and programmes, and recommendation 17 mentions

" 'a detrimental impact' on accuracy levels"—

so they are getting the figures wrong for people too. That is extremely serious. My experience as a constituency MP is that often when such things happen the individuals concerned, many of whom are on low incomes, do not get their entitlement to start with. It may be only a small amount of money that they are bilked of, but for them it is crucial in getting through the day. Often, if things go the other way and they are paid too much, they can be accused of fraud and of somehow having cheated. Beyond that, they are told, "Well, you have been overpaid. We will have to take all this money back off you"—money that they have spent on their daily lives. That presents them with huge bills and huge problems. The matter of accuracy is a serious one, and there is no doubt about something to which the Committee drew attention—accuracy levels dipped with the staffing head count reduction and the failure of other measures that were meant to compensate for that, including the computer system in particular.

The report made some other good points to which I want to draw attention. Often some staff are over-reliant on a script. If someone puts in a claim and says, "These are my needs," they are read a script. I am not against a

[Harry Cohen]

script. It sets out entitlements and helps the member of staff to get the point over, but things go wrong with a script. People's needs do not very neatly fit in with the answers on the script. They are slightly different, and there is a need for flexibility about that. Errors creep in, firstly as a function of employee training that is not very good, or insufficient to build up their skills and show them what the system is about and what is available—even if that is off the script. Secondly, errors are a function of the low pay. Many Jobcentre Plus employees who have the script to work from are very low paid. Clearly training needs to be improved, but the best interpretation of what is available will not be provided by people working from that low base. Scripts are needed, and there is a need to update them, too, but there is also a need for competent people to operate them, and for much better training.

Personal advisers are another issue, akin to that of scripts. They are crucial for what the Government plan in their welfare reform programme. They are crucial if we are to get people off incapacity benefit into work, and make the best opportunities for them. My understanding—the Committee dealt with this in recommendations 45 and 46—was that about a third of the advisers were deemed almost to be on special measures. They were about to get the push or be moved somewhere else in the system, because they were not deemed good enough. That was because they had a fixed target for getting people into work. The trouble is that often they deal with people who have the most serious obstacles to working. I accept, again, that it is necessary to measure how well people are working as personal advisers—very competent people are needed—but the measurements must take into account the clientele that they work with, and the economic circumstances in which they operate. There might not be any jobs to get people into in a particular area. Personal advisers need to be given a bit of a fairer deal.

I am not defending anyone who is not succeeding. I agree that it is a management job to move them on, or do something with them, but it is wrong that so high a proportion of the personal advisers are not succeeding. It sets off a serious alarm bell, if we are to rely even more on personal advisers to deliver the incapacity benefit reforms. The Minister needs to deal with that, too.

The hon. Member for Weston-super-Mare (John Penrose) referred to the new deal, to building on the new deal and, I think, to the ambition programme. The Government have not come forward with the next way to build on the new deal. I think that although the new deal, particularly in London, has not ground to a halt—it is still doing a good job—it has slowed down. When it was introduced in the late 1990s it had a terrific impact. It found people jobs, got them trained, and put them on the environmental taskforce. It was one of the Government's success stories, but it has slowed down. It needed to be built on. That is what is proposed—building on the new deal. It is a shame that the Government have not yet thought through what they want to do. It is vital that young people are given work and training programmes, but they must go up a step; what is needed is a step change.

The Minister for Employment and Welfare Reform should think seriously about building on the new deal. That is not being done because of the efficiency savings programme, which is reducing staff and offices and which cannot seem to make the computer system work well. There are too many problems here and now to get on with the job and go forward to the next phase in youth employment and training, but it must be done sooner or later and I urge the Government to do it.

My penultimate point is that when the Select Committee produced the report, about 90,400 people had been added to the claimant count. The Select Committee thought that that figure was added, in the main, because of the changes; everything was not operating as efficiently as it had been and as a result the claimant count rose. That is bad for every one of those 90,400 people.

Publicity about the fact that the claimant count is about to go through the million barrier gives the Opposition parties a tool with which to attack the Government. The figure could be 90,400 less than that if the changes had not had such an impact on the claimant count figures. That may be a political point, but it is not a good thing for the individuals involved. It comes down to the gap between reducing the head count and the number of people who can help people into work and getting the other systems up and running efficiently. The other groups that help people to find work, which have contracts with Jobcentre Plus, could do more in that regard.

My final point is on the briefing from the Public and Commercial Services Union, which says that there should be a commitment at least to retain a consistent level of service while the changes and the efficiency savings proposed by Gershon, especially the head-count reduction, are being implemented. There has not been a consistent level of service over that period and that worries me. The PCS states that

"we are alarmed that the Government are promising a brighter, better technologically delivered future for Jobcentre Plus and the delivery of the reformed welfare state at the same time as there are significant reductions in staffing and delivery outlets.

The continuing belief that these reductions can happen before the new IT delivery mechanisms are robust and in place is an unacceptable risk, both for service users and those remaining in service delivery who will have to pick up the pieces of any failures."

The PCS is concerned about the scale and pace of the reductions and the office closures. The Government need to consider the matter extremely carefully; they should not just roll on the set of figures that they laid out several years ago without considering the consequences of the impact on the service, especially in respect of vulnerable people. The PCS and the Select Committee say that there may be a good case for revisiting the scale and the pace of the proposals.

3.35 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I welcome the opportunity to debate this important report. I compliment the Select Committee on the quality, depth and detail of the report, which was exemplified in the initial remarks of the Chairman of the Select Committee, the hon. Member for Bradford, North (Mr. Rooney). I compliment him on the way in which he opened the debate.

The Government's response does not match the quality of the report. Several issues have been raised in the debate and I will mention a few more, but my fundamental response to the report is that the Government took an overly Panglossian view of the mistakes that occurred in 2005. The introduction to the Government's response stated:

"The Government accepts that not everything has gone perfectly in Jobcentre Plus over the last year".

Not everything going perfectly is something of an understatement compared with some of the more robust, and I would say appropriate, language used by the Select Committee.

The nature of the Government's response gives me cause for concern, not least for some of the reasons mentioned by the hon. Member for Leyton and Wanstead (Harry Cohen). There are a number of other major changes coming down the track in the Department for Work and Pensions; additional efficiency savings are being sought by the Treasury, and a major programme of welfare reform and additional IT changes are proposed.

I hope that in his response the Minister for Employment and Welfare Reform will acknowledge that it is incumbent on the Government to take full responsibility for the mistakes that occurred and to ensure that they fully learn the lessons from those mistakes when introducing future changes in the Department.

In its report, the Select Committee described the circumstances of the efficiency savings and the consequences of introducing the customer management system and so forth as "a catastrophic failure". I contrast that with not everything having gone perfectly. The Select Committee's phrase is appropriate. The Government state that lessons have been learned for future plans following problems that occurred in the contact centre. First, as the Chairman of the Select Committee made clear, there have been improvements in performance since the period that was the focus of the report. However, it is too early for claims to be made that the situation has been fixed. The briefing provided by the National Association of Citizens Advice Bureaux probably reflects the constituency experience of all hon. Members present: there are continuing problems with delays—for example in benefit processing times—in ensuring that those people who cannot use a phone system, particularly because of their disability, can engage in another form of processing.

There are examples in my constituency of people wishing to go to Jobcentre Plus to make claims and being turned away and told that they must use the phone. There are still too many examples of such unacceptable conduct for the Government to be able to say that everything has been put right.

Secondly, if and when the catastrophic service performance is resolved, there is little in the Government's response to reassure us that the problems that caused the crisis have been addressed. There is still a state of denial within the Department about the problems that occurred in 2005.

It is disappointing that the Government are not taking the matter as seriously as they should, especially the points made in recommendations 21 and 22 of the report. We need more clarity about what lessons have been learned; in particular, do they accept the Select Committee's view that too much was done too quickly? Was it good judgment to introduce a new IT system—the customer management system—at the same time as staff cuts and redeployment? Was it efficient to introduce an IT system that could soon be replaced again when the IT component of the benefit processing replacement/working age transformation and change programme—I hope I have got the title right; I cannot use the acronym—is implemented? Can we have any confidence in the Department and Jobcentre Plus to roll out pathways to work, and the new employment and support allowance, no doubt with a new computer system to manage that benefit, without a further breakdown in the quality of service provision of the sort that the Committee rightly outlined in its report?

The Committee Chairman rightly referred to the impact of the closure of local service outlets. I have experienced it in my constituency, where the Jobcentre Plus in Nairn, 15 miles east of Inverness, was closed. All the services in my constituency are provided through Inverness, so that someone who lived in Dalwhinnie, for example, would have to make a 115-mile round trip to the Jobcentre Plus.

My constituents have raised a number of issues, but I shall not dwell on them as I have been in correspondence with the Minister and his predecessor about them. However, there are ongoing issues about one important point. Within the Department, there is a travel-to-interview scheme to ensure that when people's costs rise above a certain amount when they travel to job interviews or interviews at the new Jobcentre Plus to which they are supposed to go, which in my constituency is Inverness, they can have their costs reimbursed. A range of different interpretations of the scheme have been given to claimants in Nairn. Clarity is important when a local outlet is closed, so that claimants know their entitlements, where they are expected to go and how they can access those services. I am concerned that it has not been properly dealt with in Nairn.

Several hon. Members have made points about staffing and training, and recommendation 3 in the report deals with that. It is clear from the report that in the Committee's view, staff are redeployed in some cases without adequate training for their new roles. The Government's response was soft. They said:

"It is fully accepted that staff should receive the training necessary to execute their duties effectively".

"Should" is not will. There are no guarantees, and the reply does not set out the headlines of the redeployment strategy up to 2008, as the Committee specifically requested. Will the Minister do so in his response?

The Government make it clear that Jobcentre Plus staff will get an average of six days training per year. That is an average. It means undoubtedly that some staff with high training needs may get little or even no training in a particular year. Back office staff are being redeployed in customer-facing roles, for example as personal advisers. The Welfare Reform Bill and the associated roll out of pathways to work will require an increase in personal advisers employed in Jobcentre Plus. However, personal advisers for sick and disabled people will need to be well trained and skilled for what is a specialist role, as other Members have said. Will the Minister set out clearly the minimum provision of training for those who are redeployed in that role?

[Danny Alexander]

Future staff reduction is the subject of recommendation 7, and we are told that Jobcentre Plus staff numbers have already been reduced by 10,000, that there will be a further reduction of 4,000 and that the reductions will take place only once detailed work force plans have been completed. I am sure that there were detailed work force plans for the reduction of the other 10,000 jobs, but it is clear from the report that not enough attention was paid to the impact on services as the reductions were made. Will there be greater flexibility in the pace of future reductions to ensure that the service to claimants is maintained during the transformation? It is clear from the report and our constituency experiences that services to claimants were not maintained during the initial transformation.

In recommendation 47, the Committee concludes that the procurement process for voluntary and private sector delivery of services is "deeply flawed". The Government admit that last year, they

"fell short of what providers had a right to expect."

The taskforce and provision forum are welcome, provided the Government genuinely listen and respond to the points that they make.

Although the Government state that most contracts are for two or three years, many are still for one year only. In any case, two or three years may be too short a period. I recently spoke at an event sponsored by the organisation Tomorrow's People, which it was running as part of its getting London working programme. It had secured funding for six years through the London Development Agency and the single regeneration budget. During that time, it achieved, pound for pound, double the job outcomes of any other SRB-funded programme nationally.

What assessment have the Government made of the system introduced in Australia, where since 1998 the Jobcentre Plus roles of providing services at the same time as regulating services and paying benefits have been entirely separated? The publicly funded job brokerage service was replaced by Job Network, a national network of private, voluntary and public organisations, leaving the Australian Government's equivalent of Jobcentre Plus as purchaser and regulator of services, and manager of benefit claims, rather than the direct provider.

One cannot necessarily read across, but that is why I am interested to hear from the Minister whether the Government have studied that system either in response to the Committee's report or as part of wider welfare reform. Under Australia's new structure, the cost per employment outcome has roughly halved and job outcomes have significantly improved. They are efficiency savings way beyond those that the Government achieve with Jobcentre Plus.

As the hon. Member for Leyton and Wanstead said, yesterday we heard that unemployment continues to rise. I shall not comment on what he said about the political consequences of it, but 1.65 million people were classed as unemployed in the three months to May, an increase of 90,000 on the previous quarter.

The chief executive of Jobcentre Plus has made it clear that rising work load could put the efficiency savings programme at risk. She said that

"the more people we have claiming, the more there is to do...I need to look first and foremost to see if I can move resources... If that becomes unmanageable for me I have to have a conversation that says, 'Do we maintain this regime? Do we change it? How do we do it?', but that would be for ministers to decide."

What is the Department doing in the context of the report to monitor the impact of the growing work load from rising unemployment? The chief executive made it clear to the Committee that certain decisions would need to be taken because of the rising work load. Has the Minister made any of those decisions yet?

The Committee also raised some important points about fraud and error in the benefit system. It was particularly concerned that the changes were having a detrimental effect on accuracy levels. Error costs the Department more than fraud, and last year the Select Committee on Public Accounts said that

"losses due to errors...remain too high."

It estimated the annual cost of staff and customer error to be £1.5 billion, and its report warned that the plans to cut 30,000 DWP staff, of which 14,000 have been cut already,

"may affect morale and lead to increased turnover of staff whose skills are most needed to combat fraud and error."

The Department's permanent secretary, Sir Richard Mottram, told the Public Accounts Committee last year:

"If you want an honest discussion, that is the reality: official error has gone up because of organisational churn."

It is unacceptable that an efficiency savings programme should lead to the growth we now see in official error. That "organisational churn" should not be considered inevitable when staff reductions and efficiency savings are made. What is the Department doing to get on top of rising error in the benefits system?

In the Government's response to the Work and Pensions Committee, they mentioned a three-phase plan for improving income support accuracy. We require a clearer explanation of the plans, how they are delivered and how the variation between the delivery centres in the Government response will be addressed. We need more detail. Will the process-driven improvement mentioned in their response make any difference if error is down to low staff morale, insufficient training and poor IT procurement and transition? If those are the causes of the error, what are the Government doing to address those more fundamental points?

An interesting point is made in the Government's response to recommendation 19, which called for output measures to be adjusted to reflect qualitative factors. The Government's response stated:

"Analysis has shown that although the point scores were designed mainly to incentivise staff rather than as measures of social and economic value, they broadly reflect the net fiscal benefit to the Exchequer of moving a customer off welfare and into employment."

The net benefit to the Exchequer is interesting information. Will the use of such measures be developed further? Will the information provided on net benefits to the Exchequer be made publicly available? Does it suggest the economic net benefit, too? Such information will, I believe, be important to monitoring the progress of welfare reform in the future, so again there is a lesson that can be drawn from that experience to shed a positive light on future proposals.

I hope that the Minister will be able to assure the Chamber that such analysis has been further developed and will be made publicly available.

Since the period reflected in the Committee's report and since its publication, the Chancellor has made it clear that a further 5 per cent. efficiency savings will be sought from the Department for Work and Pensions. There will be yet further pressure on staffing and budgets. It is important that the Minister reflects on what lessons the Department draws from the episodes outlined in the report and how it will handle those future additional reductions.

That is particularly important when we look forward to welfare reform, when the Government are planning to spend an initial £360 million on rolling out the pathways to work scheme. Most organisations believe, and I share their view, that to be an inadequate level of funding for rolling the programme out comprehensively across the country. Additional efficiency savings are being sought, unemployment is rising, which is increasing costs, and the Department has been told that the money to be released into the pathways to work programme has to come from other savings in existing budgets, so it is clear that within the Department for Work and Pensions there is a great deal of financial pressure and pressure to make more efficiency savings. I am concerned that even the inadequate amount of money that has been made available to allow the pathways to work programme to be rolled out will be eroded and undermined yet further by the additional changes that will have to be made in response to the targets that have now been set by the Treasury.

There is a lot more for the Government to do to show that they are responding effectively to the concerns outlined in the Committee's excellent report, and I look forward to the Minister's response.

3.52 pm

Mr. Tim Boswell (Daventry) (Con): First, Mr. Taylor, may I say how pleasant it is to appear yet again under your chairmanship, and to do so on the occasion of an excellent Select Committee Report, which was well introduced by the hon. Member for Bradford, North (Mr. Rooney)?

The debate has been thoroughly constructive and all the speakers have added value, from my hon. Friend the Member for Weston-super-Mare (John Penrose), through the hon. Members for Stockport (Ann Coffey) and for Leyton and Wanstead (Harry Cohen), and on to the hon. Gentleman who has the magnificent title of the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander)—I think, for the first time in recorded history, I got that right. That is only a moment of levity in a serious subject. Everybody has had serious points to make and I am sure that the Minister will wish to respond appropriately.

With the exception perhaps of the defence of the realm, the prime duty of Government is to administer their business properly. I have a feeling—I will not dilate on it long this afternoon—that when the Government are finally laid to rest that will reflect a high degree of public resentment and even hatred at all the failures that have built up on their watch. There is no single, exciting event. There is no winter of discontent at the moment, no photo opportunity to draw people's attention to, but the reality of administrative failure is beginning to hit MPs in their postbags, and is no less real for being dispersed rather than concentrated.

It is all the more distressing, as certain members of the Committee have already acknowledged, when that failure impacts most heavily on those who are in some difficulty already, such as those who are out of work and looking for another job. Perhaps some of them are a bit less fluent, able, pushy or inclined to make a fuss than some of us might be in such circumstances, but the way that jobseekers of all kinds were let down in the summer of last year by what the Select Committee described as a "catastrophic failure", to return to that phrase, was indefensible. I do not think that the Minister or his officials would seek to justify it.

One of the less appealing features of the present Government, in my view, is that Ministers invariably tend to blame someone else for failures within their Departments. It is perfectly true that Jobcentre Plus is an agency, and that Ministers should not be tearing it up by the roots and seeking to manage it themselves. However, responsibility for its conduct and the outcomes of its work must remain with Ministers and cannot be shuffled off on to officials who are doing their best in difficult circumstances.

The figures and the scale of the problem are not really in dispute, and they have already been touched on this afternoon. They were set out in a letter from the chief executive of Jobcentre Plus to my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) earlier this week. She points out that in 2005-06, performance by Jobcentre Plus contact centres dipped to 62.4 per cent. against a target of 81.2 per cent. That was, she concedes, a result of the difficulties experienced in responding to customer calls during the summer months of 2005.

Meanwhile, almost on the same day, I received a helpful response from the chief executive, in which she gives details of action being taken to stabilise the performance of Jobcentre Plus including, interestingly—we have heard this phrase before—the launch of a national action plan on 30 January. I need add only that stabilisation is a concept drawn from the agency's own words in its planning document. It is its word, not mine, and yet stabilisation is required only when something is manifestly out of control and needs stabilising.

My next point has already been referred to, but I make no apology for returning to it. I have personally awarded the Nobel prize for understatement and the Sir Humphrey prize for economy of language to the Government's acceptance in their response to the Select Committee report that

> "not everything has gone perfectly in Jobcentre Plus over the last year and that there were, and remain, some areas of difficulty."

I can assure the Minister, having said that, that I do not intend to go along taking cheap shots this afternoon. We need to look forward as well as back and to use the example and the lessons of what took place better to inform administration for the future.

Danny Alexander: I agree with the point that the hon. Gentleman has just made, but is it not also important that despite the fact that this is in the past and the principal objective is to learn lessons from it, Ministers should also accept responsibility for the failures that are recorded in the report?

Mr. Boswell: I was perhaps rather generously assuming that the Minister would wish to make some statement with a word of contrition, as things have not been very good. It is all very well for us to say that as the political class, but it has been rotten for our constituents and the people who have been mixed up. I know perfectly well that many officials in the Department will be exposed to such situations day by day and are not happy about it either.

It is important that we both acknowledge the past and look forward to what should be done in the future. The two are interrelated, because we need to know better what took place and what went wrong in order to ensure that it does not recur. The careful work done by the Select Committee and the detailed responses that I have received in response to various parliamentary questions that I have tabled on Jobcentre Plus are some indication that the task is not impossible and may indeed be under consideration. I think that Jobcentre Plus would join me in admitting that there are still difficulties along the path.

As I have suggested, and as any former Minister needs to acknowledge, public administration is a difficult task. It is actually the most difficult task in public affairs. Politics is easy, but running a Department is not. Sometimes, it is a closed book even for Ministers. I have shown that I do not think that Ministers need to get their hands on every last detail and nor would they be thanked by officials and others if they did, but they need to have some understanding. I do think, though, that even within the time constraints our exchanges and the Committee's inquiry have been useful in beginning to develop an informed view.

I endorse the Select Committee's view that the historic situation arose from a mixture of problems rather than one single problem—for instance, IT problems, staffing issues and poor change management programmes. I might add that, in my view, the pressures have been further aggravated by the Gershon review, under which head-count reductions in Jobcentre Plus alone will amount to 15,000 full-time equivalents over a four-year period. That represents half of the Department's commitment to reducing the head count. Interestingly—I shall not ask the Minister to expand on the point—that comes at a time when, because of its undoubted problems, some staff are being moved in to increase the complement in the Child Support Agency; the overall picture will therefore be more difficult to fulfil without further reductions in Jobcentre Plus or elsewhere.

We on the Opposition Benches do not challenge the principle of Gershon. Indeed, I might go further, and say that the broad thrust of the Government's modernising is right. However, it is important that it should be conducted within certain parameters, and I list three.

First, it requires careful change management to effect it successfully and without a reduction in quality, which is a commitment of Gershon and of the Government. They say that the changes can be made without reducing the quality of service to users.

Secondly, I remind the House of the explicit commitment to retain the service level; that should therefore be implicit in everything that is put in place.

Thirdly, as the hon. Member for Inverness, Nairn, Badenoch and Strathspey said, further disturbing pressures are building up as a result of the Chancellor's statement earlier today about further reductions. Again, it is not that we are against them. I take the spirit of my question to the Chancellor when he announced round one; I asked how much consultation had taken place and whether it was possible to secure the objectives without the loss of service. Those are real questions, and Ministers will have to worry themselves through to the answers.

It would be helpful in his response—the Minister will have quite a bit of time—if the Minister could reflect on five issues that arise from the report and one or two other concerns. First—I think that no one has touched on this, but it is mentioned in the report—there is the roll-out of the Jobcentre Plus process. I know that Ministers are pleased with the change to job centres. A couple of years ago, I had the opportunity to open one in my constituency. Things are definitely better than under the old arrangements. I do not argue about that. The changes are supposed to be substantially completed by July—later this month. Will the Minister confirm that we have got there at last? It has been an expensive process, and although we are not debating it today, it would be useful to know that it is completed.

Secondly, I thought that my hon. Friend the Member for Weston-super-Mare was going to mention it, and the Minister owes us an explanation, but I note that the Select Committee recommended that a report should made to it on financial performance as against budget. That is not quite the same as individual performance targets by region or otherwise, of which my hon. Friend spoke. We were promised that information before the summer recess. We do not have long, and it would be useful if the Minister could give us an indication of the time scale, or even report financial progress as against the budget for Jobcentre Plus. At this point, I reinforce my hon. Friend's plea for better management information, whether or not it is made public to us. Until Jobcentre Plus knows accurately what it is doing, it will not be able to respond to the challenges that it faces.

Thirdly, and partly in answer to questions already asked—Members can have a little fun in asking questions—the Minister's Department has set up an error task force. We need to know where that is going and whether it will deal with the problem. Just having a press release and saying that one has set up a task force will not undo the difficulties that have arisen because of unmanageable pressures, but I hope that it will make a real contribution.

Fourthly, I am worried about the disappearance of the building on the new Deal programme. I agree with what has been said. I recently tabled a question on what had happened and what lessons had been learned from the pilot schemes. The answer can only be described as stasis. Nothing appears to have happened. Perhaps the budgetary pressures are insurmountable, but Ministers must explain what has happened.

Finally, going back to the service delivery and last year's experiences, can the Minister report to the House what progress has been made in stabilising the benefit centres? Of 22 centres, seven were not fully back on the automatic customer management system. Has that number reduced? In the present circumstances,

ensuring that benefit centres are fully functional is a necessary condition for short-term improvement. In the longer-term, Ministers and the agency management need to concentrate on the major reforms that they are undertaking. Some, like the single operating plan referred to in the Committee report, could be generic, and they are easily woven into other sorts of changes.

I emphasise that it is important to concentrate on the main task and to avoid additional initiatives—eye-catching or otherwise—like the plague until they are sorted. I am afraid that history, and not only in this Department, is littered with ideas like the ambition programme—ideas that peter out, that make no long-term contribution and that are not pursued. That is not an argument for everything to be done at the same time, it is an argument for concentrating on the essentials and to ensure that initiatives do not proliferate.

Underlying this, appropriately, are issues of staff training and morale. I recognise the difficulties referred to by the TUC representative of the Department simultaneously making changes and cutting the head count. It is clear, indeed Ministers have replied fairly frankly about it, that there are outstanding industrial relations issues; continuing reports, not only from the unions, show that morale is low.

In a sense, all those problems are interlocking. A Department and an agency that have not got on top of the means of change, that in consequence are prone to the risk of further service failures, that along the way have neither trained nor motivated a significant or satisfactory number of staff to the required level remain vulnerable, just as the client route remains vulnerable. That is a continuing source of worry.

I do not want to sound relentlessly negative. Much good thinking is going on, with some good initiatives and ideas. In a sense, and without removing ministerial responsibility, we need to allow the Minister and the agency a bit of space to get themselves sorted out. But they must be sorted.

I have three remaining points to make in conclusion. First, despite my somewhat limited knowledge of Jobcentre Plus operations, the targets on which they report to management, and ultimately to Ministers, have some potential for being massaged locally. I am told that it is not too difficult to win performance points by recording individual job seekers not just as unemployed but as being on income support, or as having disabilities—or even to massage their residence by not entering the postcode correctly. If such practices are widespread and are not picked up by internal validation through a departmental audit, it will not only distort staff remuneration reporting but it may impact on the overall reporting of job centre figures and achievements. Indeed, it may simply distort the whole pattern being presented to Ministers.

That may have been true of job entry analysis, but even moving to job outcomes does not automatically nullify the point. Such issues are sensitive, and Ministers do not always get inside them easily because of their degree of distinction from the level of operation. However, I have concerns about these issues. Will the Minister consider some external independent validation of the extent to which such practices have become widespread? Perhaps a sample analysis could be undertaken.

I touch only briefly on the political point: some of the problems may have arisen as a result of the Government's overblown target culture. I am much more concerned that there should be propriety and that Ministers should be told what is actually happening, rather than what people think they would like to hear.

I share the Select Committee's concern about the disruption of the agency's contracts and relationship with private sector, including voluntary sector, providers. I hope that every effort will be made in that area and other areas of departmental business, to restore and make more responsive good commercial and proper business relations. As is clear from the pathways to work exercise, about which I spoke briefly only this afternoon, the Government are belatedly coming to terms with the need for an active private or voluntary sector contribution, and that is an opportunity that the Minister may wish to develop. However, he will have to do that on the basis of a good commercial and business model.

I am not the first to make a point about the increase in claimant count. I draw the Chamber's attention to paragraph 86 of the report; the Committee's conclusion was simply:

"If the increase in the claimant count continues it will undermine the efficiency savings programme."

That fear is not confined merely to jobseekers, but applies more widely to the Department's situation and finances.

I should add another point, which has been eloquently put in this debate, about service to claimants or users. Such people are human beings; the Department should not show only a technical face in its activities, but a human one. If people have disabilities, cannot hear on the telephone, cannot get to the jobcentre or whatever, somebody has to sort those issues out, no matter how much technology there is. Acting in such cases is a proper use of public resources; if necessary, resources will have to be rebalanced. We cannot get away from providing a service to members of the general public.

In thanking the staff and others, I am reminded that Jobcentre Plus and its staff lie on the front line of meeting the needs of some very vulnerable people. Those who work for the agency need the tools and the leadership to ensure that they can do their jobs properly.

4.13 pm

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): It is good to appear before you, Mr. Taylor; I am more comfortable when you chair proceedings than when you question me. I thank my hon. Friend the Member for Bradford, North (Mr. Rooney), who opened the debate in a way that characterises his role and the tone that he uses in his chairmanship of the Select Committee. He continues to earn great credit across the House for the exceptionally diligent manner in which he performs that role.

I say again that I look forward to visiting my hon. Friend's constituency on Monday next week to see how some of the issues and programme initiatives about which we have been speaking and which are a success in my constituency, have been working in Bradford. Despite some of the concerns raised, everybody substantially acknowledges the very high quality of service delivery and support for the majority of Jobcentre Plus customers.

[Mr. Jim Murphy]

I have observations to make about the tone in which the hon. Member for Daventry (Mr. Boswell) started his comments, but I shall start where he left off. We all know, through personal or family experience, or our experience as Members of Parliament—although that is a little detached—how Jobcentre Plus has to work, and its predecessor agencies had to, to support the most vulnerable in our society and those who, often through no fault of their own, find themselves in a very difficult position.

A period of unemployment is unsettling in so many different ways—reduced personal confidence and self-esteem, impact on family, uncertainty about the future, material uncertainty, family breakdown, child poverty and many others. We acknowledge that across the House. Staff in the Department for Work and Pensions and Jobcentre Plus know that as much, if not more, than we parliamentarians. I should like to put that on record; it should be reflected in how we conduct our debate and conversation, and how in the vast majority of cases we, as an organisation, support such folk in an effective way. However, on occasions, yes, people are let down. It is important to reflect on that when it happens and learn from it. That should be the tone of my comments today.

My hon. Friend the Member for Bradford, North paid tribute to Jobcentre Plus as an organisation and the staff individually and collectively. I have a sense that Jobcentre Plus, and the way in which it has been brought together from its predecessor organisations, is now genuinely remarkable. Since its creation in 2002, Jobcentre Plus has helped more than 850,000 people into work, including 100,000 lone parents. It has supported 60,000 people with health conditions or disabilities to get the chance to get back into the workplace. Despite recent trends in the jobseeker's allowance claimant count, about which I shall speak later, that support has contributed significantly to the observation, made by the Organisation for Economic Co-operation and Development, that the UK has a combination of the best employment level and the healthiest position in respect of economic inactivity of any of the G7 countries.

I shall fracture the consensus for a moment, because the hon. Member for Daventry was uncharacteristically harsh in his political observations about the impact of parts of the Select Committee report and the wider political ramifications. He overstated his case. I say that having known him for a number of years. I remember visiting him when he was a Minister and I was president of the National Union of Students. I had great affection for the way in which he personally carried out that job. Of course, I disagreed with some of his policies, but the way in which he carried himself personally earned him great credit. During my conversations with him when he was Minister with responsibility for higher education, I always had the sense that I was playing the ball rather than the man—I was arguing with the policy, not the individual. So I thought his comments today uncharacteristically harsh.

Mr. Boswell: I am grateful for the hon. Gentleman's encomium. Given that we are talking about jobseekers, it would be improper to follow him along that route, other than to say that we had an entirely pleasant professional relationship, which I hope will continue.

However, I say to the Minister in all seriousness that there is a problem of dissatisfaction and disaffection, and that what is involved is slightly more than just a mistake by Ministers. Something is upsetting people and it goes wider than his Department. It will not be solved today, but I should like him to take it seriously.

Mr. Murphy: We do take such issues seriously, and I acknowledge the hon. Gentleman's point. However, the situation now is a world away from the time when it was a matter of explicit Government policy to allow child poverty to become the highest in the European Union and incapacity benefit levels to treble, and when vast, grotesque unemployment rates were tolerated.

David Taylor (in the Chair): Order. May I bring the Minister back to the topic of the debate, which is the Select Committee report on the efficiency savings programme?

Mr. Murphy: Of course, Mr. Taylor, but the point that I was making in response to the hon. Gentleman was that there is a world of difference between the frustrations about administrative and organisational difficulties that were identified in the report, and the public policy during some of the 1990s.

Our innovative labour market policies and the work of Jobcentre Plus have been examined by more than 750,000 official international visitors to the UK who wanted to learn from our effective, modern approach to employment support. It is in no small part because of innovations in Jobcentre Plus that other nations seek to learn from our experience. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) asked about the Australian model and experience. We are always happy to learn from international experience in the same way as others are keen to learn from us.

My hon. Friend the Member for Bradford, North spoke about significant improvements, but said that there were still challenges ahead. There are many of them. Last month, we celebrated the opening of our 800th new-style Jobcentre Plus office. Of course success is not simply about the policies that we put in practice and the ground-breaking design of our offices but about our people and the quality of the support that they give to our customers in towns, cities and villages around the country. The centres support people who often are vulnerable and who have complex needs but also aspirations. We must play our part in helping to fulfil those aspirations.

I wholeheartedly support the Committee's tribute to the staff. Since joining the Department a couple of months ago, I have been struck by their dedication and expertise in serving claimants and jobseekers and in working with our other principal customers, the employers. I am pleased that the Committee recognised the staff's professionalism.

The vast majority of Jobcentre Plus customers receive a good service. For 2005-06, customer service satisfaction levels were above our targets, at 85 per cent. for customers and 87 per cent. for employers, but we must go further. I believe in the need to embed continued public service reform and responsiveness outside our strict target regime, in the need for

good-quality, scientifically researched customer services and in the need increasingly to drive personalisation and improvement in public service provision. Jobcentre Plus has those challenges ahead.

A challenge was included in an announcement last Tuesday to Parliament about our Welfare Reform Bill, when I announced the national extension of our pathways to work programme. Jobcentre Plus has a vital role to play in the success of our innovative welfare reform strategy. The pathways strategy, which is internationally renowned, is a holistic approach to tackling health-related, personal and external barriers that people face in returning to work. It is already changing many thousands of lives for the better. The tailored, personalised support offered by pathways empowers individuals. It is an essential change of emphasis in respect of our incapacity benefit customers, and we wish to see the approach replicated nationwide and facilitated by the private and voluntary sectors. It will enable us substantially to capture some of the capacity, expertise and talents that exist in those sectors.

In that context, we aspire to an 80 per cent. employment rate, which would mean that 1 million people were helped off incapacity benefit, and 300,000 lone parents and 1 million older workers were helped back into work. That will mean reaching out to those whom the tide of opportunity has so far not reached, and we will have to listen to our customers to shape our services to achieve that ambition.

I shall respond to some of the comments made in the report and observations made in this debate. I apologise if I am not able to respond to every point, but if hon. Members feel that I have not fairly responded to their concerns, I am happy either to meet with them or to correspond with them on specific points.

Hon. Members rightly expect Jobcentre Plus, like all public services, to be challenged to deliver its services more efficiently and effectively. The hon. Member for Daventry expressed his continuing support in principle for the challenges of the Gershon agenda. I am pleased that Jobcentre Plus has met the cost and staffing reduction targets that we set for it last year, but I fully understand the Committee's concerns that our efficiency drive may have impacted on customer service.

We take the Committee's comments seriously. Action has been or is being taken to address them, but our view of the severity of some of the issues raised in the report differs in some important respects from that of the Committee. I may have a chance to reflect on them in a moment.

I am delighted that my hon. Friend the Member for Stockport (Ann Coffey) is still in her place. Her presence publicly symbolises her continuing commitment to Sure Start, which supports those who remain outside the labour market. Among them are those who are the most vulnerable, particularly young mums. However, statistics show that of those who are entitled to support through family centres, one in 10 are young dads. That point is often missed in public debate.

I share my hon. Friend's concern about the link between Sure Start, children's centres, Jobcentre Plus, employment advisers and outreach work. In fact, I have asked that we consider in greater detail how we can strengthen Jobcentre Plus interaction with the children's centres, which have been a remarkable innovation and a phenomenal investment in recent years. In time to come, we will wonder what was in their place just a few years ago.

I recently visited a children's centre in Harpurhey, which is one of the poorest areas of Manchester. The children's centre provides support and advice to young mums—there was one young dad there, but mostly young mums. It was built on the site of a derelict car park. The opportunities that have been created by that facility are an antidote to the sense that politics changes nothing. We know that that is not the case, but we have to go further and strengthen the links with Jobcentre Plus.

We must be live to the concerns that my hon. Friend raised about the centres being an opportunity for those with the sharpest elbows to access an important public service. We must ensure that the centres are an important way for young mums and dads to have the chance to get back into the labour market or, importantly, for people to get into the labour market for the first time. We rightly concentrate on getting people back into the labour market. The debate is not framed around getting people into the labour market for the first time.

In respect of outreach work and the general issue about contact with the public, several concerns were raised in the report and in the debate about contact centres. I do not represent a rural constituency, but I recognise that there are issues about the most effective, appropriate and convenient way to maintain contact with Jobcentre Plus customers. Many of our customers wish to interact by telephone and, increasingly, through IT and the website, but for some that is not appropriate. We must remain vigilant about ensuring that the right opportunities remain in place for those customers.

Outreach work through children's centres is important, as are opportunities to carry out business by post and through home visits. I would like staff increasingly to go to other facilities such as council offices and public libraries to interact with our customers. If there are specific problems in hon. Members' constituencies—if that interaction is not happening—I would be happy to correspond or meet with them to discuss those problems.

We must have greater ambitions. I have seen some genuinely inspiring projects in the past couple of weeks. I am sure that others will have seen or been involved in similar initiatives. In Vauxhall, which is one of the poorest wards in Liverpool, the streets ahead project—outreach work involving knocking on people's doors—would have been almost unimaginable some years ago. Such interaction is not dependent on the Government. Streets ahead and voluntary organisations bring together all the agencies that are involved in this field, and interact on people's doorsteps.

I saw a similar project in the east end of Glasgow. It, too, involved knocking on citizens' and customers' doors and interacting in an innovative way that has not happened previously.

Mr. Rooney: I take my hon. Friend's point. He is right.

4.30 pm

Sitting suspended for a Division in the House.

4.45 pm

On resuming—

Mr. Rooney: There is a danger of we parliamentarians grouping people together and thinking that they cannot do anything, but we should recognise the tremendous amount of internet transactions that are made. We also need to learn from the private sector, which does not deny customers access to goods because they cannot use a particular form of communication. We need to bear that in mind.

I repeat the point about those with mental illnesses, for whom telephoning is absolutely inappropriate. That is not the only problem; there are also delays after the claim has been made. Such people are not allowed just to wander into an office to check progress. The only way to check progress is on the telephone, and then they finish up in a citizens advice bureau or in our surgeries.

Mr. Jim Murphy: My hon. Friend is right. For those with mental illnesses or learning disabilities. That is the nature of the challenge that we face in trying to support 1 million people who may have mental illnesses or learning disabilities to come off incapacity benefit and get closer to the labour market. Those with mental illnesses represent the biggest inflow on to incapacity benefit.

Mr. Boswell: I strongly agree with the tenor of those comments. Does the Minister agree that it would be bizarre and unacceptable if his Department, which has lead responsibility for disability issues, was failing to implement the public disability duty that is imposed by the Equality Act 2006?

Mr. Murphy: There is no question whatever of that occurring. Our efforts to support a net reduction of 1 million in the number of people on incapacity benefit will be assisted by support from pathways-style personal advisers, who are renowned as having been a success.

To return to the point about contact centres and outreach, I acknowledge the significant problems that some contact centres experienced with the telephone service last year. However, a process is now in place for managing work flows and matching them to staff resources, and that process has been tested. Jobcentre Plus successfully managed the annual peak in call volume in January this year and has strengthened its contingency planning. I am confident that we now have effective strategies for maintaining service during the peak staff leave period over the summer, and I have asked officials and management of Jobcentre Plus to ensure that that is indeed the case.

When problems arose last summer, Jobcentre Plus put in place temporary working arrangements in a limited number of contact centres, which was the appropriate thing to do. Based on the efforts that are being made in Jobcentre Plus, I am confident that we will not see a repeat of the problems of last summer. However, those difficulties were not caused by staff cuts, as has been suggested. In fact, Jobcentre Plus is building up its contact centre network and was recruiting contact centre staff during the period in which problems arose. For a period, standards were not what they should have been, but that was the result of a transition to a new way of delivering our services that will ultimately enable us to support our customers more effectively.

The hon. Member for Weston-super-Mare (John Penrose) raised some points about value for money and IT. We will provide the Committee with the cost of future IT systems and information on the negotiations with Electronic Data Systems in a report to the Committee before the summer recess. The hon. Member for Daventry made a further point about financial issues. In answer to him, I can say that we will give the Committee the unaudited performance and resource accounts for 2005-06 before the recess as well.

John Penrose: Will the details that the Minister plans to provide also include information about any additional efficiencies that the new IT systems are supposed to create and any implications that they will have for staffing, resources and potential job cuts, in addition to those already envisaged in the agency?

Mr. Murphy: I shall reflect on whether it is possible to provide the additional information that the hon. Gentleman has requested.

In relation to official error, which was raised by the hon. Member for Inverness, Nairn, Badenoch and Strathspey and the hon. Member for Daventry, it is generally acknowledged that the amount of fraud has halved since 1998. As the hon. Member for Inverness, Nairn, Badenoch and Strathspey said, the error taskforce, chaired by the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt), is considering ways to drive down official error. My hon. Friend will be providing more detail on the strategy to tackle error and Jobcentre Plus will monitor the action plan closely. However, underpinning the establishment of that taskforce is the acknowledgement that we have to do more about official error. Simplification is one way to overcome it. We should be looking for ways to simplify a benefits system that is complicated for our customers and our staff. That is one of the issues that my hon. Friend the Under-Secretary is considering.

The target of completing Jobcentre Plus roll-out by July will have been met in all but about 10 or 12 cases, and in those it is a matter of making necessary alterations to buildings to enable what is generally regarded as a remarkable transformation in the culture and layout of the offices in which the unemployed receive support and advice. Next week in Wales I shall formally open the last Jobcentre Plus office, which will mark the fact that last Jobcentre Plus roll-out has been completed throughout Wales.

On the performance disparity mentioned by hon. Members, it is unacceptable that someone on jobseeker's allowance or any other benefit in Glasgow, for example, receives a different level of support from that available in Gillingham or elsewhere. This is about strong performance management. Occasionally, there are management disparities at local and district levels and elsewhere and we have continually to drive to ensure that, while we retain some flexibility on decision making at local level, people receive a similar level of support in terms of interventions at 13 and 26 weeks. Such interventions have sometimes not been strong enough.

The hon. Member for Daventry spoke about point scoring. However, I can put it no stronger than to say that I note what he says and will reflect on his observation.

The Committee showed understandable interest in the Jobcentre Plus computer systems, as has been recognised in this debate, and I acknowledge that there is more work to do. Jobcentre Plus administers many benefits, some of which are extremely complex. Computer system changes are therefore rarely straightforward. Hon. Members have suggested that a more modular or incremental approach might work best, and Jobcentre Plus has been developing that approach. However, since the Committee's report was published, we have started refocusing our IT strategy on the changes that we will need to make to support our welfare reform programme. Committee members and other hon. Members will understand that we have listened to the Committee's concerns as we roll out that strategy.

The report also scrutinises our programme of office closures. It was right for Jobcentre Plus to review its office network. When it was formed in 2002, Jobcentre Plus brought together the Employment Service and the majority of the Benefits Agency. In many towns, both agencies had separate offices, sometimes on the same stretch of road. Reducing duplication has been a necessary step following the amalgamation of the two bodies.

The hon. Member for Cardiff, Central (Jenny Willott), who is no longer in the Chamber—for a good reason, I am sure—asked how we could free advisers from unnecessary clerical duties and responsibilities. There is determination to do that and to remove the responsibility and need for them to collate clerical statistics. This is about providing additional clerical support to the personal advisers. It is important to note that the number of advisers has increased in recent years, both in real terms and as a proportion of Jobcentre Plus staff—from about 10,000 out of 80,000 to about 11,000 out of some 71,000. That is a welcome commitment as we continue to personalise support for individual customers.

I wish to say a word or two about the partnership with the private and voluntary sectors, which my hon. Friend the Member for Bradford, North was keen for the Government to focus on. Much of the face-to-face work with people who need support in finding work is carried out by personal advisers. Jobcentre Plus is supported in its work by private and voluntary sector organisations working under contract to provide specialist employment and training services. Jobcentre Plus spends more than one third of its budget on services delivered through external contractors. Those partners are an essential resource and a key part of our success in coaching and supporting people back to work.

We acknowledge that there have been problems in the past with procurement. We have introduced a provisions forum that enables proper consultation and communication to take place. Providers can influence the development of our contracting strategy, for example, on the size and length of contracts and procedures for letting and ending contracts. Partnership with the private and voluntary sectors is integral to the future of welfare delivery in this country. We will continue to ensure that the Department delivers best practice in procurement and contracting as we develop and extend our work in this area, which is appropriate when we consider the crucial role of the private and voluntary sector in the national roll-out of pathways to work.

I thank my hon. Friend the Member for Bradford, North again for the leadership that he has shown in the Committee, for enabling trenchant observations on mistakes and for creating a consensus in his Committee. I also thank him for achieving consensus on the success of Jobcentre Plus. It is important that, as we reflect on what can be done about the mistakes and failings in the past, we also celebrate the remarkable achievements in our constituencies and listen to those who have experience of being pathways customers.

Our welfare reforms will continue to revolutionise employment-focused support for all those who can and want to work. Our cities strategy, about which we will make an announcement later this month, will open up new opportunities for delivering employment services in cities, enabling the civic leadership, business, the voluntary sector, the media and others to design their own solutions to the distinct problems in their cities. Given that two thirds of those who receive benefit in the UK live in our great cities, the nature and scale of the challenge is clear to us all. This vision can only be built on the foundation of an efficient, modern service. Jobcentre Plus must go further not only in getting the basics right but in being flexible and responsive to the changing customer needs. It must develop priorities about personalised welfare support.

Efficiency is not an optional extra in public services. In leading the Committee's work on this scheme and in this debate, my hon. Friend the hon. Member for Bradford, North, has raised some crucial matters. I am happy to take note of the points made by hon. Friends and other hon. Members today. I agree that we are striving to achieve the right balance between our customers' needs, demands and aspirations and the necessity of running an efficient service.

We have made remarkable progress in tackling the roots of poverty and worklessness, but we have to go further. The Committee's report acknowledges that. Jobcentre Plus is not just about helping individuals to fulfil their potential but about families and communities feeling the benefit of people's lives being changed for the better, which is why it is so important that we address the issues raised in the report, continue with our drive to modernise Jobcentre Plus and deliver the quality of service that people rightly expect from other public services.

Just because we are dealing with some of the most vulnerable people in our society, we should never lose sight of the fact that they remain aspirational, determined and focused on improving their lives and the lives of their families. Jobcentre Plus, the Government and the private and voluntary sector and others have an important role to play in the partnership and in helping to bring about that transformation. Our discussion on the Select Committee's report identifies that. I thank the Select Committee for its work.

Question put and agreed to.

Adjourned accordingly at Five o'clock.

Written Ministerial Statements

Monday 26 June 2006

CONSTITUTIONAL AFFAIRS

Office for Legal Complaints

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): My right hon and noble Friend the Secretary of State and Lord Chancellor (Lord Falconer of Thoroton) has made the following written ministerial statement:

"On 24 May this year, the Government published their draft Legal Services Bill. The draft Bill is currently undergoing pre-legislative scrutiny by Joint Committee chaired by Lord Hunt of Wirral. It develops proposals set out in our White Paper "The Future of Legal Services: Putting Consumers First" and it will put consumers at the heart of a new framework for the regulation and delivery of legal services.

One of the core components of the draft Bill is the proposal to establish a single, independent complaint handling body, the Office for Legal Complaints. The OLC will deal with all consumer complaints about regulated legal service providers. Our aim in establishing it is to simplify the current arrangements for the handling of complaints, increase the accountability and transparency of the complaints handling system, improve the way in which complaints are handled and increase consumer confidence.

The Government are aware that the creation of the OLC will have a significant impact upon staff working in organisations within the existing framework and it is in an effort to relieve staff uncertainty that I would like to announce that the Government's preferred option for the location of the proposed OLC is the West Midlands.

This announcement only relates to the area of the country in which the OLC will be located. Further work will be needed to identify a specific site, however Leamington Spa will not be considered. This is to ensure that the OLC will be a new organisation independent of the existing framework and can take advantage of a larger local labour market and the benefits associated with moving to a new site.

This announcement will not pre-empt the parliamentary process but is being made on the basis that this is the Government's preferred option subject to the report of the Joint Committee and any subsequent legislation which may be taken forward."

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Centre for Environment, Fisheries and Aquaculture Science (Annual Report and Accounts 2005-06)

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): The 2005-06 annual report and accounts for the Centre for Environment, Fisheries and Aquaculture Science will be laid before Parliament today.

Copies will be placed in the Libraries of the House.

INTERNATIONAL DEVELOPMENT

Africa All-Party Parliamentary Group Report

The Secretary of State for International Development (Hilary Benn): I am today putting in the Libraries of both Houses a copy of the Government's response to the Africa All-Party Parliamentary Group's report: "The Other Side of the Coin: the UK and corruption in Africa".

NORTHERN IRELAND

Police Service Annual Report for 2005-06

The Secretary of State for Northern Ireland (Mr. Peter Hain): I have received the annual report for 2005-06 of the Chief Constable of the Police Service of Northern Ireland which is being presented to Parliament today as a Command Paper.

Copies of the report are available from the Library of the House.

TRADE AND INDUSTRY

Small Business Service Business Plan 2006-07

The Minister for Industry and the Regions (Margaret Hodge): The Small Business Service is publishing its business plan for 2006-07 on Friday 23 June 2006. Copies of the plan have been deposited in the Libraries of the House. Electronic versions are available on the SBS website www.sbs.gov.uk

The Small Business Service was established in April 2000 as a specialist centre of expertise within Government to champion the sector and help small businesses to flourish. Its purpose is to make the UK an enterprise society that is the best place in the world to start and grow a business.

The business plan sets out what the Small Business Service will deliver over the next 12 months. The Agency will focus on making significant progress in four key areas: building an enterprise culture; opening up public procurement; simplification of business support; and better regulation.

The plan identifies 10 key agency targets for 2006-07:

Expand the Enterprise Insight Campaign, through the development and running of a bigger and wider reaching Enterprise Week in November 2006, and supporting the recently launched Local Enterprise Campaigns; and working with Enterprise Insight to develop further local and sectoral enterprise campaigns.

Support the implementation and delivery of the Government's Social Enterprise Strategy for growth in social enterprise.

Promote the new www.supply2.gov.uk web portal (available through www.businesslink.gov.uk) for businesses wanting to win work with Government Departments; achieve 10,000 registered suppliers, 1,000 registered buyers, 4,000 small business opportunities and 20,000 visitors per month by July 2006.

Publish updated "No Nonsense Guides to Small Business Funding" and "Finance for High Growth Funding", including a web-based self-assessment tool, by March 2007.

Complete the establishment of Pathfinder round of Enterprise Capital Funds, by October 2006. Subject to a successful Pathfinder round, we will announce arrangements for a second round of Enterprise Capital Funds by March 2007.

Deliver a programme of communication and events at national, regional and local level to disseminate learning and good practice from Phoenix Development Fund projects.

Lead work with business stakeholders, other Government Departments, the Regional Development Agencies and other providers, to design and implement a solution for UK business support, which targets real need and uses resources effectively and efficiently in areas where the market alone would not provide a solution.

Deliver further improvements to the www.businesslink.gov.uk web portal. This will include an International Trade Single Window delivering an online cross-government information and guidance website by November 2006.

Conduct at least four reviews of the business experience of key areas of regulation focused on those areas viewed as most burdensome. Working with business and lead departments we will identify and report on remedial actions. The first of these reviews, focused on employment law, is currently being piloted. Further areas for examination are likely to include health and safety, and environmental protection.

Identify opportunities for deepening and extending departmental simplification proposals presented to the Better Regulation Executive, and work with Departments to develop more business friendly approaches to development of regulation, its implementation, administration and communication, by November 2006.

Written Ministerial Statements

Tuesday 27 June 2006

TREASURY

Financial Services Authority

The Economic Secretary to the Treasury (Ed Balls): The annual report 2005-06 of the Financial Services Authority (FSA) has today been laid before Parliament. Copies are available in the Libraries of both Houses.

The report forms a key part of the accountability mechanism for the Financial Services Authority under the Financial Services and Markets Act 2000 (FSMA), and assesses the performance of the Financial Services Authority over the past 12 months against its statutory objectives.

DEFENCE

Defence Food Supply Contract

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The Ministry of Defence has today awarded a contract for the supply of food to the armed forces to Purple Foodservice Solutions (PFS). The contract, worth in excess of £300 million, will commence on 1 October 2006 and will mainly cover the provision of food services to personnel on operations. The new contract is likely to save the Department more than £14 million over the next five years.

Last First World War Veteran (Commemoration)

The Secretary of State for Defence (Des Browne): There remains a small number of UK veterans who served this country in the Armed Forces during World War I (WWI) to whom the nation owes a particular debt of respect and gratitude. In recent months, the death of a number of WWI veterans has raised the question of how the passing of the final veteran should be marked.

I would like to take the chance to pay tribute to the right hon. Member for Chingford and Woodford Green (Mr. Ian Duncan Smith) who has spent a considerable amount of time and effort campaigning for the occasion to be marked in an appropriate manner.

For the present, our priority is to celebrate these remarkable people during the time that they remain with us. However, the death of the final known WWI veteran will be a major milestone in our nation's history and should be marked as so. Her Majesty the Queen and the Prime Minister therefore support plans to hold a National Memorial Service in Westminster Abbey within two to three months of the death of the last known WWI veteran. This will commemorate not the death of the one individual, we sense from a number of the surviving veterans that this might be an intrusion into private grief, but the passing of them all.

While that generation included those associated most directly with the horrors of that war, those who fought in the trenches of the Western Front, it also includes those who carried out their duties in other theatres, at sea and in the air and those engaged in vital support roles back home. We also owe a debt to those from other parts of the British Empire who played their part.

We plan that the events of the day should reflect the laying to rest of the Unknown Warrior and the unveiling of the Cenotaph in 1920. The service will be preceded by a sombre procession. The overall aim will be for a reverential national event that is both commemorative and educational.

To ensure that as many people as possible have the opportunity to be a part of this significant event we will be producing an educational resource pack. This will be distributed to primary and secondary schools to help their pupils appreciate the significance of the day.

CABINET OFFICE

Ministerial Responsibilities

The Minister for the Cabinet Office (Hilary Armstrong): A revised edition of the List of Ministerial Responsibilities (June 2006) has been published today and copies placed in the Library of the House and the Vote Office.

A new electronic version can also be accessed at www.cabinetoffice.gov.uk/ministerial_responsibilities/

TRANSPORT

Transport Innovation Fund (Productivity)

The Secretary of State for Transport (Mr. Douglas Alexander):

My predecessor published guidance on 26 January on the operation of the Transport Innovation Fund (TIF). The guidance explained that TIF would enable us to direct resources towards the achievement of two key objectives—tackling congestion (Congestion TIF) and improving national productivity (Productivity TIF). I can now provide an update on Productivity TIF.

We have been looking to identify a limited number of transport schemes which could be taken forward quickly for an initial allocation of Productivity TIF, and invited the Regional Development Agencies (RDAs) to submit their views on potential candidates. I

am grateful for the constructive way in which the RDAs responded to this request.

In our discussions with the RDAs, we proposed two priority themes which might offer both a strong strategic fit at the national level with the objective of supporting national productivity, and scope for schemes to be delivered quickly, with implementation able to start during the first two years when TIF becomes available—2008-09 and 2009-10. These themes were:

measures to improve the capacity and resilience of the strategic national freight distribution networks, hence supporting international trade and competitiveness

measures to make the most of capacity at key pressure points on the strategic networks, thus improving mobility for business and freight users

Among the range of suggestions offered by the RDAs, there was substantial support for schemes reflecting these suggested themes, and I have concluded that for this initial round of Productivity TIF we should broadly follow them.

We are also keeping open the possibility of a contribution to the costs of taking forward Crossrail, although funding decisions on Crossrail will not be taken until after the conclusion of Sir Michael Lyons' review of local government finances.

Accordingly, in addition to Crossrail, the schemes which will now be taken forward for business case development and appraisal are as follows:

Scheme and Region
Strategic freight schemes
Teesport/East Coast Main Line rail gauge enhancement (North East)
Reinstatement of Olive Mount rail chord, Liverpool (North West)
Humber ports/Immingham - East Coast Main Line rail capacity enhancement (Yorks and Humber)
Nuneaton - Peterborough rail gauge enhancement (East Midlands)
Gospel Oak - Barking rail gauge enhancement (London)
Southampton - West Coast Main Line rail gauge enhancement (South East)
Strategic network schemes
A14 corridor traffic management (East of England)
Birmingham motorway box - active traffic management (West Midlands)
M62 Leeds Bradford traffic management (Yorks and Humber)
Improving resilience and flexibility between A1, M1 and M11, (London/East of England)
A14 widening: Ellington - Fen Ditton (East of England)

The funding available in the opening years of the TIF is limited, and some will be needed for Congestion TIF, so it will only be possible for the TIF to support a small number of Productivity schemes in this initial allocation round. Only a limited proportion of the schemes above—particularly in the case of the larger, more costly road schemes - are likely to receive TIF funding.

Since the TIF is intended to supplement rather than supplant existing sources of funding, the availability of TIF funding for individual schemes will depend on other funding contributions, as well as value for money to the taxpayer.

The inclusion of a scheme in this list should not be taken to give any indication as to whether or not any statutory consents or other decisions that may be required for that scheme to proceed (for example, planning consents and decisions in relation to TWA Orders or Harbour Orders) will be given in favour of the scheme.

The Department will now be discussing with the appropriate delivery agents and other key stakeholders the work necessary to deliver the business cases by the end of July. I hope to announce decisions on first round allocations of Productivity TIF, and the approach to handling future allocations from the TIF, by the end of this year.

Written Ministerial Statements

Wednesday 28 June 2006

TREASURY

ECOFIN

The Chancellor of the Exchequer (Mr. Gordon Brown): On 7 June 2006, I represented the UK at the Economic and Financial Affairs Council (ECOFIN).

The Council held a debate on reports by the Commission and the European Central Bank on fulfilment by Slovenia and Lithuania of the Maastricht Treaty convergence criteria and their obligations regarding Economic and Monetary Union membership.

ECOFIN was briefed by the Commission on the EU's dialogue and co-operation with the United States on economic issues, in the run-up to the EU-US summit to be held in Vienna on 21 June. The Commission's briefing covered economic co-operation majoring on the financial markets regulatory dialogue. The UK welcomed the Commission's progress and pressed for greater detail on priority areas for progress next year, including moving into new sectors.

The Council agreed on renewal of value-added tax arrangements for e-commerce from 1 July until 31 December 2006 and to continue work on the other elements of the package of VAT measures with a view to reaching global agreement by the end of the year. The UK supported both these measures.

ECOFIN welcomed unanimously the production of the communication of the Commission to the Council on combating tax fraud.

The Commission presented its communication on work undertaken by a technical working group examining company tax obstacles inhibiting the functioning of the internal market. ECOFIN held an exchange of views. No conclusions were drawn.

ECOFIN also took note of a report from the Code of Conduct Group for Business Taxation and adopted conclusions welcoming the progress made by the group during the Austrian presidency.

COMMUNITIES AND LOCAL GOVERNMENT

Home Loss Payments

The Minister for Housing and Planning (Yvette Cooper): Following the annual review, the Secretary of State will today lay regulations to update the home loss payment thresholds in section 30 of the Land Compensation Act 1973 (as amended). Home loss payments are paid at a rate of 10 per cent. of the market value to owner-occupiers who are displaced from their homes as a result of compulsory purchase or certain housing orders. These are subject to maximum and minimum payments. Tenants receive a flat rate equal to the minimum payment to owner-occupiers.

With effect from 1 September 2006 the maximum payment to owner-occupiers displaced from their home will be increased from £38,000 to £40,000 and the minimum payment will be increased from £3,800 to £4,000. The flat-rate will be increased from £3,800 to £4,000.

The period of two months between laying the regulations and commencement will give acquiring authorities reasonable notice to revise their budgets for compensation. This is similar to the notice period given in previous years for revisions to the home loss payments thresholds.

CONSTITUTIONAL AFFAIRS

Local Land Changes Fees

The Parliamentary Under-Secretary of State for Constitutional Affairs (Vera Baird): My right hon. and noble Friend the Secretary of State and Lord Chancellor has made the following written ministerial statement:

"I have today laid before Parliament the Constitutioaal Reform Act 2005 (Supplementary Provisions) Order 2006 ('the order') under section 143 of the Constitutional Reform Act 2005. The order relates to section 13A ('section 13A') of the Local Land Charges Act 1975 ('the 1975 Act').

Section 13A transfers the Lord Chancellor's responsibility with the consent of HM Treasury under the 1975 Act for setting local land charges search fees, except fees for personal searches, to registering authorities (usually local authorities) in England.

Section 13A requires registering authorities to set fees for local land charge services. It also provides that before setting fees local authorities must have regard to such guidance as the Lord Chancellor may have issued.

Section 13A was inadvertently and prematurely brought into force by the Constitutional Reform Act (Commencement No 5) Order 2006 on 3 April 2006. The commencement of section 13A revoked the previous rules specifying fees under the 1975 Act without notice and before any guidance had been issued to registering authorities. This was a serious error for which I apologise to the House.

The order corrects this error. It provides that for the period 3 April 2006 until 1 April 2007 each registering authority will, in the exercise of its duty under section 13A, be treated as having specified the fees that were chargeable before 3 April. This period will allow sufficient time for the Department for Constitutional Affairs to prepare and consult on guidance to registering authorities on the exercise of their duty under section 13A and for those authorities to prepare properly for setting their own fees. The order does not invalidate any fees that may have been specified and collected by a registering authority under section 13A before 28 June 2006."

Freedom of Information Act

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): My noble Friend the Under-Secretary of State has made the following written ministerial statement.

"Today I have deposited copies of "The Freedom of Information Act 2000 - Statistics on Implementation in Central Government January to March 2005" in the Libraries of both Houses.

This is the first quarterly bulletin produced by DCA monitoring of the performance of central Government and associated bodies under the Freedom of Information Act 2000."

DEFENCE

Departmental Key Targets 2006-07

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): Key targets for the financial year 2006-07 for the following Ministry of Defence agencies and trading funds have been placed in the Library of the House.

ABRO[1]

Defence Science and Technology Laboratory

Ministry of Defence Police and Guardian Agency

Veterans Agency

[1] ABRO was formerly known as the Army Base Repair Organisation

HOME DEPARTMENT

Her Majesty's Chief Inspector of Prisons

The Parliamentary Under-Secretary of State for the Home Department (Mr. Gerry Sutcliffe): Today I am delighted to announce that the appointment of Anne Owers CBE as HM chief inspector of prisons has been extended until 31 March 2008. Ms Owers' expertise and knowledge will continue to play a key role in enabling the Prisons Inspectorate to deliver a credible and effective inspection programme for prisons, immigration removal centres and other establishments.

Written Ministerial Statements

Thursday 29 June 2006

TREASURY

UK Covered Bonds Regime

The Economic Secretary to the Treasury (Ed Balls): The Treasury has been working closely with the Financial Services Authority and industry on the development of a UK covered bonds regime. UK covered bonds are based on well-accepted market standards and benefit from a high level of legal certainty. The object of Treasury and FSA work is to ensure compliance with the Undertakings for Collective Investment in Transferable Securities ('UCITS') Directive. To this end, the Treasury intends to consult on secondary legislation at the earliest possible opportunity, with implementation by the end of 2007, earlier if possible. Such compliance creates a level playing field for UK covered bonds in the EU and delivers the best possible risk weight for UK covered bonds under the Capital Requirements Directive. Covered bonds have the benefit of:

being a highly liquid, medium to long dated and cost effective debt instrument;

providing a highly effective means of managing long-term liquidity risk for investors and issuers and an additional tool to manage interest rate risk;

in macro-economy terms, greater choice and efficiency in investment markets; and

giving consumers the benefit of the greater efficiency of the funding of the mortgage market.

COMMUNITIES AND LOCAL GOVERNMENT

Council Tax Capping

The Minister for Local Government (Mr. Phil Woolas): On 27 March I made a statement to the House on council tax capping. In this, I set out the action that the Government proposed to take, under the Local Government Finance Act 1992, against two local authorities which had set excessive budgets for 2006-07 according to the principles that I announced, 27 March 2006, *Official Report*, columns 567-69. Those two authorities were York city council and Medway borough council, which were both "designated", with a view to capping them in year. I am making a statement today about the decisions on both cases.

York and Medway were given 21 days in which to challenge the maximum budgets the Government proposed to set them in 2006-07, and to provide the information we had requested. Both authorities challenged their proposed maximum budgets and I met delegations from each of them to hear their cases in person.

The vast majority of authorities now appreciate the seriousness with which the Government view the need to protect council tax payers against excessive increases. The average band D council tax increase in England for 2006-07, without the council-tax element of the Olympics, is 4.2 per cent. (with the Olympics, it is 4.5 per cent.). Over 99 per cent., of authorities have responded well to our message and have not set excessive budgets. Despite the fact that the principles which the Secretary of State used to determine excessiveness were tighter this year than last, only two authorities exceeded them by more than trivial amounts.

I can now announce how my right hon. Friend, the Secretary of State for Communities and Local Government, intends to proceed, having carefully considered the representations York and Medway have made, both orally and in writing, and having taken into account all relevant information. These decisions have been based not only on the individual cases of these particular councils, but also on the need, as a matter of public policy, for authorities to restrain the demands on their council-tax payers.

In putting forward their challenges, neither authority has, in the Secretary of State's view, presented strong arguments as to why an excessive increase was necessary, or demonstrated that the pressures identified acted disproportionately upon them to any significant extent compared to other authorities. We intend therefore to take action in both cases.

After careful consideration, we have decided to cancel the designation of the two authorities and to "nominate" them instead with a proposed notional budget for each authority at the level of the maximum budget originally proposed when they were designated. For York city council, the proposed notional budget for 2006-07 is therefore £97,484,000 and for Medway Borough Council £148,101,000.

By nominating the authorities in this way, the councils will be able to avoid re-billing for this year, but it reduces their capacity to increase council tax in the subsequent year and beyond. The notional budgets which we propose setting will be used in future capping comparisons. The authorities will have their budget increases next year measured against the notional budgets rather than their actual, higher budgets. This will provide their council-tax payers with extra protection next year.

We are writing to both authorities today informing them of these decisions. Each authority will have 21 days from receipt of the notification of nomination in which to challenge its proposed notional budget. The Secretary of State will, of course, consider any challenge that they make fully and carefully.

The Government are continuing to deliver on their promise to take action against excessive council tax increases. By 2007-08, Government grant for local services will have increased by more than the rate of inflation for 10 years in succession. That represents an increase of 39 per cent., in real terms since 1997.

The Government have already made it clear that they expect an average council tax increase in England of less than 5 per cent., in 2007-08. Authorities should remain in no doubt that the Government will not hesitate to use their capping powers to deal with excessive increases in future years, including requiring them to rebill, if this proves necessary.

DEFENCE

Support Vehicle Programme

The Minister of State, Ministry of Defence (Mr. Adam Ingram): I am pleased to announce that following the successful completion of an internal review the Ministry of Defence has decided to take up an option with MAN ERF UK Ltd. to buy a further 2,077 cargo vehicles as part of the support vehicle contract which we announced last year.

The award of this option, which brings the value of the programme to £1.3 billion, will see the delivery of further tranche of modern, more effective and more efficient fleet of trucks and trailers—a vital support capability—to our armed forces. This is in addition to the 5,000 vehicles we announced we were buying last year—the largest vehicle buy made by the MOD in over half a century.

The support vehicle programme includes a contractor logistic support package which will lead to a long term partnering arrangement consistent with the DIS published last December. Importantly the vehicles are specially designed so they can be quickly fitted with 'armour kits', which will help protect drivers and crew from blast and small arms attacks.

The contract secures some 400 jobs in the automotive sector across the UK, and is an excellent deal for both UK industry and the British armed forces.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Agriculture and Fisheries Council

The Secretary of State for Environment, Food and Rural Affairs (David Miliband): I represented the United Kingdom at the Agriculture and Fisheries Council meeting in Luxembourg on 19 June 2006.

The Council adopted a proposal confirming the overall rural development budget for 2007-13, and the annual breakdown including the minimum amount to be concentrated in regions eligible under the convergence objective. I supported the Council decision while expressing the UK's disappointment at the Commission's allocation method which based future funding on historic records.

The Council took note of an update from the Commission on the latest state of play on the WTO agricultural negotiations and held an exchange of views. The Commissioner said that the EU was looking for an outcome that would be manageable for European farming and that the EU offer from last October still stands. I said that getting a deal was in the interest of EU citizens and stressed the importance of unity to achieving a successful outcome.

The Council took note of a presentation by the Agriculture Commissioner of the proposed EU forest action plan and held its first exchange of views. The plan is designed to improve implementation of the EU's existing forest strategy. Finland would aim for Council conclusions on the subject during its upcoming presidency.

The Council held a public debate on the Commission's animal welfare action plan. I stressed the importance of a strategic framework for both the industry and consumers and urged the Commission not to view legislation as the only option to raising welfare standards but to consider other ways as well, such as codes of practice and assurance schemes.

The Council held a policy debate on the presidency's work plan on the welfare of chickens reared for meat production, aiming to tackle outstanding issues on the Commission's proposal. I called for a firm commitment to the establishment of a maximum stocking density of 38 kg per square metre within a specified timetable to ensure a level playing field across the EU for producers and achieve real welfare improvements. The presidency said that further work would be undertaken by the incoming Finnish presidency.

Under any other business, the Council took note of the presidency conclusions following the May Informal Agriculture Council discussions, on "Land, Life and the Future of European Farmers".

The Council also took note of an update on avian influenza by the Commissioner for Health and Consumer Protection and of the written information provided by the Austrian presidency on the sixth UN forum on forests.

The Czech Republic called on member states to support the UN Universal Declaration on Animal Welfare which had been drawn up by a five-nation Government Steering Committee (Costa Rica, Kenya, Czech Republic, India, and the Philippines).

Latvia, supported by the Netherlands, queried an element of the Commission's sugar reform implementation scheme which would require sugar companies to pay securities in order to access the restructuring scheme. The Commission pointed out that the rules enabled member states to make payments in advance and for securities to be released gradually as measures in the plan were carried out.

HEALTH

Informal Meeting of EU Health Ministers

The Minister of State, Department of Health (Ms Rosie Winterton): The informal meeting of EU Health Ministers took place on 25-26 April in Vienna. I represented the UK. Items on the agenda were; Type 2 Diabetes; Pandemic Influenza Preparedness; and Women's Health.

On Type 2 Diabetes, there was a general discussion covering prevention and links to wider health determinants (such as diet and physical activity) and approaches to disease management, including national diabetes plans. Member states outlined their experiences in developing and implementing diabetes policies at national level, and in wider health promotion policies.

On pandemic preparedness, there was a discussion on the suggested development of a proposal on an EU stockpile of antivirals.

On Women's Health, there was a further general discussion on the need to the need to take gender differences into account in healthcare, including research. The Commission outlined their plans to produce a report on women's health in the EU for publication during 2007.

European Court of Human Rights (Bournewood Judgment)

The Minister of State, Department of Health (Ms Rosie Winterton): I should like to set out the Government's proposals for ensuring that the law for England and Wales on the treatment and care of people suffering from a disorder or disability of mind, who lack capacity and who need to be deprived of liberty, is compliant with the European convention on human rights. Our proposals will strengthen the rights of patients and those in care, as well as ensuring compliance with the European convention on human rights (ECHR).

People who suffer from a disorder or disability of the mind—such as dementia or autism—and who lack the mental capacity to consent should be cared for in the least restrictive regime possible. In some cases, members of this vulnerable group need to be deprived of their liberty for treatment or care because this is necessary in their best interests in order to protect them from harm.

The proposals are in response to the 2004 European Court of Human Rights judgment involving an autistic man who lacked the capacity to consent and who was kept at Bournewood hospital by doctors against the wishes of his carers. The court found that he had been deprived of his liberty unlawfully, and the Department of Health committed to introducing new legislation to close the "Bournewood gap".

In order to inform our response I published a consultation document in March last year that invited comments on options for closing the "Bournewood" gap. I am grateful to all those individuals and organisations who responded. Those who commented on the document were broadly in favour of the Government's proposals.

I am today publishing a report on the outcome of the public consultation and a copy has been placed in the Library.

People likely to be affected by the Bournewood proposals are mainly those with significant learning disabilities, or elderly people suffering from dementia, but include a minority of others who have suffered for example a brain injury. The proposals will apply to those in hospitals or care homes, whether placed under public or private arrangements.

Key features of our proposals are:

hospitals and care homes will have a duty to identify anyone at risk of deprivation of liberty and, if they do not consider that a less restrictive regime is possible, request an authorisation from the supervisory body;

the supervisory body would be the local authority in the case of a care home or, in the case of a hospital, the PCT or in Wales the National Assembly for Wales;

it will be unlawful for a hospital or care home to deprive a person of liberty without obtaining an authorisation;

all involved must act in the best interests of the person concerned and in the least restrictive manner;

the supervisory body will commission assessments including an independent "best interests" assessment which will look at whether the deprivation of liberty is necessary in the person's best interests;

the best interests assessor, for example a social worker, will set the period for review in each case. This must not be longer than 12 months but we expect it to be shorter in many cases;

family, friends and carers will be consulted as part of the best interests assessment and, if a person is unbefriended, an Independent Mental Capacity Advocate appointed;

the supervisory body will only grant an authorisation if all the assessments recommend it;

authorisation should be obtained in advance, except in circumstances where it is thought to be urgent, in which case authorisation should be obtained within seven days of the start of the deprivation of liberty;

every person detained will have someone appointed to represent their interests who is independent of the supervisory body and the hospital or care home. This may be a family member, a friend or an advocate;

managers of the hospital or care home will have a duty to monitor the person's circumstances because a change may require them to apply to the supervisory body for the authorisation to be reviewed;

a review can also be triggered at any time by the person concerned or their representative;

it will be easier to challenge deprivation of liberty. The person concerned or their representative, will have right of appeal at any time to the Court of Protection;

if mental health legislation could be used instead, the new procedure will not be able to be used to admit or keep people in hospital for treatment for mental disorder if it is reasonably believed that the person concerned objects to detention for the purposes of such treatment or would object if they were in a position to do so.

We believe that these proposals will ensure compliance with the European convention on human rights and strengthen the safeguards for those who lack capacity. Society is judged on how it treats its most vulnerable, and it is imperative that we have robust legal safeguards in place to ensure that those people who lack capacity are properly protected. The provisions will be introduced into the Mental Capacity Act 2005 through a Bill that will also amend the Mental Health Act 1983.

HOME DEPARTMENT

Deportation and Removal of Foreign Nationals

The Secretary of State for the Home Department (John Reid): Following my corrected written statement of 25 May I asked my Department to recheck all the figures provided to the House in my statement of the 23 May, *Official Report*, column 77WS.

The director general of the immigration and nationality directorate subsequently set out her approach to this exercise in her evidence to the Home Affairs Select Committee on the 6 June and undertook to provide the most accurate data available by the end of June.

The director general has today written to the Home Affairs Select Committee accordingly and I am placing a copy of her letter in the House Library.

Zahid Mubarek Inquiry

The Secretary of State for the Home Department (John Reid): The Government are today publishing the report of the inquiry into the circumstances surrounding the death of Zahid Mubarek at Feltham Young Offender Institution which was announced by my predecessor, my right hon. Friend the Member for Sheffield Brightside (Mr. Blunkett), on 29 April 2004. I wish to express my gratitude to the hon. Mr. Justice Keith, his advisers, and the inquiry team for their comprehensive examination of the important issues which arise in this case.

Zahid Mubarek was killed, completely without provocation, on 21 March 2000 by his cell-mate, Robert Stewart, who was a known racist. The then Director General of the Prison Service wrote immediately to Mr. Mubarek's family to acknowledge that the service had not protected him as it should have done and to offer an unreserved apology. I would like to take this opportunity to offer my own sympathies to the family, for whom this will have been a particularly traumatic time.

There have since then been a number of inquiries into the circumstances surrounding this appalling case from which the Prison Service has already learned much. The inquiry by Mr. Justice Keith is however the most thorough examination which has been carried out and adds much to our knowledge of the background to this murder.

I welcome the report's recognition that much progress has been made by the Prison Service in the last six years to address the problems which may have contributed to Zahid Mubarek's murder. In particular I am pleased to note that the report finds that the allegations that prison officers maliciously placed ethnic minority prisoners in cells with known racists are not substantiated.

I have placed on the Home Office's website a preliminary response to all 88 recommendations. It shows that the Government are already able to agree, at least in principle, to 50 of these. The responses to those which relate to prison practice cover only directly managed establishments at this stage. The rest will be considered both urgently and carefully, and I will make a full response to each of the recommendations within two months.

DUCHY OF LANCASTER

Royal Family and Ministerial Air Travel

The Minister for the Cabinet Office (Hilary Armstrong): I am today announcing the Government's response to Sir Peter Gershon's independent review of Royal Family and Ministerial air travel.

Sir Peter's independent report highlights the need for significant improvements in the security, reliability and value for money of the current arrangements for Royal Family and Ministerial air travel. In particular, Sir Peter has concluded that:

Despite the dedication and commitment of RAF personnel, 32 (The Royal) Squadron is unable to meet the level of demand for VIP travel placed upon it by the Royal Family and Ministers. The range and capacity of the Squadron's aircraft are also insufficient to fully meet the requirement for VIP air travel. This is no criticism of the RAF, the primary role of 32 (The Royal) Squadron is operational and the new arrangements recommended by Sir Peter will enable them to focus entirely on defence needs.

The overall availability of 32 (The Royal) Squadron in recent years has been in the order of 60-70 per cent. and, owing to technical problems or operational priorities, around 10 per cent. of VIP bookings have been either declined or subsequently cancelled.

The resulting need to charter an aircraft, sometimes at short notice, has failed to deliver value for money and the charter market has not always been able to provide a suitable aircraft with appropriate livery. For instance, the Prime Minister recently arrived at an EU Council meeting onboard an aircraft with Austrian livery. There have also been instances where aircraft have been used which have been unable to reach a destination without an unplanned refuelling stop or where the age of the aircraft has contributed to a mechanical failure, as was the case when the Prime Minister's return flight from South Africa earlier this year aboard a 1970 DCS was dramatically aborted on take-off due to an engine problem.

The regular and growing use of chartered fixed wing aircraft has introduced undesirable security risks to members of the Royal Family and Government Ministers.

Sir Peter has recommended that the Government establish a new air service based on two dedicated, second hand, fixed-wing aircraft. He has made a compelling case for change and the Government accept his report in full.

With the agreement of the Palace, the Department for Transport will now be taking the project forward. This will lead to competitive proposals being sought from industry in the months ahead. It is anticipated that one of the aircraft included in the improved service will be a second hand airliner with the capacity to seat up to 70 passengers and the other a small second hand aircraft with the capacity to seat up to 15 passengers. Both aircraft will contain basic, fit-for-purpose interiors to allow the Royal Family and Government to undertake work while en-route and will contain secure communications, which will address the concerns raised in the Intelligence and Security Committee's 2002-03 Annual Report which commented that expenditure in this area is justified.

It is anticipated that the new service will commence between the end of 2007 and early 2008. The new arrangements will result in 32 (The Royal) Squadron aircraft no longer being used for routine non-defence related flights. The squadron will, however, continue to be used to transport VIPs into operational theatres where necessary and for the routine travel of senior defence personnel, including MOD Ministers.

Sir Peter has advised that the new arrangements will deliver a safe, reliable and secure air travel service to the Royal Family and Government and good value for money to the taxpayer. The new arrangements will not increase the planned levels of public expenditure as the estimated additional annual cost of £2.7 million will be met from a £1.5 million contribution from the Ministry of Defence, recognising 32 (The Royal) Squadron's greater future deployability, and the remaining £1.2 million will be absorbed by those using the new service.

Copies of Sir Peter's report have been placed in the Library and are available for Members in the Vote Office.

PRIME MINISTER

Intelligence and Security Committee (Annual Report)

The Prime Minister (Mr. Tony Blair): I am grateful to the Intelligence and Security Committee for its valuable work and its latest annual report. Following consultation with the Committee over matters that could not be published without prejudicing the discharge of the function and operation of the intelligence and security agencies, I have laid the report before the House today. Copies will also be placed in the Libraries of both Houses.

Ministerial Committees of the Cabinet (MISC 13)

The Prime Minister (Mr. Tony Blair): On 25 May I published the current list of Cabinet Committees, their full membership, and terms of reference.

I have decided that it would be more appropriate for MISC 13 to be called the Ministerial Committee on Animal Rights Extremism, and not, as listed previously, the Ministerial Committee on Animal Rights Activists. This is to reflect more closely the Committee's terms of reference.

An updated list has been placed in the Libraries of both Houses. Details have also been updated on the Cabinet Office website.

TRADE AND INDUSTRY

EU Torture Regulation

The Minister for Energy (Malcolm Wicks): A consultation document and Regulatory Impact Assessment (RIA) on changes needed to secondary legislation to implement provisions of Council Regulation (EC) No. 1236/2005[1] concerning trade in goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment was published on 2 November 2005 and the consultation period ended on 31 January 2006. The EC Regulation 1236/2005 ("the Regulation") enters into force on 30 July 2006. The adoption of the Regulation represents a positive step forward for Europe and demonstrates the commitment of all EU Member States to introduce controls on the trade in this category of goods, following the lead set by the UK in 1997.

The Regulation prohibits the import, export and transhipment of specified goods to non-EU states, and the provision of technical assistance. The export (etc) of other specified goods will be controlled by means of the export licensing system operated by DTI.

My Department has given careful consideration to the comments made in response to the public consultation. A summary of the issues raised and the Government's response has been deposited in the House of Commons Library and is also available on the DTI website at http://www.dti.gov.uk/europeandtrade/strategic-export-control/index .html.

The Regulation is directly applicable in the UK. However some changes to UK law are required to ensure a good fit between the Regulation and the existing legal framework and to provide for licensing, penalties and enforcement. The changes are described in more detail in the note I have deposited in the House. An amending Order under the Export Control Act 2002 will be laid before Parliament, to come into force on 30 July 2006 at the same time as the Regulation.

The controls introduced by the Regulation largely mirror those already in place in UK legislation. Where there is any difference, the Government have aimed when implementing the Regulation to maintain the current level of controls where it is possible to do so consistent with Community law. We have also extended UK trade controls (on trafficking and brokering) to all the goods now controlled by the Regulation including ones not previously controlled in the UK. The Regulation will introduce controls for the first time on some items such as gallows and thumbscrews. Where possible, controls on intra-EC transfers will be maintained.

Concerning changes to the scope of goods controlled by the Regulation, the Government will work with EU partners on possible future amendments regarding matters not covered by the Regulation. The consultation was concerned with implementation of the Regulation as adopted in Brussels rather than with a review of controls in this area per se. The Government have already said that they intend in 2007 to carry out a wider review of the export controls introduced in 2004 and will in that context welcome views on the scope of controls on equipment used for torture or internal repression. That consultation can consider whether and how to control effectively other items which are difficult to define with precision in legislation.

TRANSPORT

Eddington Study

The Secretary of State for Scotland (Mr. Douglas Alexander): Sir Rod Eddington is currently conducting a transport study looking at the long-term impact of transport decisions on the UK's productivity, stability and growth, within the context of government's commitment to sustainable development.

Sir Rod recently updated the Chancellor and me on progress with his study. This work is a major undertaking, and Sir Rod advised that he would like to undertake further work on some substantive matters before submitting his advice. He is therefore working to finalise his advice for publication around the time of the 2006 pre-Budget report.

WORK AND PENSIONS

Benefit Fraud Inspectorate Reports

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): On behalf of my right hon. Friend the Secretary of State for Work and Pensions, the BFI inspection reports on the

following councils were published today: East Lothian Council, Ellesmere Port and Neston Borough Council, and Rhondda Cynon Taf County Borough Council. Copies have been placed in the Library.

The BFI reports detail a range of strengths and weaknesses in the housing benefit services provided by councils and make recommendations to improve the security and efficiency of benefit delivery.

My right hon. Friend the Secretary of State is considering the reports and may ask the councils for proposals in response to BFI's findings.

Written Ministerial Statements

Monday 3 July 2006

TREASURY

UN Licensing System

The Economic Secretary to the Treasury (Ed Balls): Robust counter-terrorist finance measures help to save lives and hold terrorists to account for their actions, and the Government constantly review the operation of their financial sanctions against terrorist suspects.

In accordance with UN Security Council Resolutions, countries are required to freeze the assets of individuals who are involved with terrorism and stop them receiving payments. For example UNSCR 1390 (2002) calls upon states to "Freeze without delay the funds and other financial assets or economic resources of these (listed) individuals, groups, undertakings and entities, including funds derived from property owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction, and ensure that neither these nor any other funds, financial assets or economic resources are made available, directly or indirectly, for such persons' benefit." This is implemented in the UK through EC Regulation 881(2002) and the Al-Qaeda and Taliban (United Nations Measures) Order 2002.

To ensure that these sanctions do not contravene basic human rights, UN Security Council Resolution 1452 states that payments that are "necessary for basic expenses including payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges" should be paid under a licence approved by a competent authority. Licences are considered and approved by HM Treasury under the relevant EC Regulation and Order.

In the UK, it is a requirement that when an individual is listed for involvement in terrorism, including an association with Al-Qaeda, state benefits paid direct to them are immediately suspended. Payments are approved under licence by the Treasury generally only where benefits are necessary to meet basic needs.

The Government have decided that, given the fact that household income is generally pooled, state benefits paid to individuals sharing the same household with a listed person would be, directly or indirectly, for the listed person's benefit and should therefore be subject to appropriate restrictions and conditions.

The following procedures will apply to all state benefits paid to a household which includes a listed person, or to which a listed person is attached:

State benefit payments will be suspended pending the granting of a licence by the Treasury.

Licences will be issued by the treasury in accordance with our legal obligations. Where licensed payments are approved, the Treasury will apply appropriate detailed safeguards to ensure that surplus funds are not made available to the listed person. This will be assessed on a case-by-case basis on the basis of risk.

This procedure is currently being applied in respect of the households of five listed individuals. In each of these cases, the Government have suspended payments of child benefit and in two of these cases also tax credits pending the granting of licences. In four cases, because of the absence of other income, the Government are paying interim support to the households concerned. Once licences are obtained, these interim payments will stop and payments will restart under the appropriate licence conditions.

In four of these cases, applications for the approval of licences are being considered by the United Nations Sanctions Committee. Subject to UN approval, the Treasury will issue licences for the payment of relevant benefits and tax credits to the households concerned. In the fifth case, an application has been submitted to the UN today.

Strict licence conditions will apply to payments in each of these cases. As part of these conditions and on the basis of a risk assessment, in three of these cases, the Treasury will require the appointment of a third party, who will control the onward disbursement and use of benefit funds to protect against the risk that these funds are diverted to terrorism and ensure that all licensing conditions are enforced and monitored.

It is the Government's intention that following UN approval, licences will be granted as soon as possible subject to the appropriate licence conditions to guard against funds being diverted.

COMMUNITIES AND LOCAL GOVERNMENT

Waste and Minerals (Regional Planning Guidance)

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): My right hon. Friend, the Secretary of State, has published the revised chapters 10 and 11 in relation to the above topics. This follows the examination in public into the draft chapters in October 2004, the panel report in December 2004, and the consultation on the First Secretary of State's proposed changes that closed on 11 November 2005.

These chapters form an integral part of regional planning guidance (RPG) for the south-east and represent a revision to RPG9, as published in March 2001. Following commencement of the Planning and Compulsory Purchase Act (September 2004) this will now form part of the statutory regional spatial strategy (RSS).

Chapter 10 takes sustainable waste management within a resource management approach as its underlying theme starting with waste reduction. The aim is to drive waste up the hierarchy towards more recovery, re-use, recycling and composting and away from landfill. To achieve this additional waste management capacity and new types of facilities will be required. The new policies set targets to achieve these through the development documents

now being prepared under the reformed planning system whilst ensuring that development does not harm the region's environment or the quality of life of its people.

The maintenance of a healthy regional economy requires an adequate supply of minerals to support new housing building and deliver key infrastructure projects. Planning policy has to balance the essential requirements of the regional economy for minerals with the environmental impact arising from their extraction, processing and transport. The replacement regional minerals strategy, chapter 11 provides a set of policies and proposals to strike that balance.

The consultation period for the proposed changes to the draft chapters ended on 11 November 2005 with some 90 responses from individuals and organisations. Respondents were broadly supportive of the proposed changes.

The final consultation has not resulted in any significant changes to the minerals policies or principles.

There have been two significant changes in relation to waste as a result of the public consultation. The first involves new figures for waste to be managed as a result of updated and more accurate research. The amendments to the figures and policies W5, W6 and W13 for the region are minimal, but the amendments to table 4 in policy W7, where figures are given for each sub region, are, in some of the sub regions, more significant.

Secondly, there have been amendments to policy W17 and its supporting text to clarify the policy on the subject of development in the green belt. These changes are required for consistency with PPG2: green belts.

These chapters are integral and clearly identifiable parts of RPG9. It will be reviewed through the development of the spatial strategy for the south-east, "The South East Plan"-the draft of which was submitted to the First Secretary of State on 31 March 2006.

Copies of the relevant documents are available in the Libraries of both Houses and electronically at: http://www.gose.gov.uk/gose/planning/regionalPlanning/

DEFENCE

Modernising Defence

The Secretary of State for Defence (Des Browne): At a time when our armed forces are "conducting operations around the world, it is important that the Ministry of Defence Department seeks every opportunity to ensure that every pound of the tax payer's money devoted to defence is used to best effect. I am therefore announcing a number of improvements to the way in which we use that money.

Subject to consultation with the trades unions, we propose to make a number of changes to the organisation and processes by which we manage defence. Together, these changes will lead to better delivery of support to our armed forces and the front line.

In December 2005, the Department published the "Defence Industrial Strategy" (Cm 6697). The Defence Industrial Strategy set a challenge for both industry and the Department. We are asking industry to work more effectively with us, and in a number of sectors, to restructure better to meet our needs. We are working closely with them to achieve this. Equally, the strategy calls on the Department to make a step change in the manner in which it conducts the acquisition and management of military capability. In response, a senior official was appointed in January 2006, to conduct a review of current structures, organisation and processes to determine whether these support, encourage, hinder or obstruct the Department's ability to deliver through-life capability management. The report—"Enabling Acquisition Change"—has now been presented to Ministers who, subject to consultation with the trades unions, have accepted its recommendations. A copy of the report has been placed in the Library of the House of Commons, and also can be viewed on the Department's website.

The report stresses both the primacy of through-life considerations and that improving acquisition skills is critical to success. It recommends changes to the Department's planning processes, including to the part played by the front line commands, and the governance of acquisition. These changes are designed to facilitate through-life capability management and to make the Department more agile against a background of rapid changes in the security environment and technology. The review also concluded that the Department should build on the progress made by the Defence Procurement Agency and the Defence Logistics Organisation to work more closely together by merging them. This will remove a fundamental barrier to through-life capability management: the continued existence of two organisations with separate identities and cultures, one that procures military capability and the other that supports it.

The new organisation will take the best from each organisation and form a single entity responsible for the procurement, maintenance and sustainment of military capability, continuing to draw on the private sector where this will provide best value for money. Its fundamental ethos will be the delivery of equipment and logistics capability to the front line and for operations. The chiefs of the Defence Logistics Organisation and the Defence Procurement Agency will jointly be responsible for creating the new organisation by April 2007. Arrangements will be put in place to run the new organisation under a unified management structure over the following 12 months while the new organisation establishes itself. An open competition will be run to appoint, from April 2008, the head of the new organisation.

Implementation of the recommendations will represent a significant change programme for the Department. Ministers and senior management are committed fully to taking it forward as swiftly as possible. However, throughout this period of change, delivering new capability and maintaining support to the front line will remain paramount.

Consistent with the decisions set out above and the commitments announced in the July 2004 White Paper: "Delivering Security in a Changing World: Future Capabilities", I have decided that steps should be taken, again subject to consultation, to collocate elements of the Defence Logistics Organisation with the Defence Procurement Agency in the Bristol/Bath area. This will be a key part of the programme of improving efficiency and effectiveness across the Department in order better to support our armed forces. Collocation, which is estimated to produce

savings of around £200 million over a 25-year period, will result in a reduction of 360 civilian posts. A further 100 military posts will be civilianised.

This decision involves the DLO withdrawing from a number of sites over the next five years. Initial withdrawals are planned from Andover south and Sapphire House, Telford; with subsequent withdrawals planned from RAF Brampton, Caversfield and Sherborne. The DLO will also drawdown from RAF Wyton. A presence is planned to be retained at Andover north, from where the supply chain will be controlled.

I can also confirm that Andover is the preferred site option for the new Headquarters Land Forces which will be formed from the integration of Headquarters Land Command, currently based in Wilton, and the Adjutant-General's headquarters, currently based at Upavon. Subject to further work and final decisions next year, we envisage, from 1 April 2009, Headquarters Land Forces will be fully operational at Andover. This will provide the Army with a contemporary, integrated and efficient headquarters of about 1,750 military and civilian staff. Compared to current headquarters staffing levels this represents a reduction of about 240 civilian and 100 military posts and we expect this to be accompanied by a significant reduction in running costs.

Separately, I have also approved, subject to consultation, proposals to relocate to RAF Wyton those staff at RAF Brampton not affected by DLO/DPA collocation. This will enable the disposal of the Brampton site, unless an alternative defence use can be found, with attendant reductions in the Department's running costs. These changes will lead to a reduction of between 50 and 100 posts, mostly civilian contractors.

I recognise that these decisions affect a large number of the Department's employees and their families. I would like to place on record the Government's appreciation of their hard work and dedication. The Department will work to minimise the impact by providing all the help it can for those affected, and avoiding compulsory redundancies where possible.

The Department is committed to modernising the way in which we deliver new equipment and support to the armed forces. In order to do this we must continually examine the way we do our business to improve the resources available to the front line. These changes are an essential part of that strategy.

EDUCATION AND SKILLS

Student Finance

The Minister for Higher Education and Lifelong Learning (Bill Rammell): The Government published the report of the review of Higher Education Student Finance in England on 31 January at: www.dfes.gov.uk/hegateway/hereform/studentfinance/index.cfm. The report set out recommendations and options to improve the administration of student finance. The Government have consulted interested parties, and have taken advice on the merits of the options in the report.

The Government acknowledge the important work which local authorities have undertaken over more than 40 years in administering student support. However, they believe there is an opportunity to use new technology to provide a radically better service, characterised by:

- students applying online using a service built around their needs, and which sits alongside their making an application for a place in higher education;
- more uniform service providing and faster decisions and payments; and
- high quality information, advice and guidance, with more personalised support for those that need it, including an online financial calculator providing students with information on their entitlement to statutory support and comparing bursaries from different higher education institutions.

All this will be underpinned by a new accountability structure which concentrates on customers' needs.

To achieve this, the Government will:

- reform the Student Loans Company to become the customer-focused national delivery organisation for the service;
- carefully manage the transition to the new customer-focused service (available for new students applying in September 2008 to enter higher education in the 2009-10 academic year), which will yield cost savings from around 2010-11;
- retain and strengthen the existing partnership between HMRC and the Student Loans Company with the aim of improving further loan collections and customer service for graduates; and
- consult on how to provide information, advice and guidance on student financial support.

My Department will engage customers in the detailed design work. We will also continue to work closely with the Student Loans Company as the new service is developed, and with the Local Government Association and wider local authority community to ensure a smooth transfer of functions to the company and maintenance of a good service to customers during the transition period.

HOME DEPARTMENT

National Policing Board

The Secretary of State for the Home Department (John Reid): In order to strengthen the tripartite governance of policing in England and Wales, I am, with the support of the Association of Chief Police Officers (ACPO) and the Association of Police Authorities (APA), establishing a National Policing Board. The main functions of the board will be to:

- agree the Home Secretary's annual national strategic priorities for policing and key priorities for the National Policing Improvement Agency;
- set agreed priorities for the police reform programme;
- enable Ministers, the professional leaders of the service and police authorities to monitor progress in implementing the reform programme and identify and overcome barriers to delivery; and
- provide a regular forum for joint debate and three-way communication between the tripartite partners on the opportunities and challenges facing policing.

The board will be chaired by the Home Secretary and, reflecting its tripartite nature, will include representatives of the Home Office, including my hon. Friend, the Member for Harrow, East (Tony McNulty), the Minister for Policing, Security and Community Safety, and senior officials, ACPO, including the president of the association and the Metropolitan Police Commissioner and the APA, represented by the chair

and vice-chair of the association. Also represented on the board will be HM Chief Inspector of Constabulary and the chair and chief executive of the National Policing Improvement Agency. The first meeting of the board is expected to take place in July.

A separate Policing Reference Group will enable other key stakeholders, including the police staff associations, unions and other bodies representing groups in the police service, to have a significant input into the work of the National Policing Board.

A summary of the key decisions and discussions of each meeting of the National Policing Board and Policing Reference Group will be posted on the Home Office police reform website within two weeks of the meeting.

INTERNATIONAL DEVELOPMENT

Uganda

The Secretary of State for International Development (Hilary Benn): Following my visit to Uganda in May I wish to inform the House of the decision I have taken about the future level of UK poverty reduction budget support (PRBS) to Uganda.

When the current PRBS arrangement was signed in December 2004 we indicated that up to £55 million in PRBS would be available in the Ugandan 2006-07 financial year. Instead I have decided to keep our PRBS to Uganda in 2006-07 at £35 million. I have taken this decision because I have concerns about governance, public administration expenditure, and some of the Government's new budget plans. The decision also takes into account continuing major humanitarian needs in northern Uganda, which the funds reallocated from PRBS will help to address.

Looking forward, I have decided to limit our core budget support allocation to £35 million in both 2007-08 and 2008-09. The balance of the Uganda programme will be used for project support, or for continuing humanitarian relief in the north. Should this humanitarian relief not be needed, I will give further consideration to the allocation of this money in the light of circumstances at the time.

Following my decision in December 2005 to cut £15 million of PRBS, I have decided not to make any further cut in the Ugandan 2005-06 financial year. This means that I am releasing now the £5 million that was withheld in December until after the elections. International observers, including those from the EU and Commonwealth, have concluded that, notwithstanding shortcomings, the elections passed generally peacefully, there was a high voter turnout and voting was generally well administered, transparent and competitive.

Written Ministerial Statements

Tuesday 4 July 2006

NORTHERN IRELAND

North/South Implementation Bodies and Tourism Ireland Ltd.

The Secretary of State for Northern Ireland (Mr. Peter Hain): I have today placed in the Libraries of both Houses papers relating to decisions that have been taken during the period 5 October 2005—12 April 2006 which relate to the North/South Implementation Bodies and Tourism Ireland Ltd. under the terms of the exchange of notes of 19 November 2002 (Cmnd 5708).

WORK AND PENSIONS

Pathways to Work

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): I am pleased to announce today my plans to rollout the successful Pathways to Work service in order to provide substantially more support for all new and repeat incapacity benefits (IB) customers to return to work. This is a significant step in our plans to help 1 million people move off IB over the next 10 years as outlined in our Green Paper, "A New Deal for Welfare: Empowering People to Work".

To date Pathways to Work has helped around 25,000 IB customers in just 17 districts return to work. We will build on those successes as we roll out the pathways service nationally to all new and repeat IB customers.

Rollout will start on 30 October 2006 when we will introduce the pathways service in three more Jobcentre Plus districts giving access to a third of all new and repeat IB customers. The new districts are Greater Mersey, Staffordshire, and Eastern Valleys (part of South Wales Valleys).

In December, we will extend the Jobcentre Plus pathways service to the remaining areas of the five, recently enlarged, existing Pathways districts to give 40 per cent. of all new and repeat IB customers access. The areas in the five enlarged districts are Ayrshire Dumfries and Galloway, Northumbria (other than Gateshead), remaining parts of Highland Islands, Clyde Coast and Grampian, Dorset and Somerset, and Sheffield.

In October 2007, private and voluntary sector providers will start to help to deliver the pathways service, extending to the remaining 60 per cent. of new and repeat IB customers by April 2008. We will use providers because our good partnership working with them on other initiatives has shown to be very effective, particularly when we offer them outcome-based contracts and payment by results. Providers will engage with customers after their initial work-focused interview.

Providers will start delivering the pathways service to customers in 15 Jobcentre Plus districts in October 2007. The 15 districts are Greater Manchester east and west, Cardiff and Vale/south-east Wales, Forth Valley Fife Tayside, north Wales and Powys, Black Country, City and East London, Birmingham and Solihull, Nottinghamshire, west Yorkshire, Edinburgh Lothian and Borders, Cornwall and Devon, central London, Lincolnshire and Rutland, Lambeth, Southwark and Wandsworth, and Norfolk.

In April 2008, providers will complete the rollout of the pathways service to customers in the remaining sixteen Jobcentre Plus districts so that the service is available nationally to all new and repeat IB customers. The final 16 districts are north and north-east London, Cheshire and Warrington, west of England, Coventry and Warwickshire, north-east Yorkshire and the Humber, Brent Harrow and Hillingdon west London, Marches, Kent, Leicester/Northants, south and south-east London, Cambridge and Suffolk, Gloucestershire Wiltshire and Swindon, Surrey and Sussex, Hampshire and Isle of Wight, Bedfordshire and Hertfordshire, and Berks, Bucks and Oxfordshire.

Jobcentre Plus will continue to deliver the pathways service in the following 19 districts; Derbyshire, Ayrshire Dumfries Galloway and Inverclyde, Highland Islands, Clyde Coast and Grampian, south Wales Valleys, Northumbria, south Tyne and Wear Valley, Essex, Dorset and Somerset, Lancashire, Cumbria, Glasgow, Tees Valley, south Yorkshire, Lanarkshire and east Dumbartonshire, Liverpool and Wirral, Greater Manchester Central, south-west Wales, Greater Mersey, and Staffordshire.

More details about provider-led pathways will be available as we finalise our procurement plans over the next few weeks.

Additional Information

Pathways to Work support was first introduced in three Jobcentre Plus districts in October 2003.

It provides additional help to new and repeat incapacity benefits customers via five, additional, mandatory, monthly work-focused interviews in the first eight months of the incapacity benefits claim; and via the 'Choices' programme of employment support and, the new return to work credit. Customers who are expected to return to work within nine months of their claim and those who are exempt from the personal capability assessment because they are so severely disabled, are not be required to take part in the five additional work-focused interviews. However, they may participate in any part of the pathways service at any time on a voluntary basis.

Using private and voluntary sector providers to deliver support for customers is not new, and this will build on existing work-focused support already delivered through engagement with providers.

As well as the national rollout of the Pathways to Work service, the Green Paper, "A New Deal for Welfare: Empowering People to Work", sets out other welfare reforms that we are committed to delivering to help more people move in to work and to end social exclusion. These include: introducing a new employment and support allowance (ESA) to replace IB for new customers in 2008 and improving the gateway to the benefit; piloting employment advisers in GP surgeries to support GPs and primary care teams, revising the format of the medical certificate, and simplifying statutory sick pay; piloting the new cities strategy which will provide a leadership role for cities in tackling worklessness; increasing the frequency of work-focused interviews for lone parents claiming benefits; piloting a new premium for lone parents in exchange for undertaking serious steps towards work; requiring people aged 50-59 to take up the additional jobseeking support available through New Deal 25 plus; piloting face-to-face guidance sessions with people approaching 50 or over 50 to deliver tailored and relevant information on working, training and planning for retirement; and introducing local housing allowance (currently being tested) and developing proposals for national rollout.

The 19 Jobcentre Plus-led pathways districts will continue to make a substantial contribution to the national rollout of the pathways service to all new and repeat IB customers.

Benefits System (Decision Making)

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): My hon. Friend the Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Hunt of Kings Heath) has made the following written ministerial statement.

The Secretary of State's report on the standards of decision making in Jobcentre Plus, the Pension Service, the Disability and Carers Service and the Child Support Agency for 2002 and 2003 is published today.

This is the third report under the decision making and appeals system introduced by the Social Security Act 1998. It covers the two-year period from 1 January 2002 to 31 December 2003. The Department apologises for the delay in producing the report which was caused by the need to validate the results it contains in the light of a number of changes to the underlying methodology. While this has provided greater confidence in those results, the Comptroller and Auditor General have not been able to validate all the data in the report. The Department's aim is to ensure that in future such reports are both produced much more swiftly and that they are able to secure the full assurance of the Comptroller and Auditor General.

Copies of the report are available from the Vote Office and the Printed Paper Office.

Written Ministerial Statements

Wednesday 5 July 2006

TREASURY

Children and Young People's Review

The Economic Secretary to the Treasury (Ed Balls): In July 2005, the Government announced that a second Comprehensive Spending Review (CSR) would be undertaken, reporting in 2007. Ten years after the first CSR, the Government have shown that a strong economy and sound public finances can be delivered at the same time as sustained and substantial growth in investment in public services. Looking forward, there are new challenges Britain will need to address in order to lock in these benefits for the decade to come, including:

- The intensification of cross-border economic competition as the balance of international economic activity shifts towards rapidly growing emerging markets such as China and India;
- demographic and socio-economic change, such as the rapid increase in the old age dependency ratio as the 'baby boom generation reaches retirement age;
- the acceleration in the pace of innovation and technological diffusion and a continued increase in the knowledge-intensity of goods and services;
- continued global uncertainty and poverty, with ongoing threat of international terrorism and global conflict; and
- increasing pressures on our natural resources and global climate from rapid economic and population growth in the developing world and sustained demand for fossil fuels in the advanced economies.

These changes will have fundamental and far reaching implications for public services and will require innovative policy responses, co-ordination of activity across Departmental boundaries and sustained investment in key areas. Budget 2006 therefore announced that the CSR would be informed by a series of policy reviews. One of the reviews announced at the Budget was a joint HM Treasury and Department for Education and Skills policy review of children and young people.

The Government's approach since 1997 has improved the lives of children:

- The risk of a child living in poverty has declined, and 500,000 fewer children live in relative low income poverty than in 1998;
- there are nearly 400,000 fewer children living in workless households, educational attainment has increased at all key stages over this period: in 1997 there were only 83 comprehensive secondary schools where 70 per cent. or more of pupils achieved five or more good GCSEs—by 2004 this had risen to 413; and
- in 1997 a third of children left primary schools without the literacy and numeracy skills necessary to succeed at secondary school and beyond—now 79 per cent. achieve these basic standards in English and 75 per cent. in maths.

These successes have transformed the life chances of children since 1997. However, in Support for parents: the best start for children, published at the pre-Budget report, HM Treasury and the Department for Education and Skills identified further steps to be taken to improve the outcomes for children and young people. To take forward these conclusions and inform the 2007 Comprehensive Spending Review, the policy review of children and young people will consider:

- How services for children and young people and their families can build on the three principles identified in support for parents, the best start for children—rights and responsibilities, progressive universalism and prevention—to improve outcomes for children and young people;

Under the umbrella of the children and young people review, sub-reviews will focus on:

- How services can provide greater support to families with disabled children to improve their life chances; what strategy should be adopted over the next ten years to deliver a step change in youth services and support for young people; how services for families and children at risk of becoming locked in a cycle of low achievement, high harm and high cost can be reformed to deliver better outcomes.

Submissions from interested organisations and members of the public to inform the review can be sent to: cypreview@hm-treasury.gov.uk

The terms of reference covering each component of the children and young people's review are available in the Libraries of both Houses.

The Government will report on the Comprehensive Spending Review in 2007.

COMMUNITIES AND LOCAL GOVERNMENT

Housing Act 2004

The Minister for Housing and Planning (Yvette Cooper): Further steps in delivering our commitment to help communities tackle bad landlords and long term abandoned empty properties come into force tomorrow.

We continue to encourage councils to work with residents and landlords to ensure that local communities are not being blighted by the actions of a minority. We also want to see a thriving private rented sector offering good quality and well managed homes. We have already required councils to implement a national licensing scheme for Houses in Multiple Occupation and to consider the benefit of discretionary licensing within their locality. As part of the implementation of provisions in sections 72 and 95 of the Housing Act 2004, from tomorrow, councils will be able to prosecute landlords or other persons managing or in control of licensable houses in multiple occupation who have failed to apply for their licence. Operating without a licence is a criminal offence and can result in a fine of up to £20,000. Tenants and councils will also have the opportunity of recovering any rent or housing benefit paid over the previous 12 months.

Also from tomorrow councils will be able to apply to residential property tribunals for an interim Empty Dwelling Management Order on long term abandoned

or derelict properties. Some 300,000 private sector homes in Britain have been empty for more than six months and many lie empty and abandoned for years at a time, causing considerable distress for neighbours and local communities. Empty Dwelling Management Orders can only be granted where there is no reasonable prospect of it being occupied and where other routes have been tried, to work with the property owner to bring it back into use. Exceptions are in place to protect owners who have good reason to keep their dwelling unoccupied, for example temporary absence, second homes, properties on the market and inherited properties, which are exempt for a further six months after grant of representation (probate) is obtained. The tribunal must also consider the effect the order would have on the rights of the property owner and take into account the interests of the community.

The Department will tomorrow also publish guidance to local authorities on the use of empty dwelling management orders on the departmental website at http://www.communities.gov.uk/index.asp?id=1501339 and has previously published an advisory booklet for property owners.

CULTURE, MEDIA AND SPORT

Village Halls (Temporary Event Notice)

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): I am pleased to inform the House that I have carefully considered the responses to the public consultation which took place between 9 August and 5 October 2005 about the temporary event notice regulations made under the Licensing Act 2003. I have also taken into account the second stage research paper on village halls and licensing published on 28 June by action with communities in rural England.

I have concluded that there is no consensus in favour of a further increase of the temporary event notice limits in respect of village halls or similar community premises. In particular, I have noted that residents' associations and local authorities are generally opposed to any further relaxation of these arrangements. The Secretary of State does not therefore plan to change the relevant regulations in the immediate future. For the time being, the limits will remain those approved by Parliament prior to the 2003 Act receiving Royal Assent.

I have also considered the question, raised in response to the consultation, of whether it should be made easier for temporary event notices to be given in bulk, for example, at the start of the calendar year.

I have concluded that it would not be appropriate to encourage bulk applications. Temporary event notices may only be subject to challenge by the police on crime prevention grounds.

If applications were to be made in bulk in January, the police would have to decide then that they had no objection to a whole series of events stretching many months into the future. If the second or third event resulted in disorder, the police would have lost their right to intervene to stop the fourth and subsequent events from taking place. Against the background of an already liberal regime, I do not consider that it would be right to promote bulk applications.

However, I have also noted carefully what has been said by respondents to the consultation and other correspondents about the perceived burden of having to specify a designated premises supervisor on a premises licence granted under the 2003 Act. This individual is required to hold a personal licence. It has been suggested that this is particularly difficult for volunteers involved in village hall and community work. Removing the requirement to specify a designated premises supervisor would require changes to primary legislation. With the approval of Parliament, appropriates change might be made to the primary legislation using a regulatory reform order to be made in due course under the terms of the Legislative and Regulatory Reform Bill which is currently being scrutinised by the other place.

After careful consideration, I am prepared to consider bringing forward such a proposal for Parliamentary consideration subject to the outcome of the public consultation that would form part of regulatory reform order procedures. In anticipation of that public consultation, the Government are not able to give a guarantee now that we would proceed by laying such an order. A great deal will depend on the nature of the responses received.

I expect the Independent Fees Review Panel, which is currently considering a broad range of issues relating to the Licensing Act 2003, to make recommendations in its final report in November this year which may relate to village halls and similar community premises.

I intend to consider any such recommendations with an entirely open mind and if appropriate, would consider expanding the scope of any regulatory reform order that might be proposed.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Environment Council

The Minister for Climate Change and the Environment (Ian Pearson): My right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, represented the UK at the Environment Council in Luxembourg on 27 June.

The Council adopted a political agreement on the proposed directive on the assessment and management of flood risks. Discussion focused mainly on the dates and deadlines to be included in the text, and, briefly, on resolving the circumstances under which a member state must obtain the agreement of affected neighbours, before taking measures which could have transboundary effects. On dates, the UK was successful in obtaining longer (until 22 December 2010) for the completion of existing work that will be used to satisfy the requirements of the directive on a transitional basis. Council also agreed changes to the deadlines for completion of the first preliminary risk assessments (2012), and for the first review of flood risk maps

(2019). Flood management measures that have a 'significant' effect on flood risk in neighbouring states will be subject to prior agreement between the member states concerned. Most member states endorsed the scope proposed by the European Commission, namely coverage of all rivers and coastal zones within the EU; a matter on which the UK has expressed misgivings at each stage of the negotiation on grounds of proportionality and subsidiarity. Given that the final text provides much greater flexibility for member states than the original Commission proposal, and that the burdens are consequently much lighter, the UK was on balance able to support the agreement reached in Council, along with all other member states.

Pending the opinion of the European Parliament at first reading, the Council agreed a general approach on the proposed directive on ambient air quality and cleaner air for Europe, the first legal measure to be brought forward under the Commission's Air Thematic Strategy of September 2005. Two major outstanding issues were the focus of debate at the Council; the new standards for fine particles and the extra flexibility that may be allowed for compliance with existing limit values. The general approach includes a new two-part approach to regulating fine particles, combining a non-binding exposure reduction target with a binding limit value. It also gives limited extra time for member states to comply with existing limit values for larger particles. The UK supported the general approach.

The Council unanimously adopted conclusions on the thematic strategy on the prevention and recycling of waste which addresses several waste management issues at EU level, including rising levels of waste generation, over-complex legislation, and the need for more recycling. The Council also unanimously adopted conclusions on the thematic strategy on the urban environment which encourages member states to adopt policies and processes that will promote sustainable development and better, cleaner environments in their towns and cities.

The Council held an exchange of views on genetically modified organisms (GMOs) on the basis of a presidency discussion paper setting out recent EU level developments, and raising questions regarding the EU decision-making process. The UK intervened to support the current decision-making process and to express its support for the work of the European Food Safety Authority (EFSA), noting that its work was still improving and that more could be done on risk communication and transparency.

The Council also held an exchange of views on the strategy for biofuels and the biomass action plan on the basis of a presidency discussion paper focusing on the contribution of these to the European energy policy and to achieving wider environmental objectives such as those relating to climate change. The UK had submitted a written response to the Council, highlighting our key policy objectives of ensuring: that the European energy policy and wider environmental objectives are mutually supportive; and that sustainable production and use of biomass and biofuels should be promoted.

Over lunch, Ministers discussed the environmental technologies action plan (ETAP). The Commission urged more action to increase market take-up of environmental technologies and supported the exchange of best practice between member states. In addition, Ministers discussed the use of structural funds for environmental policies. A number of member states spoke of the importance of using cohesion funds to pay for implementation of EU legislation.

Under "Any Other Business", the Council discussed Euro V, the proposed regulation calling for harmonised vehicle emissions reductions, and the inclusion of a second stage of stricter NOx emissions limits in Euro VI. Several member states, including the UK, intervened to support the inclusion of Euro VI in the Euro V discussions. In addition, the North sea conference, management of biowaste, import of wild birds, and waste prevention were raised by member states. The presidency updated Ministers on conferences on the chemicals Regulation (REACH), the European sustainable development network and green public procurement; and on the outcomes from international meetings on the Cartagena protocol on biosafety, the convention on biological diversity and the Stockholm convention on persistent organic pollutants. The Commission updated Ministers on water scarcity and drought.

The Council also adopted the common positions on LIFE+ and REACH. LIFE+ is a financial instrument to provide support at community level for the implementation, updating and development of environment policy and legislation from 2007-13. REACH (Registration, Evaluation and Authorisation of Chemicals) is a proposed Regulation designed to improve chemical management in the EU.

Rural Payments Agency

The Secretary of State for Environment, Food and Rural Affairs (David Miliband): In my oral statement of 22 June, I promised to keep the House informed of the Rural Payment Agency's (RPA) progress in making payments under the 2005 Single Payment Scheme (SPS.) I can report now on the position at the end of the EU regulatory payment window on 30 June.

As was the case in previous years with the old CAP schemes, the total amount to be paid by the RPA under the 2005 SPS will not be known for certain until the last claim is completely validated. However, the latest estimate puts the figure at £1.515 billion of which over £1.438 billion (94.9 per cent.) was paid by 30 June. 91,720 claimants had received a full payment and a further 16,168 had received a partial payment and are awaiting their 'top up'. The combined total of 107,888 represents over 92 per cent. of the revised estimated total claimant population entitled to a payment of 116,474, which now takes account of merged multiple claims from the same business and discounts duplicate claims, voluntary withdrawals and those where the claim was only to establish entitlements and not claim payment against them.

Of the estimated 8,500 claimants who have yet to receive a payment, approximately 460 currently have a claim value of more than €1,000. Some of these are in a category that it is not possible to pay at present, for example because RPA is awaiting information from claimants. However, the majority require further action from the RPA and those cases will remain the agency's number one priority to resolve as quickly as possible.

Discussions are now underway with the devolved Administrations to determine whether, for the UK as a whole, sufficient payments have been made to avoid triggering the normal EU rules on withholding EU funding of payments after the end of the 30 June payment window. Those rules allow for 4 per cent. of value payments made before the end of the window to be made after it with full EU funding. After that, a sliding scale of reductions applies, depending on timing, to payments after the 4 per cent. threshold has been exhausted. The indications are that the UK is likely to have paid between 95 per cent. and 96 per cent. of payments by 30 June. If this is confirmed, we will, as previously indicated, have further discussions with the European Commission about the application of the payment reduction rules.

In the meantime, the RPA will continue to pay the remaining claims and progress work under the 2006 scheme in line with my 22 June statement.

INTERNATIONAL DEVELOPMENT

Debt Relief

The Secretary of State for International Development (Hilary Benn): Since my last written statement in November 2005, there has been excellent progress on providing debt relief for poor countries.

Under the Multilateral Debt Relief Initiative (MDRI) proposed by the G8 in 2005, the IMF cancelled 100 per cent. debt stock for 20 HIPC countries (15 of which are African) in January 2006 and for another, Cameroon, since. The MDRI has now been approved by the World Bank and African Development Bank. In addition to the IMF debt stock cancellation, 100 per cent. of debt stock, debt owed by 19 countries at the International Development Association (IDA) of the World Bank, has been cancelled. We expect similar cancellation for 15 countries at the African Development Fund (AfDF) of the African Development Bank soon, backdated to 1 January 2006. Overall, US$ 36 billion (approximately £20 billion) will then have been cancelled. Up to 24 other countries will also receive debt stock cancellation when they reach the required standards, bringing the total value of cancellations under the MDRI to over US$50 billion. Around $1 billion a year will be freed up for spending on poverty reduction in 2007, rising to $1.7 billion by 2010. All poor countries borrowing from IDA and the AfDF will benefit from the increased donor resources provided to IDA and AfDF under the MDRI to compensate for the foregone debt flows.

In addition to MDRI, steady progress has also been made in implementing the Heavily Indebted Poor Countries (HIPC) Initiative, with eligibility extended to more countries this year. Cameroon completed the Initiative in May, becoming the 19th country to receive irrevocable debt relief, and the Republic of Congo has begun to receive interim relief. A further 10 countries also currently receive interim relief and 14 others remain eligible for debt relief when they reach the required standards. The UK continues to meet and exceed our commitments under HIPC, offering 100 per cent. cancellation of bilateral debts to countries at HIPC Completion Point. Over £100 million worth of UK Export Credit Guarantee Department and CDC debts held by Cameroon have now been cancelled. Other Paris Club (government creditors) members have also agreed extensive debt stock cancellation for Cameroon. Three other countries (Malawi, Sao Tome and Principe and Sierra Leone) are on course to complete the HIPC process by the end of the year. The UK remains the second largest bilateral contributor to the HIPC Trust Fund, which helps multilateral organisations deliver their HIPC assistance in a timely manner.

The largest ever debt relief deal by the Paris Club for an African country, Nigeria, has now been concluded. The deal resolved 100 per cent. of Nigeria's debts to Paris Club government creditors, with US$ 18 billion of debt written off. Nigeria used US$ 12.4 billion of its oil windfall to buy back the remaining debt. The UK cancelled debts worth US$ 2.85 billion as part of the deal. We have also worked hard to ensure savings will be used to reduce poverty -the deal will free up US$ 1 billion a year for Nigeria to spend on employing an extra 120,000 teachers, putting 3.5 million children into school, and other health, education and social investments.

The UK also supports debt relief for all poor countries—not just those currently classed as HIPCs—that can use the debt service savings to make progress towards the Millennium Development Goals. We therefore continue to offer debt relief (reimbursements of 10 per cent. of debt service to IDA and the AfDF) to other qualifying countries under the UK Multilateral Debt Relief Initiative. Two new countries (Cape Verde and Georgia) recently qualified for this assistance, bringing the total number of recipients to six (Armenia, Cape Verde, Georgia, Mongolia, Sri Lanka, Vietnam).

Additional debt relief has also been granted to the Government of Jamaica for a further year under the Commonwealth Debt Initiative (GDI). This will mean that Jamaica will not repay £5.63 million worth of official debt to the UK (representing payments that were due in the financial year 2006-07). Each year, we also look at providing relief under GDI for Belize. In February this year a further £1.21 million of debt relief for Belize was granted to use on reform programmes for poverty alleviation.

NORTHERN IRELAND

Military Complaints Procedures

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): I have today arranged for copies of Jim McDonald's Thirteenth Annual Report for 2005 to be placed in the Libraries of both Houses.

The Report of the Independent Assessor continues to provide valuable reassurances to both the public and the Government that the Army's complaints procedures stand scrutiny. His Thirteenth report also

reviews the use of Impact Rounds in Northern Ireland last year. I welcome Mr. McDonald's report and I will consider it carefully.

I will respond in due course.

TRADE AND INDUSTRY

Inward Investment

The Secretary of State for Trade and Industry (Mr. Alistair Darling): UK Trade and Investment announced today, at its launch of the UK Inward Investment 2005-06 Report, that there were 1,220 direct investments in the UK by foreign owned companies between 1 April 2005 and 31 March 2006. This is an increase of 14 per cent. on the year before—which was itself almost a third up on the year before. And overall, the best ever recorded number of foreign investments. This confirms the UK's position as the top investment location in Europe. Total direct new jobs are down 14 per cent. on last year, to 34,077. However, total associated jobs are up by 19 per cent. on last year to 89,866, of which 34,077 were new jobs and 55,789 safeguarded jobs.

This performance reflects the confidence which companies around the world continue to show in the business climate in the UK. Also 26 per cent. of projects involved inward investors expanding their presence here, which generated nearly 65 per cent. of all the new jobs created, while mergers/acquisitions and joint ventures were up 42 per cent. on last year.

UK industry deserves the very best support. That is why UKTI will soon be publishing its forward-looking strategy. It will further strengthen and sharpen its operations in priority markets and the Government will continue to ensure that the UK provides economic growth and stability and an innovative climate to attract investment.

I am arranging for a copy of the UK Inward Investment 2005-06 report to be placed in the Libraries of the House.

Written Ministerial Statements

Thursday 6 July 2006

TREASURY

ECOFIN

The Chancellor of the Exchequer (Mr. Gordon Brown): Items on the agenda are as follows:

Presidency Work Programme

The Finnish Presidency will give a presentation on its major priorities for the next six months.

Implementation of the Stability and Growth Pact

ECOFIN will be invited to adopt a 104(12) Decision on Cyprus and Council Conclusions on Portugal.

Adoption of the Euro

Council will be invited to adopt a Council Decision abrogating Slovenia's derogation from 1 January 2007 for fulfilling the necessary conditions for Economic and Monetary Union Membership.

Public Finances in EMU 2006

ECOFIN will be invited to adopt Conclusions regarding the first year of the revised Stability and Growth Pact.

EIB External Lending Mandates

Council will discuss the renewal of the EIB's external lending mandates, which will set the amounts and strategic priorities of the EIB's operations outside the EU.

Dialogue with third countries

ECOFIN will discuss the follow up to the EU-US Summit and the economic, financial and regulatory aspects of dialogues with third countries..

Funding of the International Accounting Standards Board

Council will be invited to adopt Conclusions on a Commission proposal for the funding of the International Accounting Standards Board.

HEALTH

Meat Hygiene Service

The Minister of State, Department of Health (Caroline Flint): The 2005-06 annual report and accounts for the Meat Hygiene Service were laid before Parliament today. Copies have been placed in the Library. Formal publication will follow on 28 July.

Learning Disability Services (Cornwall Partnerships NHS Trust)

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): The Healthcare Commission and the Commission for Social Care Inspection (CSCI) have published a report of their investigation into abuse at Cornwall Partnerships NHS Trust. The investigation uncovered systematic abuse of people in a number of the trust's learning disability services. Such abuse is totally unacceptable and a source of both anger and concern.

My right hon. Friend the Secretary of State has written to Anna Walker, chief executive of the Healthcare Commission fully to accept the conclusions of the report and agree that the special measures proposed should be applied to the trust under the Health and Social Care (Community Health and Standards) Act 2003. The Department will work closely with the trust, the strategic health authority and the local primary care trusts in addressing all the recommendations and implementing the special measures. We also would expect to see immediate action on national recommendations at a local level.

In addition, the Department is supporting the Healthcare Commission to audit facilities for people with learning disabilities to ensure that this kind of situation is not happening elsewhere. This will ask all organisations in England providing learning disability services to the NHS to undergo a review to assess them against specified criteria. The audit will identify services that are not registered and identify people who have been placed inappropriately. The analysis of this work will determine what further action the regulatory bodies take.

One of the key national recommendations is for the Department to strengthen the process for safeguarding vulnerable adults. The Department is taking forward a series of policies to ensure additional safeguards for the protection of vulnerable adults. These include the Safeguarding Vulnerable Groups Bill and the implementation of the Mental Capacity Act 2005. The Safeguarding Vulnerable Groups Bill is currently going through Parliament. It will ensure that unsuitable people are not employed by the NHS in future. In addition, proposals to amend the Mental Capacity Act will close the Bournewood gap. Together these will provide more robust protection for all vulnerable groups, including adults with learning disabilities such as those in Cornwall. We will be responding to further national recommendations in the report and ensuring that we learn from this grave situation. We will keep the House informed.

With the help of an external team appointed by the Department and the SHA, the local NHS and county council have already taken steps to safeguard vulnerable adults. They have also provided support to people with learning disabilities and their families. The regulators have referred 40 people to Cornwall county council protection of vulnerable adults scheme and these will be thoroughly investigated. Investigations will be carried out by the police where necessary.

INTERNATIONAL DEVELOPMENT

Sudan

The Secretary of State for International Development (Hilary Benn): Sudan remains a priority for the UK Government. The Department for International Development and the Foreign and Commonwealth Office are jointly supporting the Government of Sudan to implement the Darfur Peace Agreement (DPA) signed on 5 May, and to deliver development in Sudan.

Together with our international partners, we call on the Government of Sudan and the Sudan Liberation Movement / Minni Minnawi to implement the agreement without delay. We are providing support for immediate implementation needs including assistance for the African Union (AU) to publicise the DPA and its benefits on the ground. The UK is also engaged with the Darfur Joint Assessment Mission on recovery and development. We are disappointed that the SLM/A Abdel Wahid faction and the Justice and Equality Movement (JEM) have not signed the DPA.

The African Union (AU) troops continue to do an important and much-needed job in seeking to ease the suffering of the people of Darfur, but they need to be replaced by a UN peacekeeping operation. The Sudanese Government have not yet agreed to this. Kofi Annan is explicit that he wants a UN force in Darfur; the Security Council has taken a strong line; the African Union wants one and so do many leading African countries. We will continue to press the Government of Sudan to accept it and call on others to do the same.

Lord Triesman, the Minister for Africa, attended the AU Summit on 1 and 2 July in Banjul to push for faster progress in implementing the DPA and for an early handover from AMIS to the UN.

The UK will be represented at an AU donors' conference on 18 July in Brussels. We are encouraging the AU and other participants to use the conference to address how the AU and the international community can help take forward the Darfur Peace Agreement.

On Friday 23 June, the Government of Sudan publicly began disarming a small group of Janjaweed in South Darfur witnessed by UK and US Embassy representatives. We welcome this step, and will call on the Government to continue this work and to present a plan for neutralising and disarming the Janjaweed/ armed militias, which they are required to do under the Darfur Peace Agreement (DPA).

On 25 June, the Sudanese Government suspended all UN activity in Darfur apart from humanitarian assistance from the World Food Programme (WFP) and UNICEF. They lifted the suspension the following day. This had some impact on the UN's humanitarian work in West Darfur, but minimal disruption elsewhere. This was a provocative act by the Sudanese Government in response to the UN helping a prominent Darfur rebel. The Government of Sudan should allow UN humanitarian agencies and NGOs unimpeded access in Darfur.

Some 3.6 million people are affected by the conflict, of whom 2 million are internally displaced persons (IDPs). The UK is the second biggest bilateral humanitarian donor to the Darfur crisis (after the US), contributing over £126 million since September 2003. On 9 May, I announced a further £9 million to the multi donor Common Humanitarian Fund (CHF), bringing our total allocation to £49 million this year. The UK is now providing more to the UN Workplan in 2006 than in 2005.

We are concerned about the IDPs in Darfur and the temporary cutting of rations by the World Food Programme. The WFP was forced to halve its rations in Darfur in May due to lack of funding. But rations have now been improved to 84 per cent. as a result of recent US and Government of Sudan contributions (20,000 metric tonnes of cereals).

We welcome this announcement, as it comes at a critical time in the year with the rainy season starting in Darfur. The full ration will be restored by October, and we are working with the UN and the largest food aid donors (EU and US) to ensure shortfalls are prevented in the future. The UK is also funding nutritional safety net programmes to mitigate the impact of reduced rations on the most vulnerable in Darfur.

We condemn the continuing cross-border attacks from Darfur into Eastern Chad that have led to the displacement of 50,000 Chadians within Chad and further numbers fleeing across the border into Darfur. Eastern Chad now hosts 200,000 refugees from Darfur, and there are 45,000 from the Central African Republic in the South. Further insecurity in Eastern Chad would have very serious humanitarian implications. The UK is providing £4 million in humanitarian assistance in 2006 to Chad.

We are pressing both Governments to fulfil their obligations under the Tripoli agreement and for the Government of Sudan to disarm and expel these Chadian groups as soon as possible, which they are required to do under the Darfur Peace Agreement (DPA).

In terms of international co-operation, the UK has stated that it is willing to chair a group of donors to look at the restructuring of Sudan's external debt. This is, however, conditional on real progress by the Government of Sudan in resolving the Darfur conflict.

TRADE AND INDUSTRY

Sunday Trading Review

The Secretary of State for Trade and Industry (Mr. Alistair Darling): In November 2005, my predecessor asked DTI officials to look at the impact of relaxing the current restrictions on Sunday shopping hours.

At present, large shops over 280 square metres or 3,000 square feet are permitted to open for six continuous hours between 10am and 6pm on a Sunday. These shops are not permitted to open on Easter Sunday. The current Sunday trading rules have been in place for many years now and it is important that from time to time we look at whether regulations like these are still appropriate.

As part of the review, the DTI commissioned an independent economic cost benefit analysis from Indepen Consulting Ltd., which is now available on the DTI website. The headline conclusion of the cost benefit analysis is that the net economic benefit of full liberalisation is worth £20.3 billion over 20 years or £1.4 billion per annum. The report also states that the net benefit of allowing large shops to open on Easter Sunday would be £1.03 billion over 20 years.

At the same time (January 2006 to April 2006) the Department sought a wide range of views on all aspects of this issue. Consumers, religious groups, employees and businesses of all sizes have given us their views. We received nearly 1,000 responses to the informal consultation. A summary of these responses has been published on the DTI website today and copies have been placed in the Libraries of both Houses. We also held a small business focus group in February, and a stakeholder conference in May attended by a wide range of interested parties. Write-ups of both these events are also available on the DTI website and in the Libraries of both Houses. In addition, we asked the Office for National Statistics to ask some survey questions on our behalf, and the analysis of this data has also been published today.

We considered all aspects of the impact of changes to Sunday trading. It is clear that there is no substantial demand for change to the present regime. Most respondents believe the current situation strikes the right balance between all the interests involved. After considering all the evidence received, we have concluded that this is not the right time to make any changes to the Sunday trading laws.

TRANSPORT

Regional Funding Allocations

The Secretary of State for Transport (Mr. Douglas Alexander): Last July we sought advice from English regions on their priorities for major transport projects up to 2015-16. I am today responding to that advice.

The Government have, for the first time, given regions a say in decision-making about transport schemes that affect them at the regional and local levels. It has been the first opportunity for the RDA, regional assembly, their local authority partners and other key interests to consider together their transport programmes against the region's high level objectives, and to develop a realistic, prioritised and affordable programme which offers the best overall contribution to meeting those objectives. They have worked together to identify which of the many proposals before them should go forward, and in what timescale. They have without exception devoted considerable care and effort to developing their advice, and to securing a consensus on what needs to be done. I applaud the considerable progress which has been made.

I intend to seek views widely on how the process might be further enhanced. Taking those views into account, I expect to seek further formal advice on transport priorities within the next two years.

This current advice has been provided against a background of increased and sustained investment in transport under this Government. We have increased spending on regional and local major transport schemes by around 50 per cent. (in real terms) since 2001-02, and the indicative budgets on which the regional advice is based sustain this record level of investment over the 10-year period.

As a result of this increased provision, a large number of schemes are currently underway across the country. These include, outside London, 35 local authority major schemes (generally costing over £5 million) as well as 12 Highways Agency schemes on routes of regional importance. In addition, in the light of the regions confirming their priority, I am today giving final approval to a further five local authority schemes, allowing them to proceed to construction or implementation in the next few months.

The regions have also advised on schemes at earlier stages following initial Government approval. Reflecting that advice, I expect to fund 78 of these schemes in future years, subject to the schemes securing powers, continuing to deliver good value for money and controlling their costs.

The regions have also recommended some new schemes that had not been previously approved. I am today approving 17 of these for entry to the regional programmes, following our assessment of their business cases. This is an important first step for these schemes, which in many cases will now need to seek statutory powers. Other recommended new schemes need further work and assessment, but subject to that being completed satisfactorily, we would expect at least a further 90 schemes to be added to the programmes over the next 10 years. Further priorities may emerge in later years.

Given that the regions have looked at priorities across their region and against wider objectives for the first time, it is not surprising that they have concluded that, in some cases, schemes that had previously been approved are not their highest priority. I am accepting their recommendations that six schemes in the Highways Agency's targeted programme of improvements and nine local authority schemes should not be funded in the RFA period. All other schemes previously approved are expected to progress, though in eight cases, reflecting the regions' priorities, they will proceed to a significantly different timescale than had previously been planned.

I am today writing to each region responding to their advice and giving details of the schemes that we expect to fund. I am placing copies in the Libraries of both Houses.

WORK AND PENSIONS

President of Appeal Tribunals (Annual Report)

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): My hon. Friend the Parliamentary Under-Secretary of State for Work and Pensions, Lord Hunt of Kings Heath has made the following statement:

"I am pleased to publish today the sixth report by the president of appeal tribunals on the standard of decisions made on behalf of the Secretary of State in cases which come before appeal tribunals. The major reasons given for appeal tribunals overturning or amending decisions were because new evidence was produced at the hearing or the tribunal took a different view of the same evidence.

During the last year various agencies have been actively working with the judiciary on initiatives to improve the decision making process. The president acknowledges that the standard of decision making overall was good but where decisions were overturned, it was often because they were based on insufficient evidence. The president has recommended that the agencies should make direct contact with the appellant to encourage them to provide additional evidence earlier in the process.

This will be the final president's report published by this Department as from 1 April 2006 the responsibility for appeal tribunals transferred to the Department for Constitutional Affairs. Future reports will be issued by the Secretary of State for Constitutional Affairs.

Copies of this report are available in the library and on the internet at: http://www.tribunals.gov.uk"

Written Ministerial Statements

Monday 10 July 2006

TREASURY

Public Expenditure

The Chief Secretary to the Treasury (Mr. Stephen Timms): The Treasury will publish the 2005-06 Public Expenditure Provisional Outturn White Paper on Thursday 20 July.

The White Paper is an annual report to Parliament on the provisional outturn for public expenditure. It focuses on spending within Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME), including information on individual supply estimates and administration costs limits.

The outturn figures are described as provisional because they may be revised when the Department's final accounts are published.

A copy of the White Paper will be available in the Libraries of the House and will be accessible on the Treasury website.

HOME DEPARTMENT

Race and Criminal Justice Statistics

The Parliamentary Under-Secretary of State for the Home Department (Mr. Gerry Sutcliffe): Further to the written statement of my hon. Friend the Member for Slough (Fiona McTaggart), then the Under-Secretary of State for the Home Department, on 30 March 2006, *Official Report*, column 89WS, announcing the publication of the 2005 race and criminal justice statistics, the statistics were temporarily withdrawn from the public domain following the emergence of inaccuracies relating to the racist incidents data. The Home Office has been working closely with Association of Chief Police Officers (ACPO) to verify the statistics and checking is now complete. The statistics have been published today with some amendments in relation to the racist incidents and stop and search data. We regret any confusion resulting from the need to withdraw temporarily the statistics from the public domain.

The Government are committed to ensuring our statistics provide an accurate picture of black and minority ethnic groups' experiences of the criminal justice system and has been working to prevent future problems and improve the consistency and robustness of the data we collect. We will shortly be publishing a major review of the race and criminal justice statistics and our response, which will set out our programme of work to improve data we collect on black and minority ethnic groups' experiences of the criminal justice system.

TRADE AND INDUSTRY

UK Assisted Areas

The Minister for Industry and the Regions (Margaret Hodge): I am today launching a consultation on the draft map of areas in the UK within which it will be possible to pay state aid (economic funding to help to boost competitiveness) during the period 2007-2013. The new map will replace the current one which expires on 31 December 2006 and will cover the period 1 January 2007 to 31 December 2013. The consultation forms stage two of the Assisted Areas Review, and will be open from today until 7 August 2006. It builds on an earlier nine-week consultation launched by my predecessor on 15 February 2006. Copies of the consultation document have been placed in the House Library.

Assisted area coverage does not bring with it specific funding. Instead it offers eligibility for certain forms of financial support. It permits the UK to provide large-scale investment to firms in these areas. Under EU guidelines published in December, the UK's overall regional aid population coverage will be 23.9 per cent. down from 30.9 per cent. coverage on the current map.

The new Regional Aid Guidelines were published by the European Commission last December. These guidelines define the parameters for assisted areas for 2007 to 2013. They require less and better targeted state aid, in line with conclusions of successive European Councils and agreed by all member states. The UK's coverage is reduced partly because of our strong economic performance over the last period and partly because the enlarged European Union means a redistribution of aid to the newer and poorer EU member states. All other western member states will also see their coverage fall, many of them more sharply than in the UK. For example, coverage in France is reducing from 36.7 per cent. to 18.4 per cent. in Spain from 79.2 per cent. to 59.6 per cent. and in Ireland from 100 per cent. to 50 per cent.

There are other limitations imposed by the Regional Aid Guidelines, notably a 'filter'. The Commission has identified a series of prosperous and low unemployment areas, which they prescribe are ineligible for coverage except through very restrictive provisions. In general the UK has supported this approach, as it is consistent with the objective of better targeting our reduced coverage. In March, following stakeholder requests during stage one of the Assisted Areas Review, my Department made available on its website the list of those places which fall outside of the EU filter.

Working within these limitations, the new map represents a thorough, evidence-based approach to allocating the UK's scarce population coverage on the

basis of both need and opportunity. Coverage has been allocated using employment inactivity and skills indicators and as such it reflects the direction of the Government's agreed regional policy.

The map reflects not only areas of need, but areas of opportunity. A strong principle underpinning both the current and the proposed map is that it is essential to use our coverage to focus on areas that are able to use the flexibility provided. There are many deprived parts of the UK that do not have the scale of industrial sites necessary to fully exploit assisted area status. This approach received clear support in the public consultation. As a result we have also used an indicator of opportunity—manufacturing share of employment—to help identify eligibility for assisted area status.

The Regional Aid Guidelines specify that coverage must consist of zones with minimum 100,000 population. In order to make full use of our limited coverage we have formed such zones by combining wards into larger units. By doing so, we have maximised the effectiveness of our coverage. This approach is consistent with the views of many consultation respondents.

The reduction in UK coverage makes it even more important that the scarce allocation is given to those areas where it can make the most difference. That means that the Government have decided not to cover the whole of Merseyside and South Yorkshire automatically, but to focus on those parts of the region that would most benefit from coverage. As a result, some parts of Merseyside and South Yorkshire will lose their coverage. However, overall Merseyside and South Yorkshire retain 81 per cent. and 76 per cent. of their coverage respectively.

It is important to stress that those areas which lose assisted area status will not be losing funding, but only losing access to some forms of financial support. There are many other EU 'horizontal aid' instruments which are available in all areas, regardless of assisted area status. These can be used, for example, to facilitate competitiveness through research and development spending, to improve access to venture capital for Small and Medium Enterprises (SMEs), to support environmental projects, to help provide access to training, and to encourage cultural development. Regional investment in SMEs is also available. Additionally, all areas of the UK will be eligible to apply for structural funds, through the European Regional Development Fund or the European Social Fund. There are also domestic regeneration and investment programmes that support industrial growth and jobs.

WORK AND PENSIONS

Disability Equality

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): In 2005 the Prime Minister's Strategy Unit published its report "Improving the Life Chances of Disabled People". One of its key recommendations was that the Government should set up a new mechanism to involve disabled people in the heart of policy-making.

In order to explore this recommendation my officials have been working with an advisory group of 13 disabled people to develop recommendations for this body. The advisory group will produce its final report later this year. In the meantime, they have identified that there is a need for a new body to:

work with the Government to help them achieve the aim of equality for disabled people by 2025.

provide advice and information from disabled people based upon the values underpinning the work of the forum and the views and experiences of disabled people.

advise Departments on how they can engage effectively and meaningfully with disabled people.

assist the Government in raising awareness of disabled people and their rights, improving attitudes towards them and challenging negative stereotypes in the media andthe wider community.

help ensure that public bodies are meeting their legal duties under the Disability Discrimination Act in relation to the Disability Equality Duty.

advise Government on the implementation and maintenance of international treaties and conventions within the UK.

After considering the recommendations of the advisory group, I have decided to create an advisory non-departmental public body to be known as "Equality 2025: the United Kingdom Advisory Network on Disability Equality" to fulfil this role. It will not replace existing departmental arrangements for involving disabled people in policy-making, but supplement them.

Equality 2025 will have 20 to 25 members, who will all be disabled people. Members of Equality 2025 will be recruited in accordance with the standards set by the Office for the Commissioner of Public Appointments, and advertisements will appear in both general interest media and the disability press from later this week.

I expect Equality 2025 to be launched later this year.

Written Ministerial Statements

Tuesday 11 July 2006

TREASURY

Public-Private Forum on Identity Management

The Chancellor of the Exchequer (Mr. Gordon Brown): I have appointed Sir. James Crosby to chair the Public-Private Forum on Identity Management.

The Forum will examine the evolving technologies used for identity management and consider how public and private sectors can work together to maximise efficiency and effectiveness. The Forum will be a key part of the identity management architecture across Government, and will build on work underway across Whitehall, which is being led by the Home Office. It will make proposals to me and the Ministerial Committee on identity management early next year.

I proposed the creation of a Forum on identity in my speech on security to the Royal United Services Institute in February of this year.

The Forum's terms of reference are to:

Review the current and emerging use of identity management in the private and public sectors and identify best practice.

Consider how public and private sectors can work together, harnessing the best identity technology to maximise efficiency and effectiveness.

Produce a preliminary report for the Chancellor of the Exchequer and the Ministerial Committee on identity management by Easter 2007.

CONSTITUTIONAL AFFAIRS

Family Courts

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): I am pleased to inform the House that I have today laid before Parliament and placed in the Libraries of both Houses the consultation paper, "Confidence and Confidentiality: Improving Transparency and Privacy in Family Courts". It is also available on the Department's website at http://www.dca.gov.uk/consult/confr.htm

Family courts make decisions that have important effects on people's lives and that affect people's lives forever and they make judgments in the most difficult of circumstances.

Many more people are affected by decisions of the family courts than used to be the case—over 400,000 family court applications every year. And the comfortable certainties which used to be the context in which the family courts did their work have gone. Change in family structures, change in social attitudes, greater cultural diversity, new reproductive technologies and global mobility bring new challenges to the family courts. But what has not changed is the need for the courts to protect children from cruelty and neglect and to make judgments when parents cannot agree about the care of the child.

The greater the importance of the work of the court, the greater the need for public confidence. The current operation of the family courts attracts criticism to the family justice system as a whole and lays it open to accusations of bias and injustice which cannot be satisfactorily refuted.

In order to ensure that the public can have confidence in the work of the family courts, we make proposals in the consultation document to make the family courts more open and accountable while ensuring that we protect the privacy of the personal lives of those involved in family proceedings—particularly children.

We make firm proposals to allow the press into the courts and how we plan to protect anonymity. We invite further consideration on whether the courts should be accountable to the children who are affected by their judgments by keeping a record for them to obtain, if they want when they become an adult of what the court decided and why. We propose no change on the access to the courts by the inspectorates—HMICA and the Commission for Social Care Inspection—and for those who have democratic accountability for the family justice system—lead local authority members responsible for children's services and Members of Parliament. But we invite further consideration of that.

I believe these proposals are a step forward towards our dual objective of confidence and confidentiality.

DEFENCE

Armed Forces Invaliding Pensions

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): The House will be aware that the Ministry of Defence has been engaged in correcting a number of armed forces pension awards to both ex-service personnel and widows. These exercises, known, as Projects Haven and Scribe, flowed from the uncovering in 1998 of a systemic pensions and tax error, and from a Court of Appeal judgement in 2003 in the case of Hulme v MOD. My predecessors have made a number of statements to the House on these matters. I am please to report that the last of these Projects, Project Scribe, is now nearing completion and that as a result of both projects some 5500 corrections to pension awards have been made at a cost to date of £32.4 million plus some £18.2 million in compensation.

However, I have to tell the House, that during this work, teams from the Armed Forces Pay and Administration Agency and the Veterans Agency have uncovered a further error. Our initial estimate is that this may mean that a number of awards (our initial estimate is about 1800) to those invalided for causes due to service may not have been consistently up-rated

as they should have been, in line with the acceptance by the Veterans Agency of deterioration claims. Widows' pensions are not affected. I apologise unreservedly for this further error. Beginning next month officials will identify and correct these pensions with the payment of any interest due. I will be considering, as a matter of priority, whether additional recompense is appropriate.

I can assure the House that the cause of the error has been corrected and mechanisms put in place to ensure it will not recur. The proposed merger of the Armed Forces Personnel Administration Agency and the Veterans Agency, would be a positive step, aimed at reducing the risk of further errors and providing a better service to both current and former members of the armed forces, their families and dependants. I will provide more information to the House on this work soon.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Vaccine Supply Tender

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Defra has today invited tenders to supply a further 10 million doses of avian influenza vaccine for potential use in poultry and other captive birds. The Government have decided to take this step, on the advice of the UK Chief Veterinary Officer, as a precaution.

This does not change our policy and the CVO's advice remains that we should not vaccinate poultry in advance of an avian influenza outbreak because of the well documented limitations of the vaccines currently available. These vaccines are not the most effective defence against avian influenza. A high standard of biosecurity, separation of poultry from wild birds and careful surveillance for signs of disease are the most effective means of protection.

The vaccine would also not be used as an immediate disease control response. Early reporting, rapid action, biosecurity, culling and surveillance remain the most effective ways of controlling an avian influenza outbreak.

However, the CVO has recommended securing access to a supply of vaccine. This is part of sensible contingency planning in the light of uncertainties about the future spread and nature of the virus and the possibility of as yet unforeseen circumstances. This will only be used if a risk assessment and scientific evidence indicated it would help to prevent disease spread.

In order to have a wider range of disease control tools available to us, we have tendered for vaccine which could be used against both H5 and H7 strains of the disease. It will not be available to the public for general use. This will be in addition to the 2.3 million doses of vaccine bought earlier this year for a possible risk based preventive vaccination of zoo birds.

FOREIGN AND COMMONWEALTH OFFICE

Israel and the Occupied Territories

The Minister for the Middle East (Dr. Kim Howells): We have deep concerns about the current situation, its effects on the Palestinian and Israeli people, and the consequences for the Middle East Peace Process. The escalation in violence since the 25 June attack at the Kerem Shalom crossing has caused great suffering on both sides; 6 July was the most violent day of the conflict since Israeli disengagement from Gaza last year with 21 Palestinians and one Israeli solider killed. We condemn the 25 June attack, and call for the immediate and unconditional release of Corporal Shalit. We also condemn the continued rocket attacks on Israeli towns like Sderot and Ashkelon, including the rocket that hit a school in Ashkelon on 4 July. We have called on the Palestinian Authority to prevent all terrorist attacks, including these rocket attacks, and to work for the release of Corporal Shalit. We welcome the work President Abbas is doing to achieve this.

While Israel has the right to defend itself and secure the release of Corporal Shalit, its actions should be proportionate and in accordance with international law as we, the G8, and the EU have made clear. We call on Israel to exercise restraint, and to do everything possible to avoid civilian casualties. The Israeli Prime Minister has said that Israel has no intention of reoccupying Gaza.

We have serious concerns regarding the current humanitarian situation in Gaza. Israeli military actions have targeted key roads and bridges and have disabled the Gaza power station and water supplies. The UN reported on 28 June that 40 per cent. of Gaza was without power and 130,000 people are without water. Restoring electricity and water supplies and access for humanitarian organisations is a vital priority. The Israeli Cabinet agreed on 2 July to take steps to ease the humanitarian situation, including by opening the Kami commercial crossing point between Gaza and Israel for 150 trucks a day carrying food, fuel and medical supplies and providing power through Israeli grids. We urge Israel to take further such action and allow the full provision of basic services to the Palestinian people.

We also continue to have concerns about the detention of members of the Palestinian Government and Legislature on 29 June. Those detained should be accorded their full legal rights and either be charged or released.

Since the crisis began, we have been in close contact with the Israeli government and with Palestinian President Abbas. My right hon. Friend the Foreign Secretary spoke to Israeli Foreign Minister Livni and President Abbas on the first day of the crisis, 25 June, and again on 6 July. Our Ambassador in Tel Aviv, Consul-General in Jerusalem, and officials in London remain in close contact with both sides. We are also in close contact with the Quartet members as well as with Egypt, Saudi Arabia and Turkey. We fully support Egyptian efforts to mediate between Israel, the Palestinian Authority, and the militants currently holding Corporal Shalit and we have offered our

assistance. Egypt plays a key role in the peace process and we will continue to work with them. We have also pressed Syria to use its influence on Hamas. I can assure the House that the UK will continue to work to resolve this crisis.

My right hon. Friend the Prime Minster has made clear our commitment to continue helping the Palestinian people. Although donors have stopped direct budgetary support to the Palestinian Authority, we continue to provide other support directly to the Palestinian people.

On 17 June the Quartet endorsed the "Temporary International Mechanism." The mechanism will ensure that basic health care continues to be provided in the Occupied Territories. It will also work to provide the poorest segments of Palestinian society with basic needs allowances and should help ensure the uninterrupted supply of utilities, including fuel. First payments through the mechanism should be made this month. The UK will contribute up to £12 million.

The UK has a strong record of support for the Palestinian people. On 25 April the Department for International Development announced a £15 million payment to the UN Relief and Works Agency. The UK has given £147 million to the Palestinian people since 2001. We also contribute through the EU, which is the biggest donor to the Palestinian people.

Whilst we need an urgent end to the current crisis, real peace can only come through a lasting settlement. As my right hon. Friend the Prime Minister has made clear, our priority is negotiations. These are manifestly the best way to move this process forward. It is the role of the international community to give negotiations the best chance of success. We welcome Prime Minister Olmert's and President Abbas's commitment to negotiations and urge both sides to resume talks as soon as possible. This will require great effort and courage from both sides.

We were seriously concerned about the situation on the ground even before the current crisis. We hope that Israel can ease restrictions on movement and access to Gaza and the West Bank by implementing the 15 November Agreement. This includes dismantling checkpoints and roadblocks.

We also have concerns about the routing of the barrier, and Israeli settlement activity. We understand why Israel wishes to build the barrier, but it needs to be on or behind the Green Line. It is illegal for the barrier to be built on occupied land. We have raised our concerns on many occasions with the Israeli Government and we will continue to do so.

The road map is clear that Israel should freeze all settlement activity including the natural growth of existing settlements, and dismantle all outposts built since March 2001. Settlement building is contrary to international law and is an obstacle to peace. We welcome the Israeli Government's commitment to dismantling outposts, and hope it will act as soon as possible.

We have also raised our concerns with the Government of Israel concerning Israeli policies in Jerusalem. These policies include the routing of the barrier in and around Jerusalem; settlement activity in and around East Jerusalem; and, increasingly, restricted access to Jerusalem for Palestinian residents who have blue Israeli identity cards but who live east of the barrier. These practices fuel Palestinian anger, threaten to cut East Jerusalem off from the West Bank and make it more difficult for there to be a viable Palestinian state.

There is also much the Palestinians need to do. It is essential that the Palestinian Authority makes every effort to prevent terrorism, as set out in the road map. We will continue to work with President Abbas to take the peace process forward. We welcome President Abbas' recent efforts to improve the security situation in Gaza, promote intra-Palestinian reconciliation through the National Dialogue and his commitment to negotiations. Our policy on Hamas remains unchanged. We recognise Hamas's democratic mandate as a result of free and fair elections. But with this mandate comes responsibilities. It is essential that the Hamas-led Government commits to the 30 January Quartet principles: renunciation of violence; recognition of Israel; and acceptance of previous agreements and obligations, including the road map. Hamas needs to start implementing these principles and make clear the path they intend to take. If they do this, then we are ready to take the peace process forward with them.

Our goal remains a negotiated two state solution, which is best achieved through the road map. We must all work to find a way through the current crisis to achieve a just, viable and lasting peace.

HEALTH

NHS Litigation Authority

The Minister of State, Department of Health (Andy Burnham): The annual report and accounts of the NHS Litigation Authority 2005-06 and any accompanying comptroller and auditor general reports have today been laid before Parliament pursuant to section 98(1C) of the National Health Service Act 1977.

Copies have been placed in the Library.

NORTHERN IRELAND

Northern Ireland Prison Service

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): I have placed copies of the Northern Ireland Prison Service's Annual Report and Accounts for 2005-06 in the Libraries of both Houses.

The annual report details that the Service met 10 of its 11 key targets. It also outlines that of the comprehensive programme of development objectives set for the Service, 17 were achieved, 16 were partially achieved and substantial progress made towards meeting the remaining five.

Key Business Area	Key Targets	Outturn
Security	No escape for top and high-risk prisoners	NOT MET – on 7 June 2005, a high risk prisoner escaped from the custody of Maybin Security Services at Lisburn Magistrates Court. (The prisoner has since been recaptured).
	No more than 3 escapes per 1000 medium and low risk prisoners	MET – No escapes in this category
Safety	The number of staff assaulted by prisoners is less than a ratio of 5 per 100 prisoners	MET – Outturn for the year was 0.5 per cent.
	The number of prisoners assaulted by prisoners is less than a ratio of 6 per 100 prisoners	MET – Outturn for the year was 0.4 per cent.
Regimes and Reducing Re-Offending	An average of at least 18 hours constructive activity per week for each sentenced prisoner.	MET – 20.3 hours per week achieved.
	An average of at least 9 hours constructive activity per week for each remand prisoner.	MET – 13.5 hours per week achieved.
	To ensure 82.5 per cent. of prisoners serving six months or more are working to a resettlement plan and that 95 per cent. of lifers work to a resettlement plan, including preparation of the plan, in the first six months from sentence.	MET – Outturn of 94 per cent. for determinate prisoners and 98.9 per cent. for life sentence prisoners.
Staff and Developing the Service	Deliver at least 85 per cent. of the planned training days associated with the agreed corporate priorities.	MET – The actual average training days delivered was 5.9 per member of staff.
	Reduce the rate of absenteeism to an annual average of no more than 19 days head.	MET – A total of 14.2 days per officer was achieved, bettering target of 14.5 days.
Finance Corporate Governance and Improving Business Performance	Ensure the average cost per prisoner place does not exceed £86,290	MET – The actual cost per prisoner place in 2005-06 was £85,900
	Lay the annual report and audited accounts before Parliament prior to the summer recess.	MET – Annual report and audited accounts laid before Parliament on 19 July 2005.

SOLICITOR-GENERAL

Craig Sweeney

The Solicitor-General (Mr. Mike O'Brien): My right hon. Friend the Attorney- General has made the following written ministerial statement:

"Craig Sweeney committed terrible crimes against a young child, for which he was sentenced to life imprisonment with a minimum term of six years less time served on remand. It is my responsibility as Attorney-General to consider whether to refer this sentence to the Court of Appeal as being unduly lenient.

My power to refer sentences to the Court of Appeal is one I exercise in my public interest capacity. Before I decide whether or not to refer a case, I give very careful consideration to the facts and surrounding circumstances of it, and receive advice from independent, specialist lawyers on the sentence imposed. I have approached this case in this way, and am satisfied that as the law stands and on current sentencing guidelines, the Court of Appeal would not interfere with this sentence. Accordingly, I cannot refer his case to the Court of Appeal.

The judge did what he could to protect the public from this dangerous man by passing a life sentence on him. This means he will not be released unless and until the Parole Board is satisfied that it would be safe to do so. It will now be their responsibility to make that judgement. The judge was however also required to set a "minimum term", that is to say a term before the Parole Board could even consider that question. In setting that term, he acted within existing sentencing guidance and law. Given his past history, Sweeney may never be released.

Like the case of Webster and French, this case raises a number of more general issues about the current sentencing framework—both the statutory requirements and the guidelines issued by the SGC.

I have already made clear my views that judges should have more discretion over the discount they give for an early guilty plea, and that the way discounts apply when a case is referred to the Court of Appeal needs to be re-examined. It is also plain that there is a need to re-examine the automatic 50 per cent. reduction in fixing the minimum term.

The Home Secretary, the Lord Chancellor and I are in complete agreement that we need a criminal justice system which protects the public, particularly vulnerable children, and in which the public has confidence. We will be making a further announcement on sentencing issues before the summer recess".

PRIME MINISTER

Intelligence and Security Committee's Annual Report (Government Response)

The Prime Minister (Mr. Tony Blair): I have today laid before the House the Government's Response to the Intelligence and Security Committee's Annual Report 2005-06. Copies have been placed in the Libraries of both Houses.

TRADE AND INDUSTRY

Energy Supply (Winter 2006-07)

The Secretary of State for Trade and Industry (Mr. Alistair Darling): The National Grid Winter 2006-07 Consultation Update published by Ofgem today continues to indicate the possibility of a tight supply-demand balance for gas for winter 2006-07. This situation has led to concerns about high prices, and Government recognise the impact of high prices on domestic and industrial users. The Government are

therefore keen to ensure that early action is taken to maximise supplies of gas to the UK for next winter.

Production of gas from the UK Continental Shelf, although lower than last winter, will continue to be by far the most important source of supply to the UK. The balance of demand will need to be met through imports and release of gas from storage.

The market is already responding by delivering further new import infrastructure that is due to be available for this winter. This includes the completion of the Langeled Pipeline from Norway and the further expansion of the Belgian interconnector. There are also plans for the Balgzand-Bacton pipeline from the Netherlands to be in place this winter, as well as the new Excelerate LNG ship import facility in Teesside.

The LNG import facility at the Isle of Grain will be available for the full duration of the winter, and the Humbly Grove storage facility is also available to start the winter at full capacity. The Rough storage facility has started injecting gas and should be refilled by the end of October, and should be available for storage withdrawal if needed at the beginning of October.

As reflected by the National Grid Update however, there is uncertainty around the overall position on supply-demand balance. This is partly a result of the risks associated with major infrastructure projects, and commercial uncertainties associated with the utilisation of the infrastructure.

The Government are monitoring closely the situation with regard to availability of import infrastructure, including progress of these new major infrastructure projects. The Government are also working to ensure that imports through the Interconnector and imports of LNG respond to demand from the UK. Interactions between the UK and other markets are growing, and Government are continuing their efforts with Ofgem and the European Commission to press for greater transparency and liberalisation in Continental European markets. The Government remain committed to the liberalised market as the means of delivering security of supply.

The Government are also seeking to encourage maximisation of UK production, and are meeting with key gas production companies, to emphasise the importance to the UK of maximising indigenous gas supply during the winter.

The Government are also working to ensure that the UK market can respond effectively to market conditions, through supply-side and demand-side response. The availability of electricity generation capacity is expected to be similar to last winter. We would expect that during periods of high gas demand, coal generation would again become significant as the base load generator, and some gas-fired generators would switch from gas to distillate as an alternative fuel.

Working within the environmental regulatory regime, the Government are keen to ensure that industry and the power generation sector have the necessary flexibility for fuel-switching and the use of alternative fuels. This recognises that at times of high gas demand last winter, demand-side response and baseload coal generation in the power generation sector was important.

As part of proper contingency and emergency planning, the Government are reviewing energy emergency arrangements, consulting industry and other interested parties. The Government will shortly be carrying out a consultation on gas priority user arrangements. The Government are also examining the role of the Network Emergency Co-ordinator, and reviewing energy emergency powers.

The Government are working to ensure that the best possible information on supply and demand forecasting is available to the industry, and is working closely with National Grid, Ofgem, the Met Office, and other key players.

The first meeting of the Business Energy Forum took place on 5 July. This is a high-level group jointly chaired by myself and Richard Lambert, Director General of the CBI. Its members include representatives from industry bodies including the Engineering Employers Federation, the Energy Intensive Users Group and the Chemical Industries Association, as well as representatives of gas producers and shippers, electricity generators and suppliers, and other user groups. The first meeting of the Group was successful in bringing together key players and focusing on key issues at a strategic level. It was agreed that Government and the business organisations would work together to ensure that efforts are co-ordinated and there is effective and regular communication in preparating for next winter.

Looking beyond next winter, the Government have also recognised the need for additional gas supply infrastructure, and a regulatory environment to allow such infrastructure to be delivered to the market in a timely fashion remains a priority for this Government. I therefore published in May, a Parliamentary Statement of Need for additional gas supply infrastructure, which set out the economic case for our growing need for more infrastructure, and clarified the Government policy context for planning and consent decisions on gas supply infrastructure projects.

The Government recognise that all participants in the market have a role to play, including the gas supply industry, which includes producers, transporters, and suppliers, users including industry, power generators and other energy intensive users, and regulatory bodies. The Government remain committed to ensuring that the UK's strong energy market has the opportunity to deliver to meet the UK's energy needs.

Written Ministerial Statements

Wednesday 12 July 2006

COMMUNITIES AND LOCAL GOVERNMENT

Planning Decisions

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): The provisions of paragraphs 1 and 2 of schedule 2 to the Planning and Compulsory Purchase Act 2004 requires the Secretary of State to set and meet a timetable for the majority of planning cases decided by the Secretary of State where the inquiry closed on or after 1 April 2005; and to make a report to Parliament each year on performance. This is intended both to ensure that such cases are dealt with expeditiously and to enable the parties to any particular case to know when they can expect to receive a decision.

The Secretary of State for Communities and Local Government has accordingly today laid before Parliament an Act Paper reporting on all decisions where the inquiry, hearing or site visit ended on or after 1 April 2005 and the decision was made on or before 31 March 2006. During this period, 100 per cent. of the 200 decisions made by the Secretary of State on cases other than appeals under tree preservation orders were made within their statutory timetables, as were 532 out of 545 decisions (98 per cent.) on tree preservation order appeals.

These provisions relate to decisions on called-in planning applications; planning appeals recovered for the Secretary of State's decision; other cases "linked" to such decisions, including listed building consent, conservation area consent, advertisement consent and enforcement notice appeals; and tree preservation order appeals. They do not apply to cases decided by Inspectors or to those decided by the Secretary of State jointly with a Minister of another Department.

HEALTH

Diagnostics Waiting Times Data

The Minister of State, Department of Health (Andy Burnham): The Government are committed to ensuring that by 2008 no one will wait for more than 18 weeks from GP referral to hospital treatment. Reducing waiting times for diagnostics is central to delivering the 18-week pathway. The first step in eliminating diagnostic waits is to be able to measure them.

The following statistics are released today by the Department of Health:

NHS diagnostic waiting times: month ending 30 April 2006

NHS diagnostic waiting-times: months ending 31 January, 28 February and 31 March 2006.

NHS diagnostic waiting times: biannual census of diagnostic tests, end February 2006

This first publication of diagnostic waiting times figures will become a regular monthly release. This information can be found on the Department's website at:

http://www.performance.doh.gov.uk/diagnostics/index.htm.

Measurement of diagnostic waiting times will enable the NHS and the Department to identify bottlenecks in the system and solutions to deliver the 18-week pathway.

HOME DEPARTMENT

Criminal Injuries Compensation Authority

The Parliamentary Under-Secretary of State for the Home Department (Mr. Gerry Sutcliffe): I am today laying before Parliament, with the Comptroller and Auditor General, the annual report and accounts for 2004-05 for the Criminal Injuries Compensation Authority. It is being laid before the Scottish Parliament by the Scottish Ministers jointly. The annual report and accounts will be published by 21 July.

The annual report and accounts describes the activities of the authority in paying financial compensation to victims of violent crime, under the terms of the Criminal Injuries Compensation Act 1995.

Publication of the annual report and accounts is later than usual because of the need to bring the accounting for the tariff scheme cases fully in line with the requirements of Financial Reporting Standard 12 (provisions, contingent liabilities and contingent assets). The accounts estimate the final settlement value of cases in progress and the predicted value of applications which have not yet been received in respect of crimes that have already occurred. As a result, the balance sheet at 31 March 2005 shows net liabilities of £1,257 million and an operating deficit of £46.5 million.

In 2004-05 the authority received 66,290 applications for compensation and resolved 66,898. The number of cases outstanding at 31 March 2005 was 84,581. The proportion of cases decided within 12 months was 73.4 per cent.

FOREIGN AND COMMONWEALTH OFFICE

Diplomatic Immunity

The Secretary of State for Foreign and Commonwealth Affairs (Margaret Beckett): Following the written ministerial statement of the former Secretary of State for Foreign and Commonwealth Affairs, my right hon. Friend the Member for Blackburn (Mr. Straw), about serious offences allegedly committed by persons entitled to diplomatic

immunity during 2004, 12 December, *Official Report*, column 127WS, the Foreign and Commonwealth Office has reviewed its policy relating to disclosure of the names of the missions whose diplomats have allegedly committed serious offences. I have today placed in the Library of the House a list of foreign missions whose diplomats allegedly committed serious offences and a list of the offences, between 1999 and 2004. I shall place a further list in the Library of the House updating this information to cover 2005 in the autumn this year. From 2007, the Foreign and Commonwealth Office shall present this information to Parliament annually, by means of a written ministerial statement, laid by the end of June each year, covering the previous five-year period.

TRADE AND INDUSTRY

Pipe Organs (Restriction of Hazardous Substances)

The Minister for Energy (Malcolm Wicks): The Restriction of Hazardous Substances (RoHS) directive has the laudable aim of minimising the environmental impact of waste electrical and electronic equipment by restricting the amount of hazardous substances in any new equipment placed on the market from 1 July 2006.

The RoHS directive draws its scope or coverage from the Waste Electrical and Electronic Equipment (WEEE) directive, which was negotiated and adopted at the same time.

The scope of both directives is very broad and was primarily intended to include consumer electronic and IT equipment, large and small domestic appliances and mobile phones.

It was certainly never envisaged that the directives would apply to church and other pipe organs, although there was some legal uncertainty in the final text.

At the UK's instigation the matter was raised at a meeting of EU member states (the Technical Adaptation Committee) that is chaired by the European Commission, on 26 June.

Following this meeting, the Commission has clarified that pipe organs are outside the scope of the new rules.

I am therefore, very pleased to confirm that the legal uncertainties have now been resolved and pipe organs are considered to be clearly outside the scope of the RoHS and WEEE directives.

Written Ministerial Statements

Thursday 13 July 2006

TREASURY

Office for National Statistics

The Financial Secretary to the Treasury (John Healey): The National Statistics Annual Report and the Office for National Statistics' Annual Report and Accounts for 2005-06 are being published and laid before the House today. Copies of both documents are available in the Library of the House and can be accessed free on the National Statistics website.

COMMUNITIES AND LOCAL GOVERNMENT

Greater London Authority

The Secretary of State for Communities and Local Government (Ruth Kelly): The Government are today publishing a statement setting out final proposals for additional powers and responsibilities for the Greater London Authority (GLA)—the Mayor of London and the London Assembly.

In November 2005 we launched a consultation exercise which looked at options for giving the Mayor a greater say in the planning and delivery of London's strategic services. The consultation exercise stimulated a great deal of interest and debate about the future strategic governance of London. We have carefully considered all the responses to consultation in deciding the final package of new powers published today.

The Mayor will have new lead roles in housing and adult skills in London, a strengthened role in planning in the capital, a stronger strategic role on waste, and additional strategic powers in a wide range of policy areas including culture and sport, health, energy and climate change, and appointments to the boards of the GLA's functional bodies.

On housing, the Mayor will prepare and publish a London Housing Strategy and a strategic Housing Investment Plan, setting out the priorities to meet the housing needs of all Londoners. The Mayor will decide the broad allocation of the affordable housing part of the Regional Housing Pot in London in line with the strategy.

On skills, the Mayor will chair a new Skills and Employment Board, in partnership with London's key business leaders, which will prepare an Adult Skills Strategy for London. The Board will be supported by the Learning and Skills Council (LSC) for London, which will sit within the national LSC structure and spend its adult skills budget in line with the priorities set out in the strategy.

The Mayor's planning powers will be enhanced to give him a greater strategic say in planning in London. He will be able to direct changes to boroughs' programmes for the local development plans they produce. The Mayor will also have a stronger say in whether draft development plan documents are in general conformity with his London Plan. Furthermore, the Mayor will have discretion to determine planning applications of strategic importance.

The Mayor will work closely with the boroughs in a new, London-wide waste and recycling forum, which will manage a new fund to improve performance and promote collaboration in waste and recycling.

The Mayor will make appointments to the boards of key London cultural organisations. His health role will be enhanced. He will promote the reduction of health inequalities in London, and prepare a strategy to tackle those inequalities.

Finally, the Mayor will have a new, lead role in tackling climate change. The GLA will be subject to a new duty to take action to mitigate the effects of climate change and adapt to its unavoidable impacts. The Mayor will publish a Climate Change and Energy Strategy setting out his plans for minimising emissions of carbon dioxide caused by the use of energy in the capital, helping to eradicate fuel poverty and harnessing economic opportunities for London from investment and innovation in energy technologies and energy efficiency. He will also publish a Climate Change Adaptation Strategy setting out how the capital should adapt to the effects of climate change.

We are strengthening the London Assembly's role. The Assembly will be able to set its own budget, publish an annual report highlighting its work and achievements and hold hearings with candidates for key appointments that the Mayor proposes to make. The Mayor will be required to have specific regard to the views of the Assembly and the GLA's functional bodies when preparing or revising his statutory strategies.

Arrangements for appointing GLA employees will change so that most appointments will be made by the Head of Paid Service. The Mayor and Assembly will jointly appoint the Authority's three statutory posts.

This package devolves powers from Whitehall to London wherever feasible. In specific cases it strengthens the Mayor's powers in relation to the boroughs where we are convinced that this will deliver better co-ordinated strategic services. It provides a robust and coherent set of strategic powers for the Mayor and Assembly, fulfilling the Government's manifesto commitment. It ensures that the capital has the strong leadership it needs as a successful world city to meet future challenges, including hosting the 2012 Olympic and Paralympic Games. It builds on the success of the GLA to date, providing the Authority with additional powers to make a real difference to the quality of Londoners' lives.

We plan to implement the changes as quickly as possible. We will introduce a GLA Bill as soon as parliamentary time allows, to enact any changes

requiring primary legislation. Other changes will be made through secondary legislation or by agreement.

Copies of the Policy Statement, an accompanying Regulatory Impact Assessment, a Summary of Responses to Consultation and the responses to the consultation exercise have been placed in the Library of the House.

FOREIGN AND COMMONWEALTH OFFICE

Afghanistan: Counter-Narcotics

The Minister for the Middle East (Dr. Kim Howells): Following the launch of the National Drug Control Strategy at the London Conference on Afghanistan in January, the UK continues, as partner nation, to support the Government of Afghanistan's counter-narcotics effort. This year's planting season pre-dated the launch of that strategy and, although last year saw a 21 per cent. decline in opium poppy cultivation across Afghanistan, this year it is likely that there will be a significant rise in cultivation. This is worrying and is due, in part, to a substantial increase in planting of opium poppy in the south of Afghanistan, including in Helmand province. But in areas where governance, security and levels of development have improved, there are signs that last year's cultivation reductions will be sustained. At the same time, the Government of Afghanistan's eradication effort has been more effective than in previous years.

The Government of Afghanistan's National Drug Control Strategy offers the best means to tackle the opium trade at its source. We are determined to work with the Government and people of Afghanistan to sharpen delivery in order to achieve sustained impact on the ground. In particular they will be focusing their efforts on targeting the traffickers and their accomplices who profit most from the trade. We will be assisting by helping to establish the rule of law across Afghanistan, which is essential to counter-narcotics efforts and to the success of the broader reconstruction process. The UK is working with the Government of Afghanistan and with other donors to develop new intelligence structures and to build the capacity of counter-narcotics law enforcement and criminal justice agencies. These efforts are starting to show results. Since August 2005 we have seen the conviction of over 190 traffickers, and a significant increase in drugs- related seizures and the destruction of laboratories. These actions are helping to disrupt the trade, forcing traffickers to move and store drugs in smaller quantities.

The Department for International Development also continues to support Afghan national programmes focused on strengthening and diversifying legal rural livelihoods, including in Helmand province where my right hon. Friend the Secretary of State for International Development recently announced that the UK would contribute £30 million to livelihoods activity over the next three years. Since April 2003 over 12 million labour days have been provided and over 8,000 km of roads rehabilitated. Almost US $70 million micro-finance loans have been disbursed over the last two years and US $180 million in grants approved to some 10,000 community development councils. In addition, since September 2005, over 500,000 farmers have been provided with seeds and fertiliser.

On 5 September last year I announced, in a joint press conference with Afghan Counter Narcotics Minister Qaderi, that the UK would spend a total of £270 million in support of the Afghan National Drug Control Strategy between 2005-08. This includes £130 million of DfID funding. In 2005-06 the UK spent the following in support of the eight pillars in the National Drugs Control Strategy:

Pillar 1: Public Awareness—£649,000 in support of Afghan efforts to inform members of the population about counter narcotics policies, legislation, operations and alternatives to poppy cultivation and to persuade fanners not to grow poppy.

Pillar 2: Demand Reduction—£1,112,000 on treatment, rehabilitation and harm reduction programmes.

Pillar 3: Law Enforcement—£20,787,000 on building the capacity and equipping the Counter Narcotics Police of Afghanistan and the Afghan Special Narcotics Force.

Pillar 4: Criminal Justice—£1,112,000 to establish a counter narcotics Criminal Justice Task Force of 84 judges, prosecutors and investigators and high security detention facilities.

Pillar 5: Institution Building—£5,177,000 to establish and staff a fully operational Ministry of Counter Narcotics (MCN) and to build capacity within the counter narcotics division of the Ministry of Inferior.

Pillar 6: Alternative Livelihoods—£37,520,000 to strengthen and diversify legal rural livelihoods.

Pillar 7: Eradication—£5,709,000 to support survey, monitoring, and verification of eradication to target it where legal livelihoods exist

Pillar 8: International and Regional Cooperation—£2,006,000 to support border control and other regional projects focused on disrupting the flow of illicit drugs and precursor materials across Afghanistan's borders.

The UK also contributed £9,000,000 to the Government of Afghanistan's Counter Narcotics Trust Fund and a further £1,500,000 to the Law and Order Trust Fund established to cover the cost of police salaries and equipment. A further £2,970,000 was spent on strategy, research and reviews, including support to the United Nations Office on Drugs and Crime's annual poppy survey.

NORTHERN IRELAND

Life Sentence Review Commissioners/Sentence Review Commissioners

The Secretary of State for Northern Ireland (Mr. Peter Hain): I have today arranged for the Annual Reports of the Life Sentence Review Commissioners and the Sentence Review Commissioners to be laid in the House. Copies of the reports have been placed in the Libraries of both Houses.

TRADE AND INDUSTRY

OECD Guidelines for Multinational Enterprises

The Minister for Trade (Mr. Ian McCartney): The All-Party Parliamentary Group on the Great Lakes Region and Genocide Prevention (APPG) reported in February 2005 on the effectiveness of the application of the OECD Guidelines for Multinational Enterprises (Guidelines) to the Democratic Republic of Congo.

It made a number of recommendations, and in response the Government committed themselves, to consulting on possible improvements to the UK National Contact Point's promotion and implementation of the guidelines.

The Government received 10 written responses to the consultation document by the deadline of 6 January 2006. In addition, a Joint Working Group (JWG), established under the aegis of the APPG to explore the scope for common ground between businesses and non-governmental organisations on frameworks for business conduct in areas of conflict and weak governance, requested and was granted further time to submit a response. It did so on 23 June 2006.

The Government are grateful to all interested parties who took the time and effort to meet the NCP and/or submit written responses to the consultation document. They are particularly grateful to the members of the JWG for their willingness to discuss and make recommendations that commanded broad support from both the businesses and the NGOs involved. The Government believe that the similarities between its own evolving considerations since the publication of the consultation document and the views expressed by businesses and NGOs reflects an emerging consensus over practical and effective steps that can be taken to improve the promotion and implementation of the guidelines.

I have today published the Government's response to the consultation. A copy will be made available in the Libraries of both Houses and will be accessible on the DTI website. Among a number of commitments, the Government will

launch a refocused NCR by September 2006 to include officials from the Department for International Development and the Foreign and Commonwealth Office as well as the Department of Trade and Industry;

establish a steering board to oversee the operation of the NCR. It will include representatives of all Government Departments with an interest in the guidelines as well as independent members selected for their expertise in relevant issues; and

tighten criteria and timescales and improve transparency when the NCR considers allegations that the guidelines have not been followed.

The Government will review the effectiveness of the changes, in consultation with stakeholders, in a year's time.

The Government want the new NCR to work with businesses, employees and other parties to deal with issues raised under the guidelines. I believe that this approach, allied with the changes set out in the Government's response, will deliver a more open and transparent system in which all organisations can put their faith in encouraging responsible business activities overseas.

WORK AND PENSIONS

Buncefield Explosion

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): My hon. Friend Lord Hunt of Kings Heath has made the following written ministerial statement:

"The independent Major Incident Investigation Board—appointed by the Health and Safety Commission (HSC) to supervise the investigation into the explosions and fires at the Buncefield Oil Storage Depot, Hemel Hempstead, on 11 December 2005—will today publish its initial report. The report has been received by the HSC and the Board of the Environment Agency who have endorsed its publication. Copies of the report will be placed in the Libraries of both Houses.

The report indicates that good progress has been made in identifying the root causes of the Buncefield incident. This is in spite of the widespread damage to forensic evidence caused by the explosions and fires, and the dangers posed by the site to the investigation teams until well after the incident. The Investigation Board considers that enough is known to set out with reasonable confidence the sequence of events leading to the incident, though uncertainty remains about why the explosion was so violent.

It is of paramount importance to ensure that all the lessons of Buncefield are learned to prevent recurrence of such an incident, and to ensure the maximum effectiveness of emergency arrangements if an incident does occur. The Board's initial report identifies several areas of concern, while noting the extent of the work already underway to address them. In particular, the Board welcomes the post-Buncefield programme of inspections being undertaken by the Health and Safety Executive and the Environment Agency as the Competent Authority regulating Buncefield. The Safety Alerts issued on matters of immediate concern, and the industry-chaired task group convened by the Competent Authority to review the results of these initiatives, are also noted. The Board makes clear that it intends to focus on several broad areas of concern, and pay close attention to the preliminary conclusions from the different strands of work as they emerge.

The Board also draws attention to the process of incremental development around Buncefield and expresses an interest in the cross-Government work addressing the implications of new information about major hazard sites recently gathered by HSE. This work has been underway since before the Buncefield incident, but will take account of information and analysis arising from the investigation. Once clear conclusions emerge, the work will be the subject of consultation with stakeholders. Information about this was set out in a previous Parliamentary Statement on the 15 May.

The investigation is continuing. Many people, not least the local residents and businesses directly affected by the incident, need answers to resolve the uncertainties caused by Buncefield. The Investigation Board is keenly aware of their needs, while ensuring the investigation is thorough and fully considers the implications of its findings. The Board is also conscious that in doing so it must not prejudice any future criminal proceedings, should it be decided that there be grounds to pursue them. The HSC and Environment Agency are now considering the initial report and the Board's early conclusions, and will ensure that actions identified are taken forward without delay".

Improving the Life Chances of Disabled People

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): The Government's Office for Disability Issues (ODI) has today published its first annual report to the Prime Minister, which details the progress that is being made towards realising the Government's ambitious vision for real equality for disabled people by 2025. Copies of the report are available in the Vote Office and Printed Paper Office.

The ODI was launched in December 2005 to deliver the strategy set out in the Prime Minister's strategy unit report "Improving the Life Chances of Disabled People". Since then, the ODI has successfully formed

partnerships with internal and external stakeholders and driven forward an ambitious programme of work.

This first report highlights a broad range of initiatives that are starting to address the barriers disabled people experience in accessing services, including housing, transport, justice and leisure. For example, through the individual budgets pilots, we are testing new ways of giving people more choice and control over the way in which they are supported. Three pilot sites in Oldham, Essex and West Sussex are already testing this new way of working, with the remaining ten sites to come on stream this month.

The report provides an update on action on all the recommendations in the 'Life Chances' report and makes clear what further activity is necessary to deliver improved outcomes for disabled people. One key area in which Government need to do much more is the involvement of disabled people in the design and delivery of services which impact on their lives. The GDI's report provides information on our progress in developing a UK Advisory Network on Disability Equality, which will be established later this year.

I commend this report to the House.

Review Group on Common Parts

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): As my statement of 1 February said, the Government set up the Review Group on Common Parts, during the passage of the Disability Discrimination Act 2005, to review the legal position in relation to alterations to the common parts of let residential premises and of residential commonholds and to make recommendations. The Government are very grateful for Members' work on this and have published the group's report on my Department's website at http://dwp.gov.uk/aboutus/business.asp

This is an initial response to the report and covers the five non-legislative recommendations made by the review group. We are continuing to consider the complexities of the legislative recommendations, including with the devolved administrations, and will issue a further response as that work develops.

The review group considered disabled facilities grants (DFG) to be an important source of assistance for disabled people who need alterations made to their home. We agree, and have recently increased resources in England so that we could end the means testing of families where alterations are for children. DFG funding is already available for alterations to the common parts of residential premises, and this will continue. DFG resources have been increased significantly by this Government (in England from £56 million in 1997-98 to £121 million in 2006-07). The review group called for more money to be made available for DFGs and we will consider this further as an integral part of the cross-Government spending review.

In addition, a Government review of DFGs is currently under way following independent research and recommendations made by Bristol University. This review is looking to make the DFG process easier and quicker to use in respect of all alterations, including those to the common parts of let residential premises. As recommended by the review group, we are also considering, in the context of the review of DFGs, the merits of an increased role for regional housing boards in the provision of accessible housing and housing adaptations.

The review group recommended that guidance should be made available on making alterations to the common parts of let residential premises and of residential commonholds. This would inform landlords, commonhold associations and disabled people about the current law and other relevant issues, and help them resolve potential disputes. The inclusion of appropriate guidance in housing organisations' publications about housing-related issues would be an effective way of disseminating good practice and, in particular, such guidance could encourage the use of alternative dispute resolution procedures rather than automatic resort to the courts where disputes arise. We will prepare such guidance in consultation with the devolved administrations and will discuss it with appropriate organisations. And, as the review group recommended, in considering responses to our consultation on proposals for England for a code for sustainable homes we will consider the extent to which it would be appropriate to incorporate guidance on improving the accessibility of common parts of premises in new builds.

Written Ministerial Statements

Friday 14 July 2006

COMMUNITIES AND LOCAL GOVERNMENT

Tackling Overcrowding and Temporary Accommodation

The Minister for Housing and Planning (Yvette Cooper): During the passage of the 2004 Housing Bill the Government made commitments to consider whether it is possible to devise an approach to overcrowding that provides for some incremental improvement in standards over a period; and to consult on how the new section 216 powers could be used to amend the statutory overcrowding standards in Part X of the Housing Act 1985.

The Government are today publishing a discussion document on "Tackling Overcrowding in England" which sets out options for revising the outdated definition of overcrowding and developing long-term solutions. This document is designed to stimulate and garner ideas about how best we can tackle the problems of overcrowding. DCLG officials will be actively engaging stakeholders in discussions, which will conclude on 15 September 2006. Copies of the document have been placed in the Libraries of both Houses.

The Government are also providing a £51 million package for tackling overcrowding and increasing the number of settled homes for people in temporary accommodation. The funding announced today is focused on two key areas:

£21 million will be made available for immediate action to tackle overcrowding, by increasing the supply of family homes in London. This could include converting existing homes to create extra bedrooms; adding extensions to existing council stock; building or purchasing additional homes, or buying back right to buy homes. Five coordinators will also be funded to work across London to tackle the most immediate problems of overcrowding.

Some £30 million will also be provided to fund an extra home pilot, which could help to deliver up to an extra 1,000 settled homes for families who are currently in temporary accommodation.

DEFENCE

Annual Report and Accounts 2005-06

The Secretary of State for Defence (Des Browne): I am pleased to announce that I am today publishing the Ministry of Defence's Annual Report and Accounts 2005-06. It combines the Department's Annual Performance Report and Departmental Resource Accounts in a single document that provides a comprehensive overview of the MOD's financial and non-financial performance. For a third successive year the Comptroller and Auditor General has approved the accounts without qualification. For the first time, this year we have achieved this in time for publication before the sumner recess.

The report shows that once again the Armed Forces and the Ministry of Defence delivered what they were required to do during a busy and challenging year. It reflects the broad and diverse range of operations and tasks undertaken during the year, including a number in support of the output of other Government Departments. It details the progress the Ministry of Defence has made towards achieving the Public Service Agreement and efficiency targets agreed with Her Majesty's Treasury in the 2004 Spending Review, and in delivering the capabilities and reformed force structure set out in the July 2004 Command Paper "Delivering Security in the Changing World: Future Capabilities". It also sets out the defence contribution against the Government's wider sustainability goals.

Copies of the Annual Report and Accounts will be placed in the Library of the House. It is also available online from the Department's internet site at www.mod.uk.

Landing Ship Dock (Auxiliary)

The Secretary of State for Defence (Des Browne): My noble Friend the Parliamentary Under-Secretary of State and Minister for Defence Procurement (Lord Drayson) has made the following written ministerial statement.

"I wish to inform the House of developments in the Landing Ship Dock (Auxiliary) (LSD(A)) programme. The Ministry of Defence has reached a full and final settlement for the closure, by mutual agreement, of its contract with Swan Hunter (Tyneside) Limited in Newcastle for the design and construction of two of the vessels.

The programme is to deliver a new class of Landing Ship Dock (Auxiliary) to replace the ageing Landing Ship Logistic, used to deploy Amphibious Task Groups, vehicles and equipment directly into potentially hostile operational areas. Beyond their primary role to support amphibious operations, the vessels will provide wider support to joint operations by providing strategic sealift at high readiness, support to humanitarian and peace keeping operations and sea based support to deployed land formations. The total programme is for four vessels, two designed and constructed by Swan Hunter with a further two built by BAE Systems.

The LSD(A) programme is well advanced. RFA Mounts Bay, the first ship built by BAE Systems, has completed Sea Trials and been accepted by MOD. Cardigan Bay, the second BAE Systems ship, is due to be accepted in August. Largs Bay, the first of the Swan Hunter vessels, was accepted off contract in April but this was over two years later than the original contract schedule. Initial indications are that the vessels will deliver excellent capability once in service.

The major programme issue has been, however, the poor performance and cost growth at Swan Hunter, which has also impacted on the costs of the ships being built by BAE Systems. Swan Hunter were awarded the LSD(A) contract in December 2000. It subsequently became apparent that Swan Hunter had underestimated the complexity of the programme

and were unable to control costs effectively and, in December 2004, the contract value was uplifted by £84 million. Swan Hunter was also expected to improve their management performance. However, costs have continued to rise and this funding has been consumed without Lyme Bay, the second Swan Hunter ship being completed.

Although the construction of Lyme Bay is well advanced, we cannot predict her acceptance date nor her cost to completion with any confidence in the current contractual arrangements. Sustaining the current contract with Swan Hunter no longer provides value for money for the taxpayer, and to continue would be likely to lead to more delay and further cost overrun.

It has therefore been mutually agreed with the management of Swan Hunter that the contract should be closed. BAE Systems will instead provide Lead Yard Services and Design Authority until completion of the programme and will complete the construction of Lyme Bay at Govan on the Clyde. There has been significant cost escalation on this programme and we now expect the revised combined contract values to be approximately £600 million. The details of the commercial agreements currently remain confidential, but the relevant cost data will be released once it is possible to do so. The new arrangements bring far more certainty to the programme, both in cost and timescales.

Our priority has always been effective delivery of the required military capability, which we have attempted to achieve through successful completion of the contract with Swan Hunter. The company has been given every encouragement and opportunity to succeed, through additional funding and time. While the workforce itself has performed well, with excellent workmanship, we no longer have adequate confidence in the company's ability to complete the contract within an acceptable timescale or cost. We therefore have no choice left. It would be fundamentally incompatible with our obligations to the taxpayer, or indeed the principles of the Defence Industrial Strategy, for us to continue with this state of affairs.

We will be doing what we can to minimise the impact of this decision on the region. Discussions are underway with the Trade Unions, local MPs, and others regarding the way ahead. The Ministry of Defence is also working with the Department of Trade and Industry and the Regional Development Agency, One North East, to identify opportunities for the workforce including the apprentices currently employed within the company. We expect that a number of the main sub-contractors will be re-employed by BAE Systems to complete Cardigan Bay and Lyme Bay.

While the need for this decision has been unwelcome, we now look forward to introducing all four ships to service and providing our Armed Forces with the high level of capability and support they have the right to expect".

Porton Down

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): On 21 November 2000 the then Minister for Veterans Affairs (Dr Lewis Moonie) announced a package of measures intended to address emerging concerns that some Porton Down volunteers might have suffered unusual ill health because of their participation in trials at the Chemical Defence Establishment, Porton Down. The Ministry of Defence (MOD) has sought to address these concerns through a number of measures. These include a Historical Survey of the Porton Down Service Volunteer Programme 1939-1989 (the period of most interest to volunteers) which is published today. It sets out a full description of the size and shape of the studies in which volunteers took part, and explores their ethical aspects. Also, the MOD is funding an independently run epidemiological study, overseen by the Medical Research Council, to assess the incidence of cancer and mortality among former Porton Down volunteers. The study is expected to report in 2007 and it is hoped that the results will be published in peer reviewed literature shortly thereafter.

Copies of the Historical Survey will be placed in the Library of the House and it will also be available on the MOD website at:

http://www.mod.uk/DefenceInternet/AboutDefence/Issues/PortonDownHistoricalSurvey.htm.

The Survey has been conducted by MOD officials who had no previous professional contact with Porton Down. No member of Porton Down staff was involved in determining the ground the survey should cover or the documents which were to be consulted. Porton Down's advice has been sought in order to clarify explanations of scientific matters (for example, the effect of agents and treatments on physiology and the metrics used to measure doses and exposures). They have not had any further editorial involvement.

I would like to place on record my deep appreciation of Professor Sir Ian Kennedy's contribution as the independent supervisor to this project. I know that the survey team appreciated his valuable guidance. Sir Ian's assessment of Porton Down's conduct appears at the end of the survey. It draws on the descriptions of the trials conducted by the Chemical Defence Establishment, the information presented on how service volunteers were recruited, and on Dr Alasdair Maclean's analysis of ethics codes/guidelines and practice. No attempt has been made by the MOD to summarise Sir Ian's assessment, to avoid any inadvertent changes in meaning or language.

Sir Ian identifies a small number of trials spread over several decades which he considers amount to serious departures from what should have been done. However, he is clear that they are few in number. Sir Ian also warns that these studies must be viewed in the historical context of both the Second World War and the Cold War. The MOD welcomes Sir Ian's view that 'a very great debt of gratitude is clearly owed to those who volunteered to take part in the research at Porton and to those who carried it out'.

The MOD takes the health of veterans very seriously indeed. We are seeking to address the concerns of former volunteers who are worried about their health and it is for this reason that the MOD established an independent Medical Assessment Programme (MAP) at St Thomas' Hospital in London. Attendance at the MAP is free of charge but is conditional on the provision of details of participation in the Porton Down Service Volunteer Programme and access to individual NHS medical records. If volunteers have concerns about their health and are interested in attending the MAP they should contact Porton Down on their Helpline number (0800 7832521) in order to obtain their records of attendance. Volunteers also have the opportunity to inspect their own records relating to the trials in which they took part at Porton Down. Alternatively, they can contact the MAP direct on the MAP Helpline 0800 169 5401 or ask their GP for a referral. The MOD welcomes the publication of this Historical Survey today as being complementary to these existing resources.

UK Gulf Veterans' Mortality Data

The Parliamentary Under-Secretary of State for Defence (Mr. Tom Watson): As part of the Government's continuing commitment to investigate Gulf veterans' illnesses openly and honestly, data on the mortality of veterans of the 1990-91 Gulf conflict are published regularly. The most recent figures, for the period 1 April 1991 to 30 June 2006, are published today as a national statistic on the Defence Analytical Services Agency website.

The data for Gulf veterans are compared to that of a control group known as the 'Era cohort' consisting of armed forces personnel of a similar profile in terms of gender, service, regular/reservists status and rank, who were in service on 1 January 1991 but were not deployed to the Gulf. As in the previous release, the 'Era' group has been adjusted for a small difference in the age profile of those aged 40 years and over, to ensure appropriate comparisons.

Key points to note in the data are:

There have been 784 deaths among the Gulf veterans and 796 in the age-adjusted Era comparison group.

The 784 deaths among Gulf veterans compare with approximately 1,265 deaths which would have been expected in a similar sized cohort taken from the general population of the UK with the same age and gender profile. This reflects the strong emphasis on fitness when recruiting and retaining service personnel.

These statistics continue to confirm that UK veterans of the 1990-91 Gulf conflict do not suffer an excess of overall mortality compared with service personnel who did not deploy.

The full notice can be viewed at http://www.dasa.mod.uk

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Agriculture and Fisheries Council

The Secretary of State for Environment, Food and Rural Affairs (David Miliband): I will be representing the United Kingdom at this month's Agriculture and Fisheries Council.

This being the first Council of the Finnish presidency, the new Chairman of the Council will start by setting out his presidency work programme.

The Agriculture Commissioner will present the Commission's communication analysing the situation on the EU wine market and setting out various options for the reform of the current regime. Following the presentation, the Council will hold its first exchange of view on the communication structured around two questions posed by the presidency. I will intervene to welcome the initiative and stating the UK's views in response to the questions.

At the request of France the Council will discuss the WTO agricultural negotiations.

There will be a policy debate on the Commission's proposal laying down rules for voluntary modulation in light of the December 2005 European Council future financing agreement for 2007-2013. This proposal sets out the terms by which member states can voluntarily modulate from pillar 1 of the Common Agricultural Policy (direct payments) to pillar 2 (rural development). I will welcome the proposal because of its vital importance for the UK given our reliance on the voluntary modulation mechanism since 2001. I will also touch upon the need for flexibility in the proposal to allow for voluntary modulation to continue to operate in a way which meets member states' needs.

Under any other business, the Fisheries Commissioner will update the Council on the EC/Mauritania fisheries agreement.

France will request an update from the Commission on the emergency measures to conserve anchovy in the Bay of Biscay.

Austria will draw attention to the Commission's proposed changes to the agricultural state aids rules. The UK supports many of the proposed changes but has concerns about some of the animal and plant health aspects of the proposal.

The Health and Consumer Protection Commissioner will then update the Council on developments with regard to Avian Influenza H5N1.

Central Science Laboratory Annual Report and Accounts 2005-06

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): The 2005-06 annual report and accounts for the Central Science Laboratory will be laid before Parliament today.

Copies will be available in the Libraries of the House.

FOREIGN AND COMMONWEALTH OFFICE

Finnish Presidency of the European Union: Agenda for the General Affairs and External Relations Council

The Minister for Europe (Mr. Geoffrey Hoon): The General Affairs and External Relations Council (GAERC) will be held on 17 July in Brussels. My right hon. Friend the Foreign Secretary will represent the UK.

The agenda items are as follows:

General Affairs

Presentation of the Presidency Priorities

The Finns will present their Presidency programme. They will cover a number of important areas over the next six months, including follow-up to the Hampton Court agenda initiated under the UK Presidency. Their informal European Council meeting in Lahti on 20 October will focus on innovation and energy. They also plan to take forward work in key areas such as climate change, enlargement, security, migration and emergency and crisis response. We welcome these priorities.

Migration

This item is on the agenda following the recent conference in Rabat (10-11 July), which addressed migration from West Africa. The UK supports the work done by the Rabat conference and agrees with other Partners that there is a need for parallel action on migration from East Africa. We will work with concerned partners on setting up follow-up action.

Conclusions are expected.

External Relations

World Trade Organisation/Doha Development Agenda

Commissioner Mandelson is expected to update partners on the latest state of play on the negotiations.

External Spending Instruments

This was originally put on the agenda as follow-up to discussion by officials in Brussels. However, as the structure of the external financing instruments has changed over the past week, following further discussions with the European Parliament, an agreement may be reached on financial allocations at working group level this week, which would lead to this item being taken off the GAERC agenda.

Sudan

The UK is very concerned by President Bashir's refusal to accept transition to a UN force in Darfur. We will call for continued pressure on the Government of Sudan to accept handover. In the meantime the African Union Mission in Sudan (AMIS) needs urgent bolstering. This will require significant financial support from the international community.

At the 18 July pledging conference all member states, including those who have not been significant donors so far, should make generous contributions. The UK will formally announce £20 million in support of AMIS for this year, bringing our total contribution to £52 million. We have been lobbying others to do more.

Conclusions are expected.

Democratic Republic of Congo (DRC)

Discussion is likely to focus on elections and the EUFOR RDCongo.

The DRC will see its first democratic elections in 45 years on 30 July. Together, the EC and EU member states are contributing 80 per cent. of the financing for elections. The EU is providing an Election Observation Mission (EOM) of over 300 observers. At UN request, the EU is also providing a force (EUFOR RDCongo) to support the UN Organisation Mission in the DRC (MONUC) over the election period. The French and Germans have provided most of the troops. The UK is providing three officers (one in Potsdam, two in Kinshasa headquarters). We are unable to provide further military personnel because of commitments elsewhere.

Conclusions are expected.

Relations with the Western Balkans

We expect Kosovo and Serbia to dominate ministerial discussion. Martti Ahtisaari is likely to brief the GAERC following the UN Security Council meeting this week. We will want to see continued strong EU support for Ahtisaari.

The first meeting of the Enhanced Troika with Serbia is scheduled to take place following the GAERC.

The Council is expected to adopt conclusions covering Kosovo, Montenegro, the conduct of the Macedonian elections and regional cooperation.

The Middle East Peace Process

Ministers will discuss the current situation in Gaza. They will consider how best to continue to work to reduce tension in the region.

The Council is expected to adopt conclusions.

Iran

We expect partners to consider latest developments and the High Representative to brief on his recent contacts with the Secretary General of Iran's Supreme National Security Council, Ali Larijani.

Iraq

There may be discussion over lunch on Iraq, which is likely to focus on the International Compact, the preparatory meeting of which is scheduled to take place on 20 July.

The Secretariat and Commission have also produced a joint paper on the Iraq Compact.

We do not expect conclusions.

HEALTH

Health Reform in England: Update and Commissioning: and A Stronger Local Voice

The Secretary of State for Health (Ms Patricia Hewitt): Yesterday I published two publications which will take forward our commitment to place patients and the public at the heart of the way our health services are run: "Health Reform in England: Update and Commissioning Framework" and "A Stronger Local Voice", which set out the Government's plans for the future arrangements to support public involvement in health and social care.

The update on health reform sets out a clear vision: to develop a patient-led NHS that uses available resources as effectively and fairly as possible to promote health, reduce health inequalities and deliver the best and safest possible healthcare.

The centrepiece of the update publication is a framework for commissioning. It will act as a manual for new primary care trusts to achieve excellence in the way they secure healthcare for their local people.

Commissioning is the means by which we secure the best possible healthcare and outcomes, including reduced health inequalities, within the money made available by the taxpayer. Commissioning itself is not

new, but stronger primary care trusts and the acceleration of practice-based commissioning—together with the powerful new set of incentives and mechanisms introduced by the health reforms—provide the opportunity for far more effective commissioning that will benefit patients and taxpayers alike.

Effective commissioning will require:

Real community engagement and a stronger voice for patients achieved through increased choice, widespread involvement and greater opportunity to influence changes to services;

clinical engagement through practice-based commissioning;

improved information to support commissioning; and

commissioning levers through choice, payment by results and robust contracts.

The reorganisation of PCTs, the moves towards universal coverage of practice-based commissioning, and the establishment of the specialist commissioning groups will provide the basic architecture for commissioning NHS services.

The Department of Health will be seeking views from the NHS and partner organisations over the summer on the key proposals to inform final decisions. Views are sought on options for contracting in the NHS, a governance and accountability framework for practice-based commissioning and triggers for petitions.

The framework sets out the development programmes we are making available to all PCTs as they build on the good commissioning practice that already exists. We also issued yesterday an Official Journel of the European Union notice to procure a framework agreement and call-off contract which will enable PCTs to draw on private sector expertise to support their commissioning. This does not in any way affect or relate to PCT directly provided services. PCT boards will be entirely free to choose to what extent, if any, they make use of the call-off contract. In all cases the PCT board remains accountable and responsible for all commissioning decisions.

This commissioning framework focuses on commissioning NHS services, and in particular commissioning hospital services. This is the first step in making commissioning truly effective. We know that joint commissioning of services with local authorities and commissioning for health and well-being are important too. A second framework covering these wider issues will be published in December.

The commissioning framework is supported by an update on the other elements of the reform programme: choice, provider reform, workforce, system management, tariff and other financial incentives and information.

Effective commissioning will require real community engagement. The commissioning framework will therefore work alongside "A Stronger Local Voice", which sets out the Government's plans for the future arrangements to support public involvement in health and social care.

These include plans to build on patient and public involvement forums through the creation of local involvement networks (LINks). The networks will provide a flexible vehicle for communities and groups to engage with health and social care organisations, and will promote public accountability in health and social care through open and transparent communication with commissioners and providers.

We also plan to simplify and strengthen the legislative requirements currently set out in Section 11 of the Health and Social Care Act 2001, to clarify the duties on all NHS bodies to involve and consult patients and the public on all services they provide or commission. There will be a new duty placed on commissioners to respond to what patients and the public have said.

I believe that the new environment being created by the reforms, using incentives and commissioning, will mean that commissioners become advocates for patients and taxpayers, driving up the quality, fairness, responsiveness and value for money of NHS services.

Copies of all publications are available in the Library.

Medical Regulation

The Secretary of State for Health (Ms Patricia Hewitt): The Shipman Inquiry, chaired by Dame Janet Smith, examined the circumstances surrounding the murders of some 250 patients by Dr. Harold Shipman, a general practitioner.

Following the publication of "The Shipman Inquiry: Fifth Report" in December 2004, which was highly critical of the General Medical Council and the broader arrangements for medical regulation, my noble Friend the Minister of State, Lord Warner commissioned a review. Shortly thereafter, the Department of Health elected to conduct a parallel review of the arrangements in place for the regulation of the other healthcare professions in order to provide consistency of approach and in recognition of the blurring of traditional job roles in healthcare.

The review of medical regulation was conducted by Sir Liam Donaldson, Chief Medical Officer for England. His report, "Good Doctors, Safer Patients" is published today, along with the parallel departmental review of non-medical regulation. Both reports focus upon the protection of the interests and safety of patients.

"Good Doctors, Safer Patients" is a rigorous and thorough report, taking into account systems of regulation in other high-risk industries, systems in operation in other jurisdictions and the views of the profession and the public. It is the first comprehensive review of medical regulation for over 30 years. There are 44 recommendations. The parallel review of non-medical regulation followed a similar process.

Among the key themes raised in the two reports are: changes to the governance and accountability of the professional regulators; the importance of operationalised standards against which to regulate; the appropriate legal standard of proof; the introduction of an independent adjudicator; a spectrum of revalidation across all clinical professions; and devolution of some regulatory powers to the local level.

Professional regulation is a complex area. I very much welcome the publication of these reports and the authoritative contribution that they make.

Today, I am announcing a period of consultation on the proposals put forward by the Chief Medical Officer in "Good Doctors, Safer Patients", and upon the options outlined in the parallel review of non-medical regulation. As regulation of most professions is a matter reserved to Westminster, comments on the reports are invited on a UK wide basis. Matters relating to specific devolved administrations may be copied to the appropriate administration. Both reports are accompanied by initial regulatory impact assessments. Copies of the reports have been placed in the Library.

PRIME MINISTER

Chief Surveillance Commissioner

The Prime Minister (Mr. Tony Blair): I have laid before both Houses the Annual Report for 2005-06 of the Chief Surveillance Commissioner, the right hon. Sir Andrew Leggatt. I am grateful to the Commissioner for this report and the work that has gone into preparing it.

This is Sir Andrew's last report before his retirement as Chief Surveillance Commissioner. I would like to place on the record my thanks for all that he has achieved over the last eight years to keep under review the conduct of lawful surveillance by public authorities (other than intelligence agencies), to identify and promote good practice and, where it occurs, to challenge and eliminate bad practice.

TRADE AND INDUSTRY

Low Pay Commission

The Parliamentary Under-Secretary of State for Trade and Industry (Jim Fitzpatrick): In their 2006 report to Government the Low Pay Commission recommended that the accommodation offset provisions should continue to apply to all workers housed by their employer in all circumstances, and that Government update existing guidance and raise awareness. It also recommended that the Government should implement legislative measures to prevent employers using the device of a separate accommodation company to evade the offset.

The Government accept the need to update guidance on the accommodation offset in its response in March 2006. In the House of Commons debate on 3 July and the Lords debate of the 4 July 2006 on the Draft National Minimum Wage Regulations 1999 (Amendment Regulations) 2006 the Government announced that they agreed with the Low Pay Commission's recommendation that the accommodation offset should apply in all situations, but believed that legislative measures were not required. Existing legislation already covers a wide range of circumstances in which the employer provides accommodation to workers. We announced our intention to consult on the clarity of the revised guidance.

I am pleased to advise in line with better regulations guidelines that we are issuing draft guidance on the accommodation offset for consultation and will be consulting with a range of interested parties.

Copies of the draft guidance will be placed in both Houses.

Energy Review

The Secretary of State for Trade and Industry (Mr. Alistair Darling): Further to my statement to the House on Tuesday 11 July, it has come to light that the statistics quoted on electricity appliances on standby should have referred to 8 per cent. of electricity used in the home, not 7 per cent. electricity generated in the United Kingdom 11 July 2006, *Official Report*, column 1261.

HMT Agreement to Extension to ECGD's Pilot Trading Fund

The Minister for Trade (Mr. Ian McCartney): I am pleased to inform the House that the Export Credits Guarantee Department's pilot trading fund has been extended for a further year.

ECGD has made good progress with its work to determine under what conditions it would be right for the Department to move to Statutory Trading Fund status. This has coincided with ECGD undertaking a significant restructuring programme. Extra time is therefore required to allow ECGD to complete its testing of Statutory Trading Fund status and to advise Ministers accordingly.